

THE POLITICAL ECONOMY OF MAURICE DOBB:  
HISTORY, THEORY, AND THE ECONOMICS  
OF REPRODUCTION, CRISIS,  
AND TRANSFORMATION

by

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## **ABSTRACT**

Maurice Dobb (1900-1976) was a political economist at Cambridge University from 1924-1976. Dobb made numerous contributions in the fields of economics, history, politics, sociology, and philosophy of science. In spite of his impressive contributions and accomplishments there has been a relative neglect of his work, especially a comprehensive study of his work as a whole. This dissertation is a contribution toward a more comprehensive understanding of the political economy of Maurice Dobb. An institutional interpretation of Maurice Dobb is employed. In the first chapter of the dissertation Dobb's overarching contributions to social science are enunciated and his economic histories analyzed. In Chapter 2 it is shown that Dobb's economic histories initiated the emergence of a school of economic history which now constitutes a unique approach to history, or a separate tradition of historians. Several of the contributing economic historians of this tradition are outlined and scrutinized. Chapter 3 unfolds the political economy of Maurice Dobb. Emphasis is placed

upon his institutional approach to political economy, his critique of mainstream neoclassical economic theory, and Dobb's theory of capitalist economic crisis. In Chapter 4 Dobb's methodology and philosophical underpinnings are examined and delineated. Finally in Chapter 5 several conclusions from this study are summarized.

To Elyana, Jackson, and Kessler with all my love

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## **1. INTRODUCTION**

This dissertation will scrutinize the political economy of Maurice Dobb. Dobb's work has been relatively neglected, especially in comparison to his contemporary economic colleagues at Cambridge University. Therefore, from a history of economic thought perspective alone, an analysis of Maurice Dobb's contribution to political economy seems warranted. However, several other reasons make a reconsideration of the historical economic work of Maurice Dobb both meaningful and timely. First, Dobb's political economy was heavily influenced by classical political economy, especially the economy of Karl Marx. Dobb successfully demonstrated that classical political economy and Marxian economics provided a basis for the development of economic theory and historical logic for the theoretical analysis of social being in the twentieth century (and beyond) which is often more "fruitful" (Dobb 1946:8) than the mainstream alternative. Second, Dobb developed an early theoretical critique of neoclassical economics and the neoliberal political policy that it

informs. With the worldwide return of neoliberal policies in the last three decades, Dobb's critiques speak directly to the current generation of economists, politicians, and world citizens. Third, Dobb emphasized an institutional approach to political economy. The neoliberal policy that was implemented in the 1980s has led to many domestic and global failures and socioeconomic crises. There is now a significant body of literature advocating, either directly or tacitly, a more institutional approach to socioeconomic policy. In fact, most recently, three of the most renowned neoliberals of the late 1980s and early 1990s have pronounced the importance of an institutionally informed approach toward economic theory and social policy (i.e., John Gray 1998, 2004; Francis Fukuyama 2005, 2006; Jeffrey Sachs 2005). Dobb's development of an institutionally enlightened political economy might be extremely informative for the development of contemporary institutional approaches to social being and the construction of open societies. Especially important is Dobb's accentuation upon a *historically* informed institutional political economy. Finally, Dobb initiated the development of a specific approach toward historical analysis. In short, a revisit to the political economy of

Maurice Dobb potentially can advise both contemporary social theory and political policy.

This dissertation will be divided into four main chapters, along with a fifth chapter outlining the *conclusions* of the study. In the first chapter, an *institutional* reading of Dobb's political economy generally, and particularly his *Studies in the Development of Capitalism* (hereafter *Studies*), is developed. Also, an analysis of the ensuing so-called "transition debate" from feudalism to capitalism, which emerged from Paul Sweezy's reading and commentary of Dobb's *Studies*, is constructed. Special focus is given to Dobb's analysis of historical periods of *change*, or the moments of sociohistorical institutional transformation and the *revolutionary* forces or individual actions that cause the manifestation of *socioeconomic change*.

In the second chapter, attention is turned to the influence of *Studies* upon the British Marxian Socioeconomic Historians tradition. More specific focus will be given the work of four theorists (i.e., Rodney Hilton, Christopher Hill, Eric Hobsbawm, and E. P. Thompson) of this tradition. Focus will extend from their explicit historical work to their philosophical and methodological underpinnings. There will be particular interest in their

use, interpretation, and development of Marxian historical materialism and its affinities and variance with that of Dobb.

In the third chapter, Dobb's theoretical work on the political economy of capitalism will be the agenda. This aspect of Dobb's work has been the most underappreciated. In this chapter, the general focus will be upon Dobb's work concerning institutional change in human societies, or what Dobb dubbed "stages of development." In particular, Dobb's analysis of the stages of development in capitalism during the late nineteenth and twentieth century will be analyzed. Special emphasis will be upon Dobb's historical dissection (e.g., Dobb 1925) of the rise of the capitalist undertakers (or entrepreneurs) and the institutional role this class *must* fulfill for the successful reproduction of the capitalistic stages of development. Further focus will be upon Dobb's attention to the institutional *making of*, and significance of, the wage-system as the predominant social relationship of the capitalist *epoch* (e.g., Dobb 1928). Third, Dobb's stages of capitalist development in the twentieth century (e.g., Dobb 1946 chapters 7 and 8; 1952; 1953; 1967), will be scrutinized, with special focus on his views of *crisis* (Dobb 1937 chapter 3; 1952), and the tendency of the rate of profit to fall (Dobb 1959).



The fourth chapter will constitute the most innovative section of the dissertation. It is here that a Dobbian theoretical and applied methodology will be defined, as will the philosophical underpinnings of a Dobbian approach to social being. Dobb's ontological presuppositions will be underscored and the epistemology of the process of abstraction will be outlined.

If Dobb fails to offer a complete articulation of the philosophical underpinning (i.e., strong ontological theses and a bold epistemology), he certainly initiates the questions and the critique that would inspire the construction of an internally consistent philosophy of social science. Moreover, he convincingly demonstrates the necessity for a self-conscious philosophy of science to ground and substantiate social knowledge.

A final comment can be made to the timeliness of Dobb's analysis of the crisis-ridden tendencies of the capitalist mode of production and the antagonistic characteristics of the institutional forms that support it. There are a number of heterodox economists, and as mentioned above, even some orthodox economists who maintain that the neoliberal institutional forms that arose following the post-1970 crisis are deeply contradictory toward the flourishing of peaceful human interaction. The

current global neoliberal inspired institutional system has been argued to be on the brink of socioeconomic breakdown, financial instability, and perhaps a deep global depression (see, for example, Aglietta 1998; Brenner 1998; Coats 1998; Crotty and Dymski 1999; Krugman 1999, 1997; O'Hara 2000; Palley 1998; R. Reich 2002; Soros 1998-9). In short, many economists maintain that for most world citizens it is harder today to make a living, even harder to make a *life*, than it was forty years ago. Americans in particular are working longer, at the neglect of both family and community, and often for less money (see, for example, Warren and Tyagi 2003; Folbre 2002; Wilkinson 2005; Kawachi and Kennedy 2002; Putnam 2000).

The static analysis of mainstream microeconomic theory seems incapable, if not uninterested, in addressing such concerns. Mainstream macroeconomic theory has also become less interested in a dynamic approach to social theory and seems to have become even less institutionally informed than the macroeconomics of three decades ago. A study (or perhaps rereading) of the political economy of Maurice Dobb and the tradition that he inspired may help to both understand and address the current crisis in its current stage of economic development. Many of the dilemmas and contradictions that now face politicians, economists,

social theorists and community citizens alike are the types of *dynamic* issues and institutional problems that Dobb attempted to both underscore and answer.

### **1.1. Maurice Herbert Dobb and Political Economy**

Maurice Herbert Dobb was one of the most influential economists of his generation. He was a member of the economic faculty at Cambridge University from 1924-1967, a time when, of course, J. M. Keynes, Joan Robinson, Michael Kalecki, Piero Sraffa, and Nicolas Kaldor were also members of the faculty (this is just to mention a few of the most well known of Dobb's heterodox colleagues at Cambridge). It is astonishing that while there are volumes written on the economic ideas and works of his colleagues, Dobb's work has been comparatively neglected. This comparative neglect is all the more remarkable when the impact of his work is taken into account.

Maurice Herbert Dobb was the most prominent Marxian political economist of his day. He was one of only a handful of English-speaking economists<sup>1</sup> strongly sympathetic to the writings of Marx, and the only one who was established at a leading University. His *Studies in the*

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<sup>1</sup> Other prominent Marxian contemporaries of Dobb who were publishing in English include Ronald Meek, Paul Baran, and Paul Sweezy.

*Development of Capitalism* (1946) was perhaps Dobb's most celebrated academic accomplishment. This book not only influenced the interpretation of Marx for a generation of Marxists, but also changed the questions asked of history by mainstream historians, and generated unique (Dobbian) insights.

*Political Economy and Capitalism* (1937) was Dobb's most abstract and theoretical work. He would underscore many forgotten, but essential classical political economy insights.<sup>2</sup> Although he expressed a degree of dissatisfaction with the book's final achievements,<sup>3</sup> it was here that Dobb first insisted on the importance of the

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<sup>2</sup> Ronald Meek (1978) has commented that the publication of *Political Economy and Capitalism* will for "future historians of economic thought [...] probably date the emergence of Marxist economics as a really serious economic discipline." It would probably be more accurate to say that it will date the first serious critical scrutiny aimed toward the Jevonian Revolution, merged with a theoretical attempt to return to *Classical Political Economy*, with its firm roots in history and institutional analysis. This is not to deny the importance of Marx to Dobb's analysis, but to indicate that Dobb's work has greater methodological importance than merely its Marxian sympathies. This latter return to classical political economy is of special importance in that it initiated a revaluation of (social) scientific methodology and the construction of theory. Of further importance chronologically, Dobb's book appears at the same time that the Keynesian Revolution begins. It is significant to mention that (Cambridge) Keynesianism was inspired, in part, as a methodological and theoretical protest of the then dominant Marshallian/Jevonian tradition. However, Keynes had erroneously implicated all of the classical tradition within the Marshallian/Jevonian paradigm. In this sense Dobb's *Political Economy and Capitalism*, along with his *Theories of Value since Adam Smith* (1973) can be seen as a defense against the Keynesian underestimation of the historical, institutional, and especially methodological insights of the Classical tradition.

<sup>3</sup> Dobb writes that *Political Economy and Capitalism* "was too hurriedly written and not based sufficiently deeply in theoretical thinking, so that much of it was superficial, too-little constructive or matured from the standpoint of theoretical analysis" (Dobb 1978:119).

*history of economic thought* in the construction of contemporary economic theory. In Dobb's last major work *Theories of Value and Distribution since Adam Smith* (1973) many of the themes from *Political Economy and Capitalism* are revisited, further developed, and reinterpreted in light of Sraffa's *Production of Commodities by Means of Commodities* (1960). Maurice Dobb's affiliation with Sraffian Political Economy predates the publication of Sraffa's book in 1960. They were not only long-standing colleagues at Trinity College but also had an extended association as collaborators in the editing of the *Works and Correspondence of David Ricardo*. In all, eleven volumes of Ricardo's works and correspondence were published between 1951 and 1973 (see Pollitt 1985).

Dobb was also the foremost English-speaking economist studying the political economy of the twentieth-century Soviet Union. His *Soviet Economic Development Since 1917* (1928), revised and updated in 1948, introduced several generations of English-speaking economists to the subject and history of the Soviet system.<sup>4</sup> Dobb further participated in so-called calculation debate concerning the

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<sup>4</sup> "Professional studies of the Soviet economy were then virtually unknown and the information value of the book was widely appreciated, notably by economists such as J. M. Keynes and D. H. Robertson who had themselves made brief visits to Moscow at the time" (McFarlane and Pollitt 1998:128).

political economy of socialism, with Ludwig von Mises, Oskar Lange, Paul Sweezy, and others.<sup>5</sup>

Dobb's contributions have a wide versatility, demonstrating substantial breadth of knowledge in an impressive number of areas. As indicated above, he was *the* foremost scholar of his generation in Marxian economic theory and Soviet studies. As a radical political economist, Dobb's depth of understanding of neoclassical economics and the Marginalist tradition was highly regarded. Dobb held a deep passion, interest, and knowledge of economic history. He was a leading historian of thought of his generation and maintained a lifetime interest in the evolution of economic ideas. His works in underdevelopment and the economics of development and planning are regarded among his most substantial contributions.

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<sup>5</sup> Some of Dobb's positions on this issue first appeared in his *Russian Economic Development* (1928). However, by the 1930s his position began to change. He had seen no necessary role for markets prior to his 1930 articles on the issue, but in the 1930s he came to the position that markets for consumer goods are relatively unproblematic. However, markets for the factors of production are the culprit undermining the adjustment process of capitalist production. Dobb certainly understood that all markets for factors of production were liable to maladjustment and crisis. However, his own emphasis was on the entrepreneurial function, and the roles of the (socially) independent entrepreneur in capitalist production. To put it crudely, Dobb believed that investment was more efficient in the hands of a central, or semiautonomous body, rather than in the hands of the independent capitalist undertaking class. Dobb's 1930s articles are reprinted in Dobb (1955). Some of Dobb's position with respect to the relative inefficiency of independent entrepreneurship and the relative efficiency of semi-autonomous bodies is summarized in Howard and King (1992, chapter 18).

### 1.1.1. A Brief Biographical Sketch

Dobb was born on July 24, 1900, in London, to middle-class parents. His father, Walter Herbert Dobb, was a retailer draper and his mother, Elsie Annie Moir, came from a financially "decayed" Scottish merchant family. Dobb expressed his upbringing as politically "conservative" and religiously "non-conformist-Presbyterian," otherwise "ordinary." He received a public English education and then went on to Pembroke College, Cambridge. He had originally intended to study history, but just before leaving London, he encountered several unorthodox writers, such as Karl Marx, J. A. Hobson, Bernard Shaw, and William Morris; these writers inspired him to study economics instead.

While at Cambridge, Dobb was a member of Keynes's Political Economy Club, where he read a paper on Marx which Keynes approved.<sup>6</sup> Dobb was involved with several student and political organizations as an undergraduate at Cambridge. Following his graduation, he was able to obtain a (two-year) Studentship for Research at the London School of Economics. In 1922, while in London, he became a member

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<sup>6</sup> Dobb writes that Keynes "liked unorthodoxy in the young, up to a point" (1978:117).

of the British Communist Party and remained a member until his death on August 17, 1976.

#### **1.1.2. The Institutional and Methodological Emphasis in the Political Economy of Maurice Dobb**

Dobb's Ph.D. dissertation concerned the history and theory of the capitalist "undertaker" or entrepreneurship, which became the basis of his first published monograph, *Capitalist Enterprise and Social Progress* (1925), hereafter *CESP*. The historical section of *CESP* would provide Dobb the basis for his *Studies in the Development of Capitalism* (1946). In addition, it was in *CESP* that Dobb first emphasized both the importance of methodology and the fruitfulness of, and necessity for, an institutional approach to the study of political economy. The three themes, history, methodology, and institutional analysis, would be the paradigm pillars for Dobb's studies in political economy.

Dobb's emphasis on the institutional *physiology* of society and the role of methodology in social science can be subdivided into five main academic themes present in *CESP*, which would be further developed and, in turn, would come to define much of his later intellectual pursuits.



These themes were (1) an emphasis upon the institutional influences that determine (a) the (objective) historical circumstances and (b) the (subjective) beliefs and motivations of individuals;<sup>7</sup> (2) an insistence upon the necessity of historical analysis prior to the construction of socioeconomic theory; (3) a critical assessment of mainstream or neoclassical (implicit) presuppositions; (4) the decisive role played by the monopolization of social resources (or factors of production) for the direction of socioeconomic development; and (5) the importance of historical processes of *social differentiation* and class-advantage, for both the direction of history and for the forming of the institutional physiology of society.

Although Dobb would later describe *CESP* as relatively "unsuccessful" (1978:117), the themes listed above, which were first introduced in this book, would recur in virtually every subsequent academic publication of Dobb.

### **1.1.3. The Theoretical Themes of Dobb's Political Economy**

Many of Dobb's theoretical themes are quite familiar; other themes are relatively well known but remain under-

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<sup>7</sup> This theme is of the utmost importance. It constitutes for Dobb a particular interpretation of Marx's theory of history. Dobb's interpretation was a direct challenge to the then Marxian orthodox and continues to be a theoretical challenge and alternative to the technological determinist interpretation of Gerry Cohen (1978) and the poststructuralist interpretation of Althusser (1970).

analyzed and at times misunderstood, while still other themes have all but escaped full critical appreciation and theoretical scrutiny. Dobb's theoretical themes can be divided into three categories, the *exoteric*, *underanalyzed*, and *esoteric*.

A few of Dobb's exoteric themes include his work on (1) the history of the development of capitalism; (2) the issues surrounding the transition from feudalism to capitalism; (3) the defense of classical political economy of Adam Smith, David Ricardo, J.S. Mill, and Karl Marx, along with an insistence on its relevance for contemporary analysis; (4) the strong Marxian sympathies which inform all his analysis; and (5) the sustained criticism of the "Jevonian Revolution" and neoclassical tradition.

Other more-or-less exoteric themes, which have remained relatively underanalyzed, include the following: A (qualified) *structuralism* informs all of Dobb's theoretical and historical analysis. It is Dobb's (qualified) structuralism that has him insist upon reconstructing the internal articulation of a mode of production to understand its "laws of motion." Dobbian structuralism offers economic history a degree of direction and broad predictability. Although it is widely understood that (some

sort of) structuralism drives Dobbian analysis in *Studies*, Dobb's *structuralism* itself has escaped rigorous analysis.<sup>8</sup>

Dobb's explicit *theoretical* pronouncements on methodology emphasize the importance of the *process of abstraction*. In spite of the importance and practical necessity of employing abstraction in scientific activity the theoretical process has not been rigorously scrutinized. Ironically, although Dobb's commentary has received some acclaim, theoretical analysis of the process of abstraction has barely proceeded beyond Dobb's own explicit pronouncements. Thus, Dobb's *theoretical methodology* is appreciated but remains underanalyzed.

Dobb begins *Studies* with a definition of capitalism as a *mode of production*, and similarly defines feudalism as a *mode of production*. Moreover, a *mode of production* is said to determine and define the historical *epoch*. It is well known that Marx first developed "mode of production" as a concept; Dobb borrows this concept from Marx. However, there has been very little discussion concerning Dobb's interpretation of Marx with respect specifically to the

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<sup>8</sup> The importance of Dobb's structuralism is threefold: (1) it is a particular reading and interpretation of Marx, and differentiates from the two other main Marxian structuralist interpretations (see footnote 9 below); (2) it is capable of reconciling the famous (methodological) debate between E.P. Thompson and Perry Anderson; and (3) it is the unifying paradigm of the Marxian economic historian tradition (see Chapter 2 below).

Marxian notion of "mode of production." For example, Dobb's employment of the term seems quite different from that of other Marxian structuralists, such as Althusserians<sup>9</sup> or G. A. Cohen (1978).<sup>10</sup>

In *Studies* and in several other writings Dobb presses the importance of *class-struggle analysis*. This is not merely an ideological bias but rather, Dobb suggests, *class-struggle* is an empirical manifestation that occurs in the unstable and contradictory movement of history.

In more methodological terms, 'class' is a *forced abstraction* upon the theorist's consciousness in an attempt to take account and make sense of social reality. The physiocrats and classical economists constructed their economic theories around the new class relations that had emerged in the late eighteenth century. However, the significance of these new relations, according to Dobb, was not adequately analyzed until Marx. Dobb aimed to follow in the footsteps of Marx, to appropriate, understand, and

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<sup>9</sup> The Althusserians in mind here are especially Althusser and Balibar (1970:199ff) and Hindess and Hirst (1975). In the case of the latter, they make the difference between their conception of mode of production and Dobb's explicit (1975:263-6). However, they misinterpret Dobb's use of the term to such a gross degree that it makes their commentary not only useless but also obstructive.

<sup>10</sup> Although Cohen, Althusser, and Dobb are all structuralists, it would be a gross error to conflate their differing branches of structuralism. In this sense, it can be argued that there are three main, otherwise separate and distinct, structuralist interpretations of Marx: (1) Cohen's technological determinism, (2) Althusserian overdetermination, and (3) Dobb's historical institutionalism.

explain the historical circumstance, events, and processes that generated particular *class* formations and various social alliances, and explain their significance in the particular *stage of economic development*<sup>11</sup> and/or the historical economic *epoch*.

In his 1937 article, "The Economic Basis of Class Conflict," Dobb makes an explicit proclamation that class is something that *happens* in history and, as such, is both an elusive and malleable category.<sup>12</sup> For Dobb, class is not a static category; rather class is a combination of historical circumstances (e.g., institutional *physiology*, stratification of opportunities etc.), political reactions, and consciousness or beliefs.<sup>13</sup> Dobb's notion of class underscores the necessity for studying history and the importance of being self-conscious of the particular

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<sup>11</sup> Stage of economic development and economic epoch are being employed in a technical Dobbian sense as defined in *Studies* (1946:45).

<sup>12</sup> "Amid the complex and changing constellation of social tendencies it would be a particularly vain task to look for a precise, logically neat, definition of class; and those who have thought that the notion must be so defined to be real have had small difficulty in demonstrating that it cannot exist" (Dobb 1955[1937]:94).

<sup>13</sup> Dobb's conception of class was elaborated by E.P. Thompson (1965:295), "Class is a social and cultural formation (often finding institutional expression) which cannot be defined abstractly or in isolation, but only in terms of relationship with other classes; and ultimately the definition can only be made in the medium of *time* — that is, action and reaction, change and conflict. When we speak of a class we are thinking of a very loosely defined body of people who share the same categories of interests, social experiences, traditions and value-system, who have a *disposition* to behave as a class, to define themselves in their actions and in their consciousness in relations to other groups of people in class ways. But class itself is not a thing it is a happening."

process of abstraction or the methodology a theorist (often tacitly) employs.

#### **1.1.4. Esoteric Themes of Dobb's Political Economy**

Finally, there are four *esoteric* but otherwise cornerstone theoretical themes in Dobb's work. It is especially the esoteric themes below that will direct this dissertation. Foremost is Dobb's institutional analysis and emphasis upon the institutional *physiology* of society for understanding social reality.

As mentioned above, this emphasis upon the institutional physiology was first initiated in *CESP*. In subsequent writings, Dobb would deepen and enrich his institutional analysis and his institutional methodology. The enrichment of his institutional analysis would (a) accentuate the role of history for theoretical analysis and (b) reveal the *presence* of the *past* in current historical circumstances, or the contemporary stage of economic development. Moreover, his emphasis on institutional analysis would eventually develop into (c) an explicit methodological orientation<sup>14</sup> and further provide him (d) the foundation for his interpretation of economic doctrines and

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<sup>14</sup> Dobb becomes more conscious and rigorous with respect to methodology beginning with explicit pronouncements in *Political Economy and Capitalism* (1937). These methodological themes would inform all of his subsequent work.

their tendency toward an ideological bias as apologetics for the particular political circumstances and for the historical stage of economic development, along with its mode of distribution.<sup>15</sup> Dobb's institutional emphasis was the basis of his theoretical work.

More empirically, it would be the institutional emphasis of Dobbian analysis that informed his most insightful commentary on economic development and planning. Not only did Dobb himself employ and develop institutional analysis, but he urged other economic historians and theorists to take more seriously institutional analysis and the role of (human created) institutions in (a) shaping the beliefs, motives, and actions of individual human beings; (b) determining the historical objective conditions that confront them; and (c) understanding the evolution and direction of human history.

In *Studies* and during his ensuing discussion with Paul Sweezy and others, Dobb relentlessly expressed the urgency of reconstructing and understanding the *internal articulation* of a mode of production. The internal articulation includes both the institutional physiology of

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<sup>15</sup> This theme is the basis of his initial assessment of modern economic doctrine and forms the basis of the arguments in Chapters 5 and 6 of *Political Economy and Capitalism*. In his last work, *Theories of Value and Distribution since Adam Smith*, this theme is the basis of the entire book, but in a cultivated and more convincing formulation.

society and the actual (historical) actions taken by individuals. To grasp the internal articulation of a society is to be able to explain episodes and events of history, hence to understand a society's 'laws of motion.'

Dobb's historical-institutionalism advocates that the understanding of a society's 'laws of motion' is both a theoretical and empirical endeavor. For Dobb there is no necessary separation between the work of historians and the work of social (or economic) theorists. In this sense, a Dobbian analysis is properly understood as *social history*.<sup>16</sup>

The second esoteric theme is the notion of *agency* that Dobb employs throughout his (especially historical) studies of political economy. This sense of agency grounds Dobb's conception of both *historical change* and *revolutionary action*. According to Dobb, the everyday actions of human beings tend to reproduce the historical conditions of their

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<sup>16</sup> The term *social history* is difficult to define precisely. Metaphorically, it is historical analysis that changes the emphasis from drums, trumpets, and swords to knives, forks, and hoes. Less metaphorically, it is a change of focus from analysis of political leaders and their *reaction* to political events to the daily occurrences and acts of 'ordinary people' that lead to political manifestation. It is to recognize that, more often than is acknowledged by mainstream academics, history is 'made,' not by political leaders but by the political action of 'ordinary people.' It is in this sense, to put it more negatively, that the practice of social history does not mean merely to add social content to the study of history. Nor is it to say that social analysis must be rooted in history. Rather, it is to deepen and modify the approach to the study of social-being as a whole. It insists (ontologically) that social theory and historical analysis are trying to explain the same (social) things, and ultimately employ (epistemologically) very similar, if not the same, modes of explanation to do so successfully.



lives. If human beings were not to carry out these (everyday or tacit) actions, society would not be reproduced. There is a revolutionary potential that is revealed with this Dobbian insight. Latent in the everyday action of human beings is the usually unintended consequence of reproducing social institutions. Historical change, along with transformations of society and its institutional physiology, may then occur when individuals (un)consciously change their everyday actions. In brief, it is the everyday or tacit action of individuals within society that either reproduces or (potentially) transforms the institutional conditions and society itself. In turn, the institutional physiology of society determines the conditions upon which human beings can act and form their subjective beliefs. This could be termed the *institutional dialectic* within Dobbian political economy.

It is the presence of and commitment to this *institutional dialectic* that allows a Dobbian analysis to avoid the ontological mistake and theoretical reduction of the lower classes to mere victims of the (political) power-elite. Moreover, the institutional dialectic theoretically engenders and empirically recognizes that all people have the power to change history and transform (or reproduce) society. However, Dobbian analysis also heeds warning

against a second ontological mistake of viewing history as merely a function of the power-elite.

Instead, Dobb is resolute upon the *effective agency* of the socially positioned lower classes. In a Dobbian analysis, the proper understanding of history and social being requires that the beliefs, desires, and actions of all people must be historically accounted for in a relational form. However, the motor of historical transformations and the political impetus of social being have historically proven to be the beliefs, desires, and actions of the socially lower classes. In Dobbian historical-institutionalism, the lower class, in their interactions with other classes, become the motor of history and the (usually unconscious) architects of the very institutional conditions upon which their actions (and lives) depend.

An application of this sense of (especially lower-class) agency in Dobb's work is his hypothesis in *Studies* that it was not the merchant class that formed the revolutionary force of sixteenth-century England, when the conditions for capitalist development were created. Rather, it was the will and political action of the (socially lower) independent craftsman class and yeomen

farmers that brought about the *epoch*-breaking forces of history.<sup>17</sup>

The historical and ontological potency of this new sense of agency upon which Dobb insisted engendered a *methodological shift* in historical analysis. In Dobbian analysis, the notion of *human agency* and intentional action becomes the paramount problematic. For Dobb history is never merely a recording of events. This is because the events themselves must be explained, and in turn the explanation requires an account of beliefs, motivation, and intention of the human agents involved.

To put it differently, from a Dobbian perspective, the notion of human agency (and the problem for both history and social theory) is to describe human historical experience while recognizing a *historical dialectic*. The historical dialectic can be described as follows: the more or less intentional actions of individual human beings are ultimately what *makes* history and society; *and* the conditions for intentional actions of individuals are *made* by history and society. The importance of this seemingly paradoxical historical dialectic is that Dobb resists any sort of (theoretical) reductionist collapse of both society

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<sup>17</sup> What Marx termed in volume III of *Capital* the "really revolutionary way" of capitalist development (also see Dobb 1946:134, 161, 122).

(e.g., neoclassical economics) and individuals (e.g., Keynesianism). Rather, both individuals and society are given ontological status and an ontological hiatus between them is recognized.

Dobb argued that the social ontology of the science of economics tends to be radically misconceived. Dobb would insist that the science of economics is concerned with enduring relations between individuals (e.g., worker and capitalist, borrower and lender, producer and consumer, etc.) and with the relations between these relations (i.e., the institutional physiology). In this sense, Dobb conceives social being as both radically *relational* and historically conditioned.<sup>18</sup>

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<sup>18</sup> In the fourth quarter of the twentieth century, numerous social philosophers argued for a corresponding *relational social ontology*. There is, however, a significant distinction between the foundational derivation of later social theorists and Dobb. Several of these social theorists established the relational ontology of social being based upon the contradictions within the philosophy of social science (e.g., Bhaskar 1998, Lawson 1997, Archer 1995, A. Sayer 1984, Bourdieu 1990). Social theorists also approached this same position through an immanent reconciliation of the antinomies within social theory (e.g., Bhaskar 1986, Bhaskar 1989, Giddens 1984, Bourdieu and Wacquant 1992, U. Beck 1992). Prior to these theorists, Dobb approached this position from the analysis of historical social forms and an immanent critique of mainstream conceptions of historical social revolutions and socioeconomic crises. All of these foundational derivations should be viewed as mutually reinforcing and not necessarily antagonistic. There has not been adequate recognition of the revolutionary potency and mutual supportive force between a Dobbian historical approach toward a relational social ontology and that of the more theoretical approaches. Part of the problem of recognition is that Dobb did not explicitly establish the theoretical import and philosophical foundation of his position. E.P. Thompson attempts an articulation of a Dobbian analysis, but in the end, seems to abandon Dobb on theoretical and philosophical grounds.

Methodologically, the ever presence of the historical dialectic requires that the theorist, whether she or he be a historian or social theorist, account not only for events, but also for institutions, social relationships, individual beliefs, and culture. This methodological shift further initiated the emergence of a *tradition* of economic historians. The ontological and methodological commitment of this tradition is captured with their metaphor '*history from the bottom up*' (this tradition will be addressed more fully in the following pages).

In short, with the ontological hint of the *effective agency* of the lower classes and the *historical dialectic*, this tradition of economic historians aims to articulate the institutions, culture, and beliefs that inform the *epoch-making* or *epoch-breaking* action that occurs from *class struggle*.

Dobb's third esoteric theme is his periodization, or stages of historical development analysis for economic theory. A stage of historical economic development can be contrasted with an economic *epoch*. An epoch is defined by *the predominant*, relatively enduring, social relationship between the direct producers and their immediate rulers. This relationship can correspond to various institutional arrangements. When essential changes in the institutional

arrangement occur, while the predominant relationship between the direct producers and their immediate rulers remain intact, it is said that the economic *epoch* endures, while the *stage of its historical development* has been transformed (or modified). Hence, a stage of historical economic development refers specifically to an enduring institutional physiology of society during a particular time of an economic epoch.

Dobbian theory of stages of development is, of course, inspired by (Dobb's interpretation of) Marx and reminiscent of, but predates, the Uno School of Japan, the Social Structures of Accumulation of USA, and the Regulation School of France. Dobbian stages of development theory is unique from these other traditions in that it is not merely a periodization theory of capitalist development but also applies such periodization analysis to feudal development, crisis, change, and transformation.

The fourth esoteric theme of Dobb is his *applied* methodology. If his methodological theorizing has been appreciated but underanalyzed, his methodological *applications* have been relatively ignored. One central aim of this dissertation is to articulate and model the methodology that Dobb applies to both historical and theoretical analysis.

Dobb's methodology is a *self-conscious* (although not explicitly articulated) process of abstraction. It is suggested that Dobb's process of abstraction pivots upon five basic theses. One thesis is more methodological, and the other four more ontological. First is the 'theory thesis': theory is necessary to both scientific activity and historical analysis alike. More metaphorically, facts never speak for themselves. Theory is compulsory for the interpretation of facts and indeed it is theory that gives facts their consequence and creates their very relevance. Second is the 'material thesis': Human beings' ideas are conditioned by their practical or material experience. Third is the 'internal articulation thesis': Societies are structured and differentiated sets of social relations. Fourth is the 'historical thesis': Social relations are transitory. Hence, theory too necessarily must change to as social relations are transformed. Fifth is the 'agency thesis': All human action potentially has both *stage-making* and *stage-breaking*, along with *epoch-making* and *epoch-breaking* effects.

The *process of abstraction* Dobb applies is based on the above ontological theses, but the *process* itself is more epistemologically driven. There are five *moments* to Dobb's applied process of abstraction. The first is to

appropriate the (a) available data, (b) conventional wisdom, (c) analysis contradiction within current explanations, and (d) critique.<sup>19</sup> The second moment is historical analysis proper and to *historize* categories, or the placing of events or categories in historical context. This moment attempts to understand the historical development and historical determination of a category, entity, or institutional form. The third moment is institutional analysis. It is in this step that the interconnectedness or disconnectedness of categories, entities, or institutional forms comes under scrutiny. In this third moment, Dobb attempts to understand antagonisms or contradictions between institutional forms in order to determine which forms are "most influential in producing change" (1946:viii). If potential for change, and/or the *tendencies* of an entity (or form), and/or the driving force(s) of a thing (or form) can be determined, a qualified prediction can be asserted or entertained. The fourth moment is to offer an *explanation* of historical events, episodes, circumstances, or conditions. It is here that a redescription may manifest or an *explanatory*

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<sup>19</sup> This first moment is a highly empirical and analytical step in the Dobbian process of abstraction. Thus, although Dobb is highly critical of empiricism, he certainly does not reject empirical investigation as a first step. Moreover, the first moment underscores the essential importance for the history of (economic) thought.



*critique* may be employed. Finally, in the fifth moment, a policy recommendation can be offered, or political (and everyday) action informed.

Dobb's methodological themes are a central focus of this dissertation. My interpretation of Dobb has been highly informed by Dobb's emphasis on the process of abstraction and Dobbian methodological themes. My contention is that focus upon Dobbian methodological themes leads to a deeper understanding of what drives Dobb's intellectual flirtation and intentions with (economic) history.

For Dobb (economic) history is a type of analogue to the laboratory scientific experiment conditions for the 'bouncer' and 'gate-keeper' of social (economic) theory. However, at the same time Dobb is anxious that a commitment to any particular *theory* determines the *facts* that are 'discovered' and how *facts* are interpreted. Hence, for Dobb there is a peculiar dialectic between history and theory. History conditions theory, but theory conditions our interpretation of history. Historical facts are created in historical time, theory conditions historical facts and determined whether historical facts are either relevant or irrelevant. Thus, for Dobb there is an urgency to develop an intellectually open and nondogmatic dialogue

among social theorists. This intellectual openness and nondogmatism becomes the foundational moment for the journal *Past and Present*, which Dobb helped found. A chapter of this dissertation will be dedicated to more fully developing these Dobbian methodological themes.

#### **1.1.5. An Institutional Reading of Dobb: From Static Analysis to Dynamic Analysis**

In this dissertation special emphasis has been placed upon the *esoteric* themes of Dobb listed above. Moreover, the interpretation of my reading of Dobb for this dissertation is institutionalist. The institutionalist reading of Dobb is not employed arbitrarily; rather it manifests from Dobb's own institutional approach to (historical) economic analysis, what can be termed his *social history*.

As Tadeusz Kowalik (1978:145) has pointed out, Dobb's institutional analysis is an attempt at a reorientation toward the study of economics from static analysis to a *dynamic* analysis. When Dobb was writing, the primacy of static analysis not only was established in mainstream or neoclassical research, but it also characterized much of the research within Marxian theory. Dobb intended to shift the focus from a "study of exchange societies in general"

to a study of the institutional physiology of a society (Dobb 1946:32). By concentrating his analysis on institutional forms and the interaction between institutions, Dobb aimed to theorize social *change*.<sup>20</sup>

To theorize social change is to be on a different level of abstraction from static analysis. Essentially,

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<sup>20</sup> "Once the formal question of internal consistency is settled, the acceptance or rejection of a theory depends on one's view of the appropriateness of the particular abstraction on which the theory is based. This is necessarily a practical question, depending on the nature of the terrain and the character of the problem and the activity to which the theory is intended to relate" (Dobb 1937a:127). When it comes to the questions of economic development and historical change, Dobb believed that confining the inquiry to the level of market equilibrium makes the inquiry "powerless to provide answers to certain questions. By confining its examination of society to the level of the market, this type of inquiry also contributes to that mystification about the essential nature of capitalist society of which the history of economics, with its abstinence-theories and its wordplay about 'productivity', is so prolific of examples" (Dobb 1946:32). Dobb makes a similar point, but more specific to the neoclassical notion of equilibrium, in 1973:8-10. Even when the analysis was to be 'static,' Dobb was often very suspicious of the notion of equilibrium. With respect to the relationship between variables or entities, Dobb made a broad distinction between three levels of generalization. "The most elementary form of generalisation consists of a statement, based on observation or on logical inference, that two variables are related in some manner, but without the relationship being defined. Second in order comes the statement, in the form of a functional equation, which defines the movement of a particular quantity in terms of other variables to which it is related. Third is a group of generalizations which together enable a certain equilibrium to be postulated" (Dobb 1955[1929]:21). Generally, economic enquiry aspired to the third type of generalization. However, with respect to the markets for the factors of production the notion of equilibrium, according to Dobb, proves very difficult to postulate. When equilibrium cannot be postulated, clearly knowledge is limited to the second rank generalization. In fact, it can be argued that Keynes attempted to demonstrate that economics was of the second rank when considering the markets for capital and/or money. Likewise, Dobb would attempt to demonstrate the same for labor markets (Dobb 1955[1929] and Dobb 1928) and for the entrepreneurial function (Dobb 1955[1924] and Dobb 1925). Or to put it differently, the historical circumstances often did not allow for any accurate prediction of equilibrium in markets for the factors of production. Whereby the socioeconomic theorist can simply make adequate comment on the *relational* aspects involved in the tendencies of these markets, but not be able to postulate equilibrium, nor necessarily stable social outcomes.

Dobb argued that the metaphors of equilibrium versus disequilibrium become inappropriate for the level of abstraction and analysis of social change. More appropriate metaphors are reproduction versus transformation.

Theorists who prioritize static problems tend to focus their analysis on the quantitative variation of some particular factor such as population, productivity, division labor, employment, GNP, etc. In contrast, Dobb focuses first on the predominant relationship between the direct producers and their immediate ruler (which defines the economic *epoch*) and second on the institutional *physiology* of society (which defines the *stage* of economic development).

#### **1.1.6. Dobb's "Methodological Primacy of the Pathological"**

To understand the particular institutional physiology of society is to grasp the regular role and functioning of institutions for the (extended) reproduction of a (particular) social order. In an attempt to grasp the regular or *normal* (extended) reproduction of society, a methodological motif is revealed in Dobbian historical analysis. Namely, Dobb prioritizes the abnormal or dysfunction of institutions, or those moments of failure of

society to be reproduced. In other words, primacy is given to those moments of change, transition and transformation. That is to say that Dobb had a 'chief interest' in periods of socioeconomic *crisis*.

To invoke Andrew Collier's metaphor, Dobb's focus on crisis constitutes his commitment to "the methodological primacy of the pathological" (Collier 1977:132; 1994:165). This "primacy of the pathological" in conjunction with the *process of abstraction* and Dobb's insistence on the importance *historical* knowledge for the construction of social theory was intended to be a radical methodological break from the empiricism and deductivism that dominated and still characterizes much of the methodology of mainstream social sciences. Furthermore, Dobb initiates a break with the *deterministic* interpretations of history of both mainstream and Marxian varieties. In this context, Dobb often came in direct opposition to the (then) 'orthodox' Marxists and deterministic interpretations of historical materialism.

The *radical* importance of Dobb's methodological break in the history of social thought is all the more accentuated given that during the first half of the twentieth century, social scientists had generally retreated from an historical approach. Furthermore, Dobb's

emphasis on the *historical* element of analysis is a significant indication that Dobb was methodologically inspired by classical political economy (Dobb 1937:34ff). The work of Ferguson, Smith, J.S. Mill, and Marx did not suffer from the neglect of nor retreat from history.

#### **1.1.7. The Intellectual Retreat from History**

The retreat from history in the social sciences begins in the last quarter of the nineteenth century and remains the methodological tendency during the first quarter of the twentieth century. The tendency would deepen with the emergence of logical positivism as a philosophical approach to social theory and history, and by the 1940s, the retreat from history transforms into a virtual abandonment of history. The retreat and virtual abandonment of history occur in all branches of social science, but the tendency is most pronounced in mainstream academic economics.

Within psychology, there is a turn toward experimental methods in a laboratory setting and a turn away from historical context. In effect, psychological 'subjects' become ahistorical. This ahistorical approach in psychology comes to characterize the work of figures such as the child psychologist Jean Piaget and psychoanalyst S. Freud. In social anthropology, the method becomes one of

'fieldwork', which is, once again, a turn away from historical accounts. The paradigm representatives of the fieldwork approach are A. R. Radcliffe-Brown and Bronislaw Malinowski.<sup>21</sup> In sociology, the contemporary society becomes the subject, constituting, as Norbert Elias (1987) would express it, "the retreat of sociology into the present." The interactionists of the University of Chicago sociology department are the paradigm representatives of the tendency within sociology.

In economics, the retreat from history takes two distinct directions. The first is a turn to statistical analysis to understand economic development and the business cycle. This trend is represented in the work of the American Wesley Mitchell, the Austrian Joseph Schumpeter, and the Russian Nikolai Kondratieff and is characterized by a certain suspicion, and indeed contempt, for any other type of historical analysis besides quantifiable data. Although this trend still has a use for history, it is mainly a history that could be

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<sup>21</sup> Malinowski's work had a tremendous influence on the economic institutionalist history analysis of Karl Polanyi (see his *The Great Transformation* 1944:269ff). With emphasis, ahistorical (static) analysis is by all means *not* completely empty. Not only do theorists concerned with dynamic questions often utilize it, but ahistorical analysis (by itself) can produce substantial insights and knowledge. Thus, although it is not completely empty, ahistorical analysis is necessarily incomplete. The 'degree' of incompleteness depends upon the level of abstraction, and the intention and questions posed by the theorist. Dobb (and Polanyi both) very much understood this.

quantified as statistical data. This meant that many areas of the historical human experience would not be illuminated, hence would remain unknown.

Methodologically, the second trend in economics constitutes a nearly complete abandonment of history. The retreat from history that marked this second trend found refuge in the realm of 'pure theory', pure theory grounded and reducible to quantifiable generalizations of human behavior expressed philosophically as methodological individualism. The second trend of retreat from history within economics found its greatest inspiration in the work of Stanley Jevons.

The neoclassical tradition emerged during and came to exemplify this retreat and virtual abandonment of history. In this context, Dobb believed that the political economists of the eighteenth and nineteenth-century had a unique methodological advantage over the impoverished (deductivist) methodology of the twentieth century economists.

Indeed, ahistorical and static analysis produced important bodies of knowledge. Dobbian anxiety about the lack of history concerned the application of ahistorical knowledge and also the tendency for the reification of theory when theory is absent of historical (and



institutional) context. In this sense, Dobb did not maintain that ahistorical analysis was necessarily vacuous, but incomplete. In addition to the incompleteness, ahistorical analysis can be very misleading if the theorist is not conscious of the particular process of abstraction.

#### **1.1.8. A Pioneer Critique of Empiricist Ontology**

Dobb spent his academic life in opposition to ahistorical analysis and its empiricist tendencies. He maintained the main culprit in most of the methodological errors in social science was the underanalyzed, often unacknowledged, and otherwise tacitly taken-for-granted process of abstraction. Many of Dobb's protests against empiricist ontology had not been fully developed within the philosophy of science at the time. Thus, Dobb could not draw from any sort of large body of philosophical work to substantiate his intuitive methodological anxieties. Dobb could be described as an 'armchair' philosopher, and as such many of his methodological anxieties against an ahistorical epistemology and empiricist ontology are not expressed in contemporary terminology. Therefore, Dobb's methodological insights and criticism often are underappreciated.

However, in the light of contemporary philosophy of science, much of Dobb's methodological critique is more recognizable and immediately understood. Further, it leaves little doubt that Dobb was an intellectual pioneer as a critic of ahistorical epistemology and empiricist ontology.

Dobb's rejection of the empiricist (a) *monistic* view of scientific development and its (b) *deductivist* structure grounded much of his criticism of neoclassical economics. Moreover, many of his methodological insights anticipate two strands of later critiques concerning the view of scientific development as *monistic* (see, for example, the work of M. Polanyi, T. Kuhn,<sup>22</sup> K. Popper, I. Lakatos, P. Feyerabend, H. Putnam), and its structure as deductive (e.g., M. Scriven, M. Hesse, R. Harre, G. Myrdal,<sup>23</sup> H. Putnam,<sup>24</sup> R. Bhaskar<sup>25</sup>).

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<sup>22</sup> In *Theories of Value since Adam Smith*, Dobb would draw from the authority of Thomas Kuhn to express his own methodological position (see Dobb 1973:18, p. 20, 20n).

<sup>23</sup> On the affinities between Myrdal and Dobb see footnote 26.

<sup>24</sup> There are astonishing similarities between Dobbian methodology and history and the position of Hilary Putnam as expressed in his *Reason, Truth and History* (1981).

<sup>25</sup> In defending a position of Bhaskarian Realism, the Cambridge economist Tony Lawson (1997) has drawn on the methodological pronouncements of Dobb concerning the process of abstraction (see Chapter 16 of Lawson 1997). In the end, however, Dobb's methodological position is probably closer to the positions developed by Myrdal and Putnam. Nonetheless, there do indeed exist some interesting similarities between the methodological positions of Dobb and Bhaskarian realism, especially since both draw heavily from Marxian insights.

Dobb further insisted that the boundary lines between social scientific disciplines such as history, economics, sociology, and psychology were arbitrary and that they obscured human problems and historical social conditions (see Dobb 1946:32; 1955[1951]:230).<sup>26</sup>

#### **1.1.9. Social Theory: A Convergence of History and Theory**

Dobb's work in this latter area has influenced and inspired many historical theorists to overcome these arbitrary barriers. Since the time of Dobb's early methodological writings and the publication of Dobb's *Studies*, it is much more common to encounter a convergence of history and social theory (see Callinicos 1988:1; Abrams 1982:ix). Besides the Marxian historical tradition (which Dobb had helped to inspire and is addressed more fully in subsequent sections), there are other historical social theorists, such as Barrington Moore, Jr., Reinhard Bendix,

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<sup>26</sup> This is a theme Dobb shared with the Swedish institutional economist Gunnar Myrdal. Dobb and Myrdal shared several philosophical and methodological affinities. Dobb in fact approvingly cites Myrdal several times in *Theories of Value since Adam Smith*. Foremost among their affinities is their shared view that the demarcation between social scientific disciplines is both arbitrary and illusionary (Dobb 1946:32. They were both suspicious of purely abstract theorizing and advocated *realism* as the proper philosophical orientation for the practice of social science (see Dobb 1973:27n). They also both insisted upon institutional analysis in an historical context and perspective. As Myrdal (1979:106) wrote: "in reality there are no economic, sociological, psychological problems, but just problems and they are all mixed and composite. In research, the only permissible demarcation is between relevant and irrelevant conditions. The problems are regularly also political and have moreover to be seen in historical perspective."

Alvin Gouldner, Daniel Bell, Fernand Braudel, Perry Anderson, Charles Tilly, and Immanuel Wallerstein, to mention only a few of the more prominent names. In this sense, since the last quarter of the past century, there has certainly been a revival of uniting history and social theory. Dobb should be recognized and appreciated for the role he played in this revival.

In concurrence with the spirit of Dobb, Anthony Giddens asserts, *"There simply are no logical or even methodological distinctions between social sciences and history – appropriately conceived"* (1979:230). Philip Abrams (1982:x) has put it even more strongly: "in terms of their fundamental preoccupations, history and sociology are and always have been the same thing." Abrams (1982:190) complains that the tendency in history was to claim only an interest in events and 'facts,' while there was a neglect of events and 'facts' in the overly theoretical sociological explanations of social reality. Abrams (1982) claims:

The really significant development of the past twenty years has been the publication of a solid body of theoretically self-conscious historical work which has progressively made nonsense of earlier conceptions of history as somehow, in principle, not engaged in the theoretical world of the social sciences (p. 300).

Dobb had been a pioneer in wedding historical analysis with the theoretical world of social sciences and philosophical realism. Moreover, Dobb had a keen interest in the relationship between reproduction (and/or transformation) of social institutions and the motivations of individuals. The latter is an important theme, not only in social theory (see Giddens 1984; Bhaskar 1979), but in social history (Skocpol 1984; Abrams 1982; Burke 1992). In more contemporary terms, this concerns the dialectic of agency and structure, or the interaction between the duality of structure (Giddens 1976:121) and the duality of praxis (Bhaskar 1979).<sup>27</sup> Once again in concert with the spirit of Dobbian analysis, Abrams (1982) maintained the

problem of accounting sociologically for the individual in particular is really only a more precise version of the problem of accounting for individuals in general. The solution in both cases lies in treating the problem historically – as a problem of understanding processes of becoming rather than states of being (p. 267).

It is in this sense that both history and sociology “seek to understand the puzzle of human agency and both

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<sup>27</sup> *Duality of structure* intends to underscore the observation that “society is both the ever-present *condition* (material cause) and the continually reproduced *outcome* of human agency” (Bhaskar 1989:34-5; also see Giddens 1976:121). *Duality of praxis* intends to underscore the observation that “praxis is both work, that is, conscious *production*, and (normally unconscious) *reproduction* of the conditions of production, that is society” (Bhaskar 1989:35). In other words, the duality of structure and praxis taken together inform social science that “social structure is a necessary condition for, and medium of, intentional agency, which is in turn a necessary condition for the reproduction or transformation of social forms” (Bhaskar 1993:154).

seek to do so in terms of the process of social structuring" (Abrams 1982:267). Thus, Abrams concludes: "Sociology must be concerned with eventuation, because that is how structuring happens. History must be theoretical, because that is how structuring is apprehended." History and sociology share a "common explanatory project," whereby the historian has no necessarily privileged access to empirical events, and the sociologist has no necessarily privileged position to the construction of theory (Abrams, 1982:x-xi). In short, history and sociology are mutually inclusive, or a unified explanatory project.<sup>28</sup>

This unification of history and social science is not only recognized by historians (such as Abrams), but sociologists and social theorists also have come to the conclusion that "what distinguishes social science from history" is "nothing – nothing, that is, which is

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<sup>28</sup> There are now a multitude of historians demanding the mutual inclusiveness of history and social science. The important traditions are the British Marxian tradition (which now includes a number of American historians), the historical sociology tradition, and the French annals school. Certainly, not every sociologically conscious historian can be reduced to one these three traditions. As John Mandalios (1996:279) has pointed out: "The presence of an acute sense of historical consciousness in modern as well as classical social theory can be evinced from the fact that what was described in 1980 as a 'stream' of historical sociology – as against the 'trickle' of the 1950s [Burke, 1980:28] – has turned into a veritable torrent." Mandalios further explains: "Historical sociology remained weak until the 1960s but not simply because fascism and Stalinism were 'deeply hostile to its critical perspective' [D. Smith, 1991:1]. Within the modern university, the human sciences had also become fragmented along numerous disciplinary boundaries and subdiscipline specialization, making historical sociology or cultural history look somewhat 'promiscuous'" (1996:278).

conceptually coherent or intellectually defensible" (Giddens 1984:357). In Giddens' view, "there are no distinctions between the methods of investigation open to historians and sociologists, or the forms of concepts which they can and should employ" (1987:224). This is because *the past is always present*, and "the present is forever shading into the past." Although it cannot be made precise, there are specialization and intellectual divisions of labor, in that the historian specializes in

tasks of retrieval which sociologists do not normally have to master. The sociologist is mainly concerned with the pastness that lingers in the present and has entered formatively into its character (Giddens 1987:39).

Giddens insists that "sociologists have a great deal more to learn from the work of historians than most would currently admit [or realize]" (1984:362). In addition, Giddens insists that there are not "any logical or even major methodological differences between sociology and history" (1987:39). Giddens's work is merely an example of the convergence of the practice of history and social theory which would occur with vengeance in the late twentieth century.<sup>29</sup>

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<sup>29</sup> Other important sociologists insisting on the unification of history and social science include Pierre Bourdieu (1977), Norbert Elias (1939), Michel Foucault (1961, 1975), Ernest Gellner (1988), Michael Mann (1986), Theda Skocpol (1979), and Charles Tilly (1964, 1984).

#### **1.1.10. The Role of Maurice Dobb in the Convergence of History and Social Theory**

It is my contention that the work of Maurice Dobb anticipated, inspired, and facilitated the convergence of history and social theory that, since the midtwentieth century, continues to develop. On these grounds alone, a reinvestigation of Dobb's contribution seems warranted and long overdue.

Following the eclipse of history within social theory and the empiricist impulse of (especially) the nineteenth and early twentieth century, Dobb must certainly be seen as an initiator for the convergence of history and social theory. However, more than this, Dobb's antiempiricism and mistrust of mathematics in social science were steadfast against the direction of academic currents. Finally, Dobb further recognized that many of the classical (political economy) doctrines, which had been all but scrapped by the mainstream academic economists for lack of 'scientific rigor,' did not suffer from the same methodological deficiencies of the *ahistorically* conceived theoretical models of mainstream academic economics (e.g., neoclassical economics). Rather, classical political economy beheld a multitude of methodological and theoretical virtues that



had been absented by the Jevonian revolution and neoclassical developments.

Dobb was very much aware of how intellectually "promiscuous"<sup>30</sup> his attempt at unifying history and social science, especially history and economic theory, would appear to the (empiricist-minded mainstream) academic. In the first paragraph of his 1946 Preface to *Studies*, Dobb (apologetically) expresses both his anticipation of skepticism and criticism from mainstream academics and his personal belief in the mutual inclusiveness of history and theory:

A work of this kind, which is concerned with generalizing about historical development on the basis of material already collected and arranged by other hands, runs a grave danger of falling between two stools, and of displeasing both the economist, who often has little time for history, and the historian, who may dismiss it as insufficiently grounded in the first-hand knowledge that comes from actual field-work. To the economist the author may appear as an irrelevant wanderer from his proper territory, and to the historian as an intruding amateur. Of this danger and of his own imperfect equipment for the task the author has, at least, not been unaware. He has, nevertheless, been encouraged to persevere by the obstinate belief that economic analysis only makes sense and can only bear fruit if it is joined to a study of historical development, and that the economist concerned with present-day problems has certain questions of his own to put to historical data. He has been fortified by the conviction that a study of Capitalism, in its origins and growth, so much neglected by economists (other than those of a

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<sup>30</sup> See footnote 24 for the context of the term "promiscuous."

Marxist persuasion), is an essential foundation for any realistic system of economics (Dobb 1946:vii).

In 1946 it may have seemed intellectually "promiscuous" and merely an "obstinate belief" to maintain that "any realistic system of economics" depends upon an appropriate convergence of history and theory as "an essential foundation." However, fifty-plus years after the publication of *Studies*, Dobb's methodological 'wanderings' and philosophical stubbornness have now found substantial intellectual warrant within (sometimes much less fragmented) disciplines of history, social theory, and philosophy.

For Dobb the warrant of his 'intellectual promiscuity' lies in the power of the particular sociohistorical analysis to illuminate the actual historical processes of human experience (Dobb 1951:235). Many of the historical processes that had been dim behind the shadow cast by an empiricist methodology have now been illuminated by the British Marxist (socioeconomic) historians (such as Rodney Hilton, Christopher Hill, E.P. Thompson, Eric Hobsbawm, Howard Zinn, David Kaye, George Rude, Herbert Gutman, Eugene Genovese, Robert Brenner, and Victor Kiernan) and other historians who employ the methodology of "history from the bottom, up."

#### 1.1.11. The Marxian British Socioeconomic Historians

It had been Dobb's *Studies* that had inspired this tradition of Marxian (socioeconomic) historians (see Hobsbawm 1978:23; Hill 1950:315; Hilton 1947:29-30; Kaye 1984, 1992; Schwarz 1982). Initially, the first generation of this group of historians came together in England in 1945 to discuss a second edition of A.L. Morton's *A People's History of England* (original published in 1938). The group included some of the twentieth century's most prominent names in Marxian social historiography. Besides Maurice Dobb, regular attendees included Christopher Hill, Rodney Hilton, Eric Hobsbawm, Victor Kiernan, George Rude, Dorothy Thompson, E.P. Thompson, and Dona Torr.

All of the members of the group were also members of the British Communist Party (CP), and the group came to be known as the Communist historians' group. Dobb's *Studies* (1946), published within a year of the group's formation, became of great intellectual interest to many of the group's members (see, for example, Hilton 1947; Hill 1950; Hobsbawm 1978).

Especially significant to the group members is Dobb's *stages of development* analysis in *Studies*. Chapters 2 through 6 of *Studies* can be divided into roughly five

distinct stages of development analyzed by Dobb. In each stage of development, Dobb's analysis is driven methodologically by primacy given to the "pathological" or crisis moments of history. The first stage is the "crisis of feudalism" in the late thirteenth and early fourteenth century. The second stage is the bourgeois revolution of the seventeenth century. The second stage is a reactionary response in an attempt to 'save' feudalism and, hence, remains part of the development of feudalism. The third stage is a movement away from feudalism. More specifically, the third stage is the aftermath of the English bourgeois revolution during relatively the same time period as the second stage. The third stage initiated the rise of industrial capital and historically constitutes a prelude to capitalist development and a more rapid deterioration of the feudal mode of production. The fourth stage is the social historical formation, or "making," of a proletariat class dependent solely on wages for their livelihood. With the formation of a proletariat class, the conditions are set for the industrial revolution in the late eighteenth and early nineteenth century, which is the fifth (Dobbian) stage of development.

As mentioned above, each stage of economic development more or less corresponds to a chapter of Dobb's *Studies*.

Further, each stage would become a research agenda for, in order of their respective stages, Rodney Hilton, Christopher Hill, E.P. Thompson, and Eric Hobsbawm. Hilton would take up the research of crisis and class conflict in thirteenth and fourteenth century (English) feudalism (stage one). Christopher Hill would focus his intellectual efforts on sixteenth- and seventeenth-century England (stage two and three). E.P. Thompson would write one of the most celebrated monographs in Marxian historiography concerning *The Making of the English Working Class* (to invoke the title of his book) (stage four). Eric Hobsbawm would research the Industrial Revolution of England and the (more political) French Revolution during the late eighteenth and early nineteenth centuries (stage five).

It was Dobb's *Studies* that provided the basic framework for these historians (see Hobsbawm 1978:38). Dobb's influence also inspired a methodology and specific interpretation of Marx and Engel's historical materialism, an interpretation quite at odds with the orthodox deterministic versions of historical materialism that ruled the era (e.g., Plekhanov's *The Development of the Monist View of History*, originally published in Russian 1894. Later defended by Gerry Cohen in his *Marx's Theory of History: A Defence*, 1978).

A study of the writings of these Marxian historians will further enrich the methodological insights and ontological orientation of a Dobbian approach to *social history*. Although the historical periods of research of these historians are distinct, and the methodological emphases and biases may vary, it is suggested that these historians constitute a theoretical tradition.<sup>31</sup> Dobb's influence on this tradition alone warrants a penetrating study of his work. However, as explained above, there is a multitude of additional reasons for the study of Dobb's work.

### 1.2. Dobb's *Studies*

Dobb's constructive aim within chapters 2-6 of *Studies* is twofold: (a) begin a sketch of the *internal articulation* of feudalism and (b) model and explicate the Marxian conception of primitive accumulation. The result of (a)

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<sup>31</sup> Harvey Kaye (1984, 1992) has argued most strongly for interpreting these social historians as a distinct, coherent, and continuous tradition. Nonetheless, the philosophical underpinnings of these Marxian social historians' work are by no means fully scrutinized by Kaye. Kaye observes and comments rather superficially on the methodological and philosophical underpinnings of these socioeconomic historians. The importance of Kaye's superficiality is that it is perhaps the common methodological and philosophical orientation that most substantiates these historians as a tradition. The reading of these socioeconomic historians that underlies this dissertation intends to 'tease out' the philosophical underpinnings that ground these theorists as a tradition. Moreover, it seems that there may be two strands of this tradition, which Kaye necessarily attempts to deny. Nonetheless, these two strands are merely a shift of emphasis and not an epistemological break within the tradition, as Clarke (1979) has maintained.

and (b) together is an original (Dobbian) general theory of transition from feudalism to capitalism in Western Europe. Briefly, Dobb argues that (a) and (b) are historically connected and complexly determined. In what Dobb calls the 'traditional interpretation' of the transition, the historical line of causal determination is understood to be from (b) to (a). This 'traditional interpretation' portrays "a more or less stable [feudal] economy that was disintegrated by the impact of commerce acting as an external force and developing outside the system that it finally overwhelmed" (Dobb 1946:38). In the 'traditional interpretation' of the agricultural-based feudal economy, producing for *use-value* and an exchange-based market economy "are two economic orders that cannot mix, and the presence of the latter, we are told, is sufficient to cause the former to go into dissolution" (Dobb 1946:38).

Metaphorically, Dobb declares (theoretical) war on this traditional interpretation. The Dobbian line of historical causal determination reverses the traditional view, hence, runs from (a) to (b). In the Dobbian view, the internal articulation of feudalism is at odds with the internal articulation associated with (or implied by) the traditional view.

According to Dobb, it was the *contradictory* internal articulation of feudalism that gave rise to periodic *feudal crises*. During a major feudal crisis the conditions for capitalist development were (unintentionally) achieved. In the Dobbian view, the contradictory institutional arrangement and *defects* of feudalism in part explain, or at least provide the necessary conditions for, the birth of modern capitalism. Thus, the study of the internal articulation of feudalism may be of interest to the underdeveloped countries and economic development theorists (Dobb 1967:2; also Hilton 1973:10; Aston and Philpin 1985).

In the Dobbian view, economic development proceeds and can be analytically separated into particular *stages* of (economic) history. Essential economic categories, such as labor productivity and total output, only can be comprehended in terms of the institutional limits and possibilities that are opened during a particular historical *stage* of development (Brenner 1978:121).

#### **1.2.1. Mode of Production as the Entry Point to History**

An historical economic *epoch* will consist of several *stages* of development (Dobb 1946:17). An *epoch* of economic history is, for Dobb, defined as a (Marxian) mode of production (Dobb 1946:7). Thus, the Dobbian point of entry



and the central concept for the Dobbian theory of transition, as well as the basis for his definitions of both Feudalism and Capitalism, are the Marxian concept *mode of production*. Dobb does not offer a rigorous analytical definition of this concept, as do Cohen (1978) and Balibar (with Althusser, 1970) decades later.

Nonetheless, drawing heavily from his interpretation of Marx, Dobb's intention with the *mode of production* concept is to underscore the *transitory*<sup>32</sup> nature of any social formation. The mode of production constitutes the "kernel of 'civil society'" or a "society's structural foundation" (Dobb 1955[1951]:234).

The kernel of civil society, or the *mode of production*, embraces two categories of things (Dobb 1955[1951]): (1) the forces of production, or stage of technique, and (2) the social relations of production, or the way in which the means of production are owned. The social relations of production include the connections between human beings that arise from the process of

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<sup>32</sup> "Whenever we speak of production, then, what is meant is always production at a definite stage of social development — production by social individuals. It might seem, therefore, that in order to talk about production at all we must either pursue the process of historic development through its different phases, or declare beforehand that we are dealing with a specific historic epoch such as modern bourgeois production" (Marx 1973:85).

production (Dobb 1946:7), which in turn constitute the main element in the internal articulation of a social system.

It is worthy of mention that there is a long *traditional* Marxist interpretation of historical materialism which insists that the two categories that compose the *mode of production*, i.e., the forces of production and the social relations of production are causally connected such that transformations in the forces of production *cause* changes in the social relations of production. In historical materialism, this is known as the monistic line of causation (e.g., Plekhanov 1972; Shaw 1978:149ff; Shaw 1992:234-9; Howard and King 1989:146ff). In the Dobbian interpretation of Marx, hence within the Dobbian view of transition from feudalism to capitalism, this monistic line of causation is rejected.

Rather, in the Dobbian view, the contradictions that exist in the relations of production themselves cause internal transformations of these relations and then, and only then, allow for the forces for production to develop under new social relations of production. In other words, social relations of production function as the boundary condition upon which (broadly) the mode of technology and the direction technology can develop.

Capitalism as a mode of production is differentiated from other modes of production not simply in that it is commodity production, i.e., production for the market system. Rather, capitalism is a system whereby human beings themselves have been transformed into commodities (Marx's category of *labor-power*) and are "bought and sold on the market like any other object of exchange" (Dobb 1946:7). Once the wage-labor/capital nexus becomes the predominant social relation, the internal structure and macro dynamic of the system, i.e., the mode of production, necessarily have been transformed.

### **1.2.2. Relational Social Theory and Transitory History**

Capitalism, defined as such, *cannot* be granted a "natural" or "eternal" status<sup>33</sup> (Dobb 1973:27, Dobb 1937:128); rather capitalism is understood to be both (a) *social*, i.e., institutionally defined, whereby particular,

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<sup>33</sup> As Marx puts it, capitalism "is a mode of production of a particular kind and a specific historical determinacy; that like any other particular mode of production it assumes a given level of social productive forces and of their forms of development as its historical precondition, a condition that is itself the historical result and product of a previous process and from which the new mode of production proceeds as its given foundation; that the relations of production corresponding to this specific and historically determined mode of production — relations into which men enter in their social life-process, in the production of their social life — have a specific, historical and transitory character; and that finally the relations of distribution are essentially identical with these relations of production, the reverse side of the same coin, so that the two things share the same historically transitory character" (Marx 1981:1018).

significant modifications of institutions define a *stage* of historical development within a mode of production, and (b) *transitory*.

The commoditification of human beings is the *differentia specifica* of capitalism as a mode of production; it was accomplished in a relatively gradual, centuries long historical process of transmutation of one matrix of human social relations to a new matrix of human social relations. It is Dobb's aim to capture and describe this historical process of transmutation.

The result of this transmutation is what Marx (1976:1023-5) called the "real subsumption" of labor under capital. In short, with the commodification of human beings the connections, obligations, and commitments, i.e., the internal social relations of feudalism that bind human beings to one another, have been radically transformed. According to Dobb, this historical transmutation takes place in two analytically and ontologically separate phases. The analytical separation constitutes for Dobb "two central problems" in the transition from feudalism to capitalism, which in turn correspond to the two ontologically separate phases. The first analytical question is what historical motive-force brought about the crisis of feudal society, leading to its disintegration?

Ontologically, this means that the historian must study the 'internal articulation' and dynamic of feudalism itself.

The second analytical question is why did wage-labor replace serfdom? Ontologically, the question becomes, 'what are the historical processes that lead to capitalist methods of production based on wage-labor?'

Dobb, highly influenced by Marx, contends that the transition from feudalism to capitalism occurs not merely because of the extension of markets and expansion of trade.<sup>34</sup> The transition cannot simply be explained by the augmentation of a merchant class and the theological acceptance of usury.<sup>35</sup> According to Dobb (following Marx) the transition could not simply be caused by a change in commutation for services rendered from the peasant or serf

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<sup>34</sup> "The development of trade and commercial capital always gives production a growing orientation towards exchange-value, expands its scope, diversifies it and renders it cosmopolitan, developing money into world money. Trade always has, to a greater or lesser degree, a solvent effect on the pre-existing organizations of production, which in all their various forms are principally oriented to use-value. But how far it leads to the dissolution of the old mode of production depends first and foremost on the solidity and inner articulation of this mode of production itself. And what comes out of this process of dissolution, i.e. what new mode of production arises in place of the old, does not depend on trade, but rather on the character of the old mode of production itself" (Marx 1981:449).

<sup>35</sup> "As long as [...] the surplus production is consumed by the feudal lord and his retinue, the mode of production still remains the same even though [...] feudal lord fall prey to usury; it simply becomes harsher for the workers. The indebted [...] feudal lord takes more out of them, since more is taken from him. Ultimately, he may be completely replaced by the usurer, who himself becomes a landowner. [...] In place of the old exploiter, whose exploitation was more or less patriarchal, since it was largely a means of political power, we have a hard, money-grubbing upstart. But the mode of production itself remains unaltered" (Marx 1981:731).

to the lord or master.<sup>36</sup> According to Dobb, each of these certainly can be argued to have facilitated the rise of capitalism, but none, nor the combination of these occurrences, *caused* the decline of feudal social relations of production. Rather, Dobb maintains that the internal contradictions of feudalism as a mode of production led to its decline and to the disintegration of the internal relations that held the feudal system together and provided the necessary basis of its reproduction. In short, a *general crisis* within the internal relations of feudalism was the source of its decline (at least in the case of England).

### **1.2.3. Stages of Economic Development and Themes of Studies**

With the entry point of *mode of production* in hand, and recalling that in the Dobbian view, economic

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<sup>36</sup> "Even though the direct producer still continues to produce at least the greater part of his means of subsistence himself, a portion of his product must now be transformed into a commodity and be produced as such. The character of the entire mode of production is thus more or less changed. [...] The transformation of rent in kind into money rent that takes place at first sporadically, then on a more or less national scale, presupposes an already more significant development of trade, urban industry, commodity production in general and therefore monetary circulation. [...] In its pure form, this rent, just like labour rent and rent in kind, does not represent any excess over and above profit. In its concept, it includes profit. In as much as profit arises alongside it as a particular part of surplus labour, the money rent, like rent in its earlier forms, is still the normal limit to this embryonic profit, which can develop only in proportion to the possibility of exploiting that labour. [...] If a profit really does arise alongside the rent, it is not the profit that sets a limit to rent, but inversely rent which sets a limit to profit" (Marx 1981:933-4).

development proceeds and can be analytically separated into *stages* of (economic) history, viewed from a historic-ontological perspective, the first six chapters of Dobb's *Studies* divide into four moments or *stages* of historical economic development: (1) thirteenth-fourteenth century feudal crisis, followed by fifteenth-sixteenth century recovery; (2) the bourgeois revolution of the seventeenth century; (3) the rise of industrial capital in seventeenth-eighteenth century as *merely* a *prelude* to capitalism; (4) the "making" of a disposed (fully) proletariat-class and the institutional rise of a wage-system.

From a more analytical perspective, the main concerns of Chapters 2 through 6 of Dobb's *Studies* have six main analytical themes. These are (1) the definition of feudalism as a mode of production, (2) scrutiny of the 'traditional view' of the transition from feudalism to capitalism (and Dobb's dissatisfaction with it), (3) the internal articulation and (contradictory) dynamic of feudalism, (4) the primitive accumulation (as a *prelude* to the industrial revolution), (5) the rise of a fully proletariat class, and (6) the specific dynamics and historical details of the transition from feudalism to capitalism.

#### 1.2.4. Definition of Feudalism

Dobb's definition of feudalism accentuates the socioeconomic aspects of feudal societies. The aim of Dobb's definition is to "characterize Feudalism primarily as a 'mode of production'" (Dobb 1946:35). Feudalism defined as a mode of production, Dobb intends to illuminate two sets of relationships that together will constitute the base of the socioeconomic system. First is the relationship between the direct producers and their immediate (social) ruler (Dobb 1946). In this regard, Dobb claims that feudalism is "virtually identical with what we generally mean by serfdom" (1946:35), where serfdom is understood to be an obligation of the direct producers to perform an economic service for the ruler or overlord. The particular service is contingent upon various circumstances and is malleable. As such, the service can take the form of direct labor performed on the overlord's demesne, or the provision of *tribute* in produce as a form of feudal rent. Moreover, this tribute can be paid in the form of money.

The second relationship is between serfdom and technology. It is this second relationship that will constitute the dynamic of the system. The dynamic of the system can be analytically separated into (1) the conditions for reproduction, (2) the social impetus toward



change, and (3) internal limitations and contradictions of the feudal mode of production.

#### **1.2.5. Forms of Serfdom**

It is important to point out that the obligation of the serf to the overlord was often paid in the form of direct labor service on the overlord's demesne. However, payment was not always performed as direct labor. Depending on time and place (i.e., the particular historical regional form of feudalism), serf obligation to the overlord would take the form of payment in *kind*, or products produced on the serf's commons and then transformed to the overlord's possession. Furthermore, it was not uncommon during the feudal era to have the serf obligation fulfilled by a money payment or rent. In sum, there could be three broad forms of serf payment or obligation to an overlord, namely, (1) direct labor service (upon the lord's demesne), (2) payment in kind or produce (from the serf's own plot or commons), (3) payment of rent in money. All three are well within Dobb's use of the term serfdom and, hence, express a very similar form of exploitation that was characteristic of feudal production.

Because feudal exploitation could be commuted in any of these three forms, Dobb contends that it is a mistake to

understand feudal production as a "natural economy" or production merely for what Adam Smith called "use-values." Feudal production *could not* be characterized as production merely of *use-value*. Rather, production was often for *exchange-value*. In turn these *exchange-values* could be sold in the market place, and the money obtained in the sale could be used to pay rent to the manor overlord. In this sense, "'natural economy' and serfdom are far from being coterminous" (Dobb 1946:37).

Moreover, feudal serfdom production was far more dynamic than merely production in a "natural economy." According to Dobb, one main determinant in the dynamic of feudalism as a mode of production is the specific socioeconomic relationship between direct producers and their most immediate rulers. In order to definitively distinguish a feudal from a "natural economy," the dynamic nature and characteristics of feudalism must be understood and underscored. To (re)construct in theory the dynamic of feudalism requires a deepening knowledge of the relationship between the serfs and their overlords, in particular, and the relationship between peasants and feudal nobility, more generally, i.e., the internal articulation of the feudal mode of production.

Dobb knew that it would be very difficult to fully formulate an explanatory revision of conventional wisdom concerning the internal articulation of feudalism. The main problem was a lack of (alternative) theory and, consequently, a lack of historical evidence to support a full explanatory critique of the internal articulation of feudalism. Thus, Dobb must use the historical evidence available and provide an immanent critique of the traditional view's conception of the internal articulation of feudalism.

Dobb observes, consistent with the "natural economy" definition of feudalism, that feudal production was characterized by a division of labor, which from a modern perspective would be viewed as "primitive" (far from the complexity and extensiveness of capitalist production); further feudalism was characterized by a low level of technique and the employment of simple and inexpensive instruments of production (Dobb 1946:36-7).

Feudal production had these characteristics, not because it was merely production of use-values, or a "natural economy," but because of the specific socioeconomic relations that constituted the *base* of society, and to repeat, the key socioeconomic relationship

of this *base* was that between the direct producers and their most immediate rulers.

This relationship was maintained by "extra-economic compulsion." It was *extra economic* compulsion in that the compulsion tended to appear in various social and cultural forms (i.e., military, religious,<sup>37</sup> sociotacit, etc.). It was this "extra economic compulsion" that maintained the explicit economic *exploitation* of one class by another, i.e., serfdom. In this context, Dobb was fond of approvingly quoting Marc Bloch: "whatever the source of the noble's income, he always lived on the labour of other men" (Bloch quoted in Dobb 1967:3; 1967:252; 1973:145).

Dobb is at pains to define feudalism (as serfdom) in contradistinction to a "natural economy" in that he is opposed to the idea, characteristic of the work of Gustav

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<sup>37</sup>An astonishing lack within Dobb's historical analysis of feudalism is his almost complete neglect of any rigorous analysis of the role of religion as an institutional form necessary for the successful preservation and reproduction of feudal social relations. In fact, according to one contemporary of Dobb's, the ideological role of religious beliefs cannot be underestimated as a main determining factor for the enduring character of the European feudal system. "The power of the church in the medieval town was ever-present and all-pervasive. It operated through the ritual of the sacraments, the jurisdiction of the ecclesiastical courts, the charitable foundations of the orders, through the pictorial teaching of church walls and windows, open-air sermons, public inflictions of penance, the celebration of saints' festivals, and in many other ways. There can be no reasonable doubt that the social teachings of the church, along with its other doctrines, were by one means or another impressed upon every townsman, in so far he was capable of understanding them" (Thrupp 1941:39-52).

Schmoller and Henri Pirenne,<sup>38</sup> among others, that it was the growth of exchange relations, trade, and markets, along with the extensive use of money in these transactions, that first led to the commutation from labor-rent, to produce-rent, and finally to money-rent; and second to dissolving feudalism as a "natural economy," or production merely of use-values. Robert Brenner terms such a view the "commercialization model" of economic change (1985:25-9).

#### **1.2.6. Feudalism as a "Natural Economy" and the Commercialization Model**

According to the commercialization model, the extension of long-distance trade, then the development of domestic exchange, and consequently, the rise of domestic markets are the primary dissolvents of feudal relations of production. Moreover, trade and markets are seen as alien or external forces operating outside of the internal structure of both feudal production and feudal exploitation. In turn, markets and money are seen as the catalyst for the emancipation of feudal peasantry from serf-labor. The presence of markets and money, furthermore, are seen to have unleashed improvements in technology from the fetters of feudalism (Dobb 1946:37-8).

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<sup>38</sup> In his debate with Dobb, the American Marxian economist Paul Sweezy would draw heavily from the work of Pirenne (see below, also Hilton 1976:33-56, p. 128).

In that these forces are viewed as alien and external to the internal structure of feudalism, the internal social constitution of feudal production itself is viewed as (more or less) stable, save for the external pressures of markets and money. Moreover, in that the commercialization model assumes that feudalism was characterized by its particular stability, this implicitly suggests that the feudal mode of production tended to be technologically stagnant.

According to the commercialization model then, not only are markets and money exchange the 'historical destroyers' of feudal relations of production, but they also further engender the capitalist relations of production. Monopoly merchants, or the mercantile element of feudalism, in this view, are crowned as the principal begetter of emancipation of human beings from the shackles of feudal institutions.

#### **1.2.7. Dobb's Dissatisfaction with, or Immanent Critique of, the Commercialization Model**

Dobb finds the commercialization model unsatisfactory on a number of accounts. First, it seems to misunderstand the dynamism of feudalism, both on the grounds that the technological change that occurred during the feudal era has been underestimated, an underestimation that the commercialization model tends to reinforce, and that the

triumphs and tribulation of feudalism have not been properly understood (that is, the social relations of feudalism have been underanalyzed, hence its internal articulation misunderstood).

Second, the commercialization model is misleading on the specifics of the transition from feudalism to capitalism. Upon the transition from feudalism to capitalism, the commercialization model, according to Dobb, has three main difficulties. First, the elongation of the transition is left unexplained. Why did it take four or five centuries for the rise of trade and money exchange to transform feudalism, rather than two or three centuries? (Dobb 1967:6).

The second issue of Dobb's dissatisfaction with the commercialization model concerns the role of markets in feudalism and posits several layers of concern. The role of markets throughout the twelve centuries of feudalism tends to be underplayed. Dobb, in fact, insists that "one must avoid the mistake of thinking of the feudal epoch as one in which trade disappeared entirely and to which the use of money was entirely alien" (Dobb 1946:79). Neither is the presence of markets an external force upon feudal societies. In fact, it is difficult to imagine any mode of production absent of markets. There is not necessarily an

inconsistency between the presence of market exchange mediated by money and social production organized around the institution of serfdom. Trade and market activity had, according to Dobb, become an element of the internal articulation of feudalism with the return of commercial activity.

Another concern of Dobb's is that serfdom had been on the retreat in various areas of Europe as early as the thirteenth-century. In the ensuing two centuries, market activity and money mediation were increasing throughout Europe. Nonetheless, by the end of the fifteenth century a revival of serfdom was manifest in many parts of Europe. Fredrick Engels called this revival the "second serfdom" (Dobb 1946:39, p. 57). In areas where serfdom had not gone into retreat, the increase of market exchange and money mediation often gave rise to an intensification of serfdom, not only in the monetary form but often in the form of rent-in-kind and actual labor services. Servitude would take these nonmonetary forms not only in the countryside in agricultural production but also in the towns and cities (see Hilton 1978:17).

Kosminsky reiterates that in areas where peasantry had gained some degree of freedom, there was an increase in market exchange and money mediation. These events, in



turn, led to the imputation of money-rent, which is to say (in concert with Engels and Dobb), a return to a form of serfdom. Where serfdom remained the characteristic social relation there was an intensification in labor services performed on the overlord's demesne, or work to be performed in the lord's mill or lord's baking-oven, etc. (Dobb 1946:81). Where commutation shifted from labor services to money tributes, this shift did not necessarily mean that serfdom would shed its compulsory character, nor can it "be assumed that commutation involved an actual lightening of feudal burdens" (Dobb 1946:63). Rather, once again, it led to the "intensification" of feudal exploitation by raising *rent* in money-form. It is in this sense that "the existence of trade and of production for the market were by no means inconsistent with serfdom as a labour-system" (Dobb 1967:6).

Dobb further insists that it was often the more 'economically backward' (nonmarket-based production) from which direct labor service disappeared the earliest, whereas in areas where market production was dominant, for example London, labor-service obligation stubbornly continued to structure society and production (Dobb 1946:38-9). On these accounts Dobb scolds Paul Sweezy during their famous transition debate: "the correlation was

not between nearness to markets and feudal disintegration, but between nearness to markets and strengthening of serfdom" (Dobb, in Hilton 1976:61).

The third weakness of the commercialization model with respect to the transition from feudalism to capitalism is that it tends to misrepresent the conservative role played by the merchant class in the stubborn survival of feudal exploitation. This misrepresentation has implications for the historic-political role played by merchant capital in the dynamic of feudal reproduction. Merchant capital was far from being the progressive entity that is suggested in the commercialization model's account. Dobb claims that the larger merchant capital families of feudalism had far too much at stake in the feudal order to become a progressive force to sever the fetters of feudal relations of production (Dobb 1946:122). "One feature of this new merchant bourgeoisie that is at first surprising as it is universal, is the readiness with which this class compromised with the feudal society once its privileges had been won" (Dobb 1946:120).

Following the bourgeois revolution of the seventeenth century, the powerful mercantile element had retained their political and economic presence (as a class), even while that of the landed aristocracy diminished. Fetters created

by the mercantile element impeded the promise of the enlightenment and the emergence of a liberal market society well into the early nineteenth century. Adam Smith's *Wealth of Nations* is testament to the conservative and antiliberal force still being played by the mercantile element of feudalism into the late eighteenth century.

The presence of a bourgeois element in society is completely consistent with the absence of capitalist production relations. In fact, it is Dobb's contention that the actual mode of production is incidental to merchant capital. The merchant motive and element are quite at home in a slave, feudal, or capitalist mode of production. In feudalism, the mercantile element becomes a type of parasite that preys on the existing relations. The political consequence was the evolution of a monopolistic merchant class that came to identify with and serve the purposes "largely those of lords and princes and kings" (Dobb 1946:121). The mercantile element was dependent on the feudal relations that organized the feudal economic epoch and were the source of their own income (Dobb 1946:165). Although a "merchant bourgeoisie had grown to wealth and to influence," it "exercised little direct effect upon the mode of production." Rather, "having won a measure of [monopoly] privilege, it stood in a position of

co-partner rather than antagonist to the [feudal] nobility" (Dobb 1946:20).

The influence of the feudal mercantile element "and the influence of the institutions it had fostered, such as the chartered [trade] companies, were to retard rather than to accelerate the development of capitalism as a mode of production" (Dobb 1946:122). In addition to retarding the development of capitalism, the mercantile element protected and sustained the reproduction of the feudal mode of production (Dobb 1946:157ff). The mercantile element and many other members of the bourgeois *nouveaux-riches* tended to be a highly conservative political force that supported the continuation of feudal social relations of production as much as did the nobility, clergy, and monarch (Dobb 1946:89, 122).

In sum, Dobb's dissatisfaction with the commercialization model is threefold: (1) the internal articulation is underanalyzed; hence the economic dynamism of feudalism remains obscure; (2) it is misleading on several accounts with respect to the transition from feudalism to capitalism; (3) it overestimates the revolutionary role of the feudal mercantile element on the one hand, while, on the other hand, it underestimates the

conservative role of merchant capital in sustaining the social relations of feudal production.

#### **1.2.8. Internal Articulation: Trade and the Merchants**

As I have shown in the Dobbian view, trade and market exchange are characteristic of all modes of production. An entity that is necessary for market change is a merchant class. From classical slave economies through medieval feudalism, market exchange and money mediation of exchange have always been present, and so, too, has a merchant class. Market exchange generates merchants, which in turn constitute a social stratum of commercial bourgeoisie. The difference between precapitalist production and capitalist societies is that, in the former, the bourgeois element is much more removed from the production process and is viewed as excrescencies upon the mode of production (Dobb 1967:7-8). Hence, as suggested above, the mercantile element in the Dobbian view becomes an aspect of feudalism's internal articulation. Subsequent research seems to strongly support this general Dobbian thesis.

Commercial activity in Europe is well documented to have reached a high point during the Roman Empire in the first and second century. Although there is considerable disagreement concerning the actual amount of trade and

urban life during the early Middle Ages, there is general agreement that commercial activity and urban life were in decline from the third century (mainly due to Roman civil wars and later Germanic and Islamic invasions) through the twelfth century (Garnsey, et al. 1983). It was the tenth century that was perhaps the low point of commercial activity in Western Europe (Lopez and Raymond 1955). By the twelfth century, there was a revival of trade activity and commerce in Western feudal societies.

With healthy commerce in antiquity (both in Greece and Rome) (see Polanyi, et al. 1957) and during the high point of the feudal system, it must have been true that the necessary conditions for commerce were present. The basic conditions being (1) at least two groups of people produce a surplus of domestic product, (2) the products must be different and each desired by its non-producer, (3) sufficient transport routes and transport technology, (4) a medium of exchange,<sup>39</sup> and (5) merchants and merchant activity. Most certainly, the revival of commerce during the twelfth century affected the whole of social relations upon which feudalism was constituted; however, it was not the "disappearance of earlier conditions [i.e., serfdom as

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<sup>39</sup> George Dalton (1982:181-190) points out there is no historical evidence that any economy has ever been constituted by a system of barter as the primary organizing principle of internal economic activity. Money must be present!

the organizational principle of feudal production and distribution] but their modification" (Bloch 1961:71). The significant point is that trade activity may have waxed and waned during the (Western) feudal era, but recent scholarly work has securely established Dobb's position that trade and commerce were a constitutive element of the internal articulation of Western feudalism for both its production process and its distribution process.

In the Dobbian view, trade and market activity were constitutive of the internal articulation of the feudal mode of production. Therefore, it could not have been trade and market activity that dissolved the feudal system of production. Moreover, with trade and market activity as a constitutive element, the macrodynamic of feudalism would have been quite contrary to the 'stable and stagnate' thesis of the 'traditional view.'

Dobb acknowledges that the rise of commerce during the twelfth century had a "disruptive effect on the [European] feudal" order (Dobb 1946:37). However, what Dobb tentatively rejected, which now seems well supported, is "whether the widening of the market can be held to have been a *sufficient* condition for the decline of Feudalism – whether an explanation is possible in terms of this as the sole or even the decisive factor" (Dobb 1946:38).

It is also very important to understand that the acknowledgment of trade and market activity as constitutive elements also implies that merchants and merchant capital more generally are in themselves constitutive of, rather than contrary to, feudalism as a mode of production. More strongly, in feudalism the ambitions of merchant capital were not necessarily out of phase with the feudal nobility. Although disputes emerged between merchants and landed aristocracy, with respect to the internal articulation of the feudal system and its socioeconomic *reproduction*, these disputes in particular, and these relations in general, were of *secondary importance* in the Dobbian view. This is not to say that the relations between the mercantile element and nobility were unimportant to the *stages* of feudal historical development; however, they were relatively insignificant with respect to the transformation of the epoch.

In the commercialization model, priority has tended to be given to the disputes of "secondary importance," while relations of 'primary importance' had gone underanalyzed and neglected. According to Dobb:

What is clearly missing in the traditional interpretation [or commercialization model] is an analysis of the internal relationships of Feudalism as a mode of production and the part which these played



in determining the system's disintegration or survival (1946:42).

Dobb argued that to understand the internal articulation, institutional character and the 'laws of motion' of feudal society require a deep analytical grasp of the social relations of the direct producers and their most immediate rulers. This, of course, merely follows the methodological and ontological hints of Marx, which are concisely summarized in the following statement from volume III of *Capital*.

The specific economic form in which unpaid surplus labour is pumped out of the direct producers determines the relationship of domination and servitude, as this grows directly out of production itself and reacts back on it in turn as a determinant. On this is based the entire configuration of the economic community arising from the actual relations of production, and hence also its specific political form. It is in each case the direct relationship of the owners of the conditions of production to the immediate producers – a relationship whose particular form naturally corresponds always to a certain level of development of the type and manner of labour, and hence to its social productive power – in which we find the innermost secret, the hidden basis of the entire social edifice, and hence also the political form of the relationship of sovereignty and dependence, in short, the specific form of state in each case (Marx 1981:927).

Although Dobb himself is not entirely successful in describing in any great detail the internal feudal relations, or rather, feudalism's 'internal articulation,' it is not necessarily his aim. Dobb says that he is

"insufficiently grounded in the first-hand knowledge that comes from actual [historical] field-work" to adequately construct an accurate conception of these internal relations (Dobb 1946:vii). Moreover, "unless the existing frontier between what it is fashionable to label as 'economic factors' and as 'social factors' is abolished," the leading questions that are to be evoked in such a study as Dobb's will be left unanswered (Dobb 1946:32).

Dobb, more humbly, will attempt *merely* to outline the internal relationships and antagonisms within the feudal class structure in an attempt to understand its internal social organization and its internal contradictions. This is only a beginning because he is basing his analysis from second-hand accounts and not actual fieldwork. In other words, he is posing questions that the first-hand accounts did not have in mind. The results of such an attempt should be expected to be limited. In this sense his attempt to construct an outline of the internal relations of feudalism should be understood more as an *immanent critique* of feudal historical literature, rather than a complete, new model. Dobb finds cohesion and/or antagonism where they are often out of phase with traditional historical interpretations. In turn, Dobb's challenges have important implications for the causes of the decline

of feudalism. When the traditional interpretations of feudalism are challenged, necessarily there are implications for the origins of capitalist development, along with the current functioning of contemporary capitalism.

#### **1.2.9. The Petty Mode of Production**

For Dobb, the key characteristics of feudalism as a mode of production are fourfold: (1) the smallness of production units, (2) the direct ownership of means of production by the direct producers, (3) organization and control of the production process also in the hands of direct producers, and (4) ubiquitous social attachment of direct producer to the land (see Dobb in Hilton 1976:57; Dobb 1967:8ff).

The structural production organization of feudalism was centered on the institution of serfdom. The serf was socially and institutionally attached to the land. Individually, these land holdings were relatively small, usually less than 100 acres, and from them, the serfs derived personal and family subsistence. The land rights often were held in *commons*, or in the form of common-field land. As such, peasantry shared common grazing over common fields. It was not just the agricultural serfs who

directly worked and maintained pastoral lands, but also "the occupancy of some cottages, inns, millhouses, farmhouses, and other buildings or sites of former buildings also brought pasture rights" (Neeson 1993:61).

Dobb maintained that the land rights of feudalism allowed for commoners, whether they were agricultural producers or town serfs, to derive their own subsistence from small plots of land, or from their rights to the commons. The organization of production in conjunction with these rights gave rise to a system of production that can be characterized as "the petty mode of production." For Dobb, this characterization is meant to capture the small size of the production units. Individuals and families produced for themselves using primitive implements on small plots of land. Even in the town workshop, organized by guild masters, production tended to assume a similar division of labor coordinated around small units of production.

As such feudalism struggled for its survival, not necessarily because of external pressures of markets and money mediation, but rather from the system's internal contradictions and the logic of feudal production itself. Dobb suggested that over most of Western Europe the population had steadily increased from the year A.D. 1000

to A.D. 1300. Dobb insisted that "after 1300 [...] begun a sharp decline" in the population of Western Europe. This is significant in that Dobb is proposing that the depopulation of Western Europe began well before the bubonic plague had reached the shores of Europe (i.e., before 1347). Thus, the depopulation of Europe and the ensuing decline in productivity cannot be exclusively attributed to the devastation of wars and the plague (Dobb 1946:48).

Since the depopulation and ensuing decline in productivity began decades before the devastation of the Black Death, Dobb proposed that the rapid decline may have had economic causes rooted in the internal limitations of the petty mode of production and the contradictions of pre-fourteenth century feudalism.

#### **1.2.10. Feudal Crisis in the Thirteenth Century**

Because the traditional interpretations have neglected the internal articulation of feudal productive relations, historical evidence of the economic causes of thirteenth century depopulation are far from plentiful. Therefore, Dobb warns that his hypotheses are meant to be more suggestive than conclusive.

As explained above, Dobb attempted to begin a construction of the internal articulation as provided by the limited historical evidence available. Dobb believed that the proper portrayal of the feudal 'internal articulation' must include a place for, and explain the roles played by, a bourgeois class and/or mercantile element, (petty) industrial production, extensive markets, and various forms of commutation. In the Dobbian portrayal, none of these key elements of feudalism are necessarily antagonistic to its internal articulation, nor the structure of its class relations. Rather, and contrary to the commercialization model, these elements tended to have a conservative force toward the feudal relations upon which they depended. For Dobb, the antagonistic elements, or internal contradictions, are of three main sources: (1) the form of exploitation and limits thereof (e.g., Dobb 1946:45-6; Dobb in Hilton 1976:57); (2) direct producers attempting to take to trade (often in an attempt to avoid an intensification of their already severe exploitation) (e.g., Dobb 1946:chp. 4; Dobb 1967:11); and (3) the absence of institutional forms to impede social class differentiation (Dobb 1946:13ff, 88ff, 124ff; Dobb 1925:188ff; Dobb 1948:chp. 2; Dobb 1967:10). In short and abstractly, feudalism is recognized to have structurally

possessed progressive and regressive elements. These elements are institutionally fused in the feudal mode of production such that *contradictions* arise generating its characteristically *unstable* motion.

Related to the three internal contradictions above, Dobb proposed there were three important elements of pre-fourteenth century (Western European) feudalism. First is "the inefficiency of Feudalism as a system of production." Second was "the growing needs of the ruling class for revenue" (Dobb 1946:42). The third element of crucial importance was the growth of urban areas or feudal *burgs* (Dobb 1946:70-83). Together, these three forces, in conjunction with the aforementioned contradictions, generated a number of social tensions and economic failures that were primary causes of feudalism's decline in the thirteenth century and into the fourteenth century.

Dobb maintained that the methods used in feudal production were primitive and the incentives to increase productivity for the producer were minimal, sometimes nonexistent. This is because the noble aristocracy often "discouraged [producer] initiative and dried up all energy at its source by taking from the villein an exorbitant part of the fruits of his work, so that labour was half sterile" (P. Boissonnade quoted in Dobb 1946:44).

#### **1.2.11. Intensification of Feudal Exploitation**

Greater exploitative pressures were placed upon the producing serf class from the feudal ruling class due to both the natural growth of the noble families and the need for greater military strength. The need for greater military strength led to the multiplication of the number of vassals, by a process of "sub-infeudation." The increase in the ratio of noble class to producer class translated into an increase in the exploitative pressures facing the feudal serf.

The need for greater military strength arose from an increase in war. The effects of war and brigandage, which Dobb suggests could be said to be integral to the feudal order, generated destruction of economic life and devastation of land and productive materials. In short, "While exaction and pillage diminished productive powers, the demands that the producer was required to meet were augmented" (Dobb 1946:45).

Dobb further suggested that the Crusades of this period were both costly, adding to the exploitative pressures upon the serfs, and induced a desire for exotic wares from the European noble class, reinforcing yet further the intensification of feudal obligation on the peasantry.



Finally, townships, or feudal *burgs*, played a pivotal role in both increasing production and diversity of product in feudal societies, often with an augmentation of work obligation of the rural or agriculture serf, in order to support the township population and their production. On this last point, the origin of feudal townships becomes crucial (Dobb in Hilton 1976:60).

#### **1.2.12. Townships as Part of Feudal Internal Articulation**

The origin of medieval urban centers is "far from clear, and has been the matter of some controversy" (Dobb 1946:72). Nonetheless, Dobb (1946:72-5) rehearses the four leading explanations of the origin of feudal township communities. In brief, the first explanation suggests a respite and renewal of older Roman cities. The second explanation suggests rural feudalism's natural population growth to a village and then town community. The third and most dominant explanation, which finds support from authorities such as Adam Smith, W. J. Ashely, and Henri Pirenne, maintains that, in the main, townships originated as (temporary shelters or) settlements of merchants' caravans (Dobb 1946:74; see Pirenne 1925:95 & 105-7; and Adam Smith 1998:447ff). The fourth explanation emphasizes that townships were less than spontaneously ordered

settlements and more of an ordained extension of feudal societies, hence under the obligation of feudal authority and order.<sup>40</sup>

Due to limited evidence and knowledge of townships, Dobb contents himself with an "eclectic explanation" for the origin and emergence of medieval *burgs* and townships. In this way, Dobb allows for "different weight to various influences in different cases."

Although the differing explanations are not necessarily incompatible, there is a point of substance to be drawn between the third and fourth explanations. Namely, if *burgs* were not always spontaneous semi-independent formations of merchants' caravans, but sometimes were sanctioned extensions of feudal societies, then this lends support toward the idea that the mere presence of market exchange and money mediation does not necessarily contradict the feudal order. Rather, the market exchange and money mediation may have strengthened feudal authority and served seigniorial interests.

Moreover, the internal articulation and dynamic between rural and urban centers would have an altogether

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<sup>40</sup> Subsequent research has been shown to support the fourth explanation: "The earliest cities of medieval Europe [eleventh century] had been primarily residences of nobles, temporal princes or wealthy churchmen, with enough craftspeople and particularly merchants to supply them with the goods and services that they needed or desired" (Nicholas 1997:87).

different character if medieval towns originated as "free towns," independent of feudal authority, versus feudal initiated "cooperate bodies." It would have implications for the historian interpreting the struggles between urban centers and rural areas. Furthermore, it would have an enormous influence over the chartering of guilds and the ensuing relationship between guilds and the rest of society. It would be the job of the more specialized historian to ascertain for any particular medieval urban development what explanation, or combination of explanations, would best capture the specific situation.

In acknowledgment of the scanty evidence, Dobb does "venture a tentative judgment." It would seem "probable," according to Dobb, that "a majority of towns originated on the initiative of some feudal institution, or in some way as an element of some feudal institution, rather than as entirely alien bodies" (Dobb 1946:78).

In support of this "tentative judgment," Dobb suggested that there "are fairly plentiful" examples of townspeople "themselves owing services to an overlord, like any feudal dependant" (Dobb 1946:81), perhaps suggesting the origin of such towns to be feudal initiated. Furthermore, the early eleventh-century town guilds were often formed by aristocratic nobility (Urry 1967:124; also

see Nicholas 1997:129). This is especially significant in that it was these early aristocratic guilds that would develop into merchant guilds, suggesting, of course, that merchant guilds (at least sometimes) had an aristocratic lineage in their very origin and, hence, formation. As such, the institutional structure and internal articulation of feudalism would incorporate townships.

It is indisputable that the survival of the feudal *burgs* and their inhabitants radically depended on the agricultural production of the countryside. This dependence sometimes placed greater demands on the rural serfs and intensified the rural serfs' feudal obligations.

#### **1.2.13. Hyper-Exploitation and Social Differentiation of the Peasantry**

According to a number of sources, feudal obligations intensified for rural peasantry, whereby illegal emigration ensued. Although there were formal agreements between the feudal aristocracy to return fugitive serfs, Dobb maintains it was common for the feudal aristocracy to entice or kidnap serfs away from one another (Dobb 1946:46). The smaller estates were the "most liable to suffer" from "enticements" or kidnappings of serfs, "hence were most anxious to acquire protection from the law in order to

fetter labour to the land and to restore fugitives" (Dobb 1946:59).

The sum result of subinfeudation, war, crusades, the increased desire of extravaganza and exotic wares of the aristocracy support of urban life, illegal emigration to avoid the intensification of feudal exploitation, coupled with low levels of productivity and a (decreasing) lack of incentives toward individual productivity, put the feudal mode of production into crisis during the thirteenth and into the fourteenth century. Dobb argued that the devastation from the plague would only add to the already manifest crisis. Dobb (1946) wrote, the

destructive effect of the plague itself must have been fanned by the malnutrition of the population [i.e., hyper-exploitation] (mortality from the pestilence apparently being proportionately greater among the masses), and local famines have taken the toll they did because of the absence of reserves (p. 50).

The latter, in part, was a function of low technology and low productivity.

A number of factors would determine the intensity of the reassertion of serf-labor obligations during the fourteenth and fifteenth century. Although geographic proximity to market activity and money mediation was indeed a factor, it was *not* decisive. After the thirteenth-century feudal crisis and the devastation of the Black

Death in the fourteenth century, feudalism had more or less recovered by the late fifteenth century.

It was Dobb's contention that there was a fundamental qualitative transformation following the feudal crisis of the thirteenth century. Although significant, the qualitative transformation was not the amount of commutation that occurred during this period. Even when commutation was invoked, it is not at all clear that this meant a lightening of feudal obligations, rather than an intensification of feudal burdens. Although commutation would facilitate changes in a later century, through the fourteenth century it was merely an alternative, and sometimes a more burdensome and exploitative form, of feudal serfdom (Dobb 1946:63ff). Dobb uses his extensive knowledge of Russian history to sketch an example of the correlation between the increase in commutation and the stability of feudal relations of production. Dobb's sketch of Russian feudalism offers a brilliant illustration of the rise of commutation in correlation with the rise in feudal obligations of the servile class (Dobb 1946:67-70; Dobb 1948:chps. 2 and 3).

Hence, according to Dobb, it was not commutation that constituted a qualitative transformation in the feudal order; rather, the qualitative transformation was a rise in

the number of well-to-do peasantry. As already mentioned, feudal production lacked incentives for ambitious peasants. However, during the feudal crisis, ambitious peasant-farmers were able to accumulate small amounts of capital and lease additional land in order to enlarge their holdings (Dobb 1946:242ff; Dobb 1948:63-4). Moreover, Dobb suggested that "these farmers were probably capable of more efficient cultivation." Although they did not possess, nor could they maintain, any claim that would provide them the proper status to invoke servile obligation from any serf. However, they were able to exploit the desperation during a crisis and *employ* their poorer and more desperate neighbors (Dobb 1946:60). This was not a form of serfdom, but a radical attempt of individuals to maintain themselves during a feudal crisis.

It was the rise of a *kulak*-like class during a feudal crisis that would become a new alien force upon the feudal order. However, it was not until the seventeenth century that *kulakism* would become a revolution, or transformative force upon the feudal mode of production.

Rather, at this stage of historical economic development there are two analytically distinct aspects of serfdom, one economic, the other political: first, "the nature of the obligation imposed on the serf" and, second,

"the *degree* of subordination in which the serf is placed relative to his lord and the consequential degree of exploitation to which he is subject" (Dobb 1946:66).

The *nature* of the obligation may change form due to commutation of tribute, but the essential economic relationship between direct producers and the immediate rulers was relatively stable and would constitute the structure of feudal society well into the eighteenth century.

It was the *degree* of subordination or "extra-economic compulsion" that would wax and wane, contingent upon the state of economic health or crisis state of the feudal system. During a crisis, the *degree* of subordination may be temporarily weakened. This was not necessarily a positive manifestation for either the overlord or the serf. Nonetheless, it was during such times that the *kulak*-like class of peasantry was able to take advantage and contribute positively to the weakened state of the economy by employing the more desperate peasantry.

#### **1.2.14. Class Differentiation Within the Feudal Township**

The class differentiation in the feudal countryside was paralleled by a class differentiation within the feudal townships (Dobb 1946:72). Dobb states that one remarkably



similar pattern in feudal townships of Europe was the struggle over town governance and the rise of bourgeois elite, most often controlling all foreign merchant activity.

Although a mercantile element would typically secure hold of foreign trade, control of the production process itself usually was retained by the craft guild. Some of the most violent struggles were over the rights, privileges, responsibilities, and autonomy of the craft guilds (Dobb 1946:81-2). Dobb hypothesizes that, similar to the class differentiation in rural areas of a kulak-like class coming to rule over their once social-class equals, the township's struggles, especially during a crisis, could manifest into a relatively sharp class differentiation between craft guild masters and their (once social-class equal) journeymen.

The significance of the rise of a kulak-like class in particular and class differentiation in general was indisputable in the historical case of Russian feudalism. Nonetheless, for Dobb the significance of the class differentiation within townships could be judged only tentatively. Likewise, the parallel class differentiation within the rural areas of Europe was tentative with respect to its significance for the reproduction of the totality of

the feudalism system. Dobb's suspicion was that the class differentiation was of great significance with respect to the modification of the feudal order and the successful (or unsuccessful) reproduction of the system. However, a definitive judgment of the significance would need to wait until further historical analysis could ascertain the phenomena of class differentiation in particular, specifically regional cases, along with its impact upon the reproduction, modification, or transformation of the social network in question.

#### **1.2.15. Some Concluding Comments**

At the beginning of this section, it was claimed that in *Studies* Dobb aimed to (a) begin a sketch of the *internal articulation* of feudalism and (b) model and explicate the Marxian conception of primitive accumulation. Further, it was suggested that the "traditional view" held that the line of causation for the transition from feudalism to capitalism was from (b) to (a), and that Dobb more or less reverses the line of causation as defined by the "traditional view." One is now in a position to understand that although Dobb certainly rejects the line of causation of the "traditional view," he does more than merely reverse the historical line of causation.

First, Dobb claims that the "traditional view" held an interpretation of the *internal articulation* of feudalism that is *theoretically impoverished, historically misleading, epistemologically underanalyzed*, and consequently, *ontologically inaccurate*. Hence, the "traditional view" of (a) the internal articulation of feudalism must be rejected.

Second, the "traditional view" has "primitive accumulation" forming from an historical process of (personal) *enrichment* by means of (personal) thrift and abstinence of the bourgeois section and mercantile element of society. This view is rooted in the work of Adam Smith (see Brenner 1977) and essentially maintains that "primitive accumulation" and the index of capitalist development are the extension of markets and the growth of commercial activity (Wood 2002:19).

Dobb, closely following the lead of Marx (1976, section eight) maintains that enrichment alone was not enough (Dobb 1946:185). Marx, in his critique of political economy's "so-called primitive accumulation," makes a sharp distinction between *wealth* (i.e., enrichment) and *capital* (i.e., a social relationship). If there is no distinction between wealth and capital, there is no need to distinguish between primitive accumulation and capital accumulation

(Dobb 1946:178). The "primitive accumulation" of classical political economy is "so-called" because the classical political economists tended not to recognize *capital* as a social relation and failed to distinguish it from, and rather would conflate it with, wealth (profit and enrichment).

Wealth is a necessary condition for the manifestation and development of capitalism, but it is far from being a sufficient, or even a decisive condition. *Real* primitive accumulation, according to Marx, was the transformation of wealth *into* capital. In this sense, real primitive accumulation was not merely enrichment, but "had to be enrichment in ways which [at the same time] involved dispossession of persons several times more numerous than those enriched" (Dobb 1946:185).<sup>41</sup>

This is an extremely important point from a Dobbian perspective. Primitive accumulation is a dual process of both the enrichment of a small *kulak*-like class and an even *greater* dispossession of the masses. It is via Dobb's analysis of primitive accumulation that the revolutionary

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<sup>41</sup> "The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as 'primitive' because it forms the pre-history of capital, and of the mode of production corresponding to capital. [...] The expropriation of the agricultural producer from the social is the basis of the whole process. [...] And this history, the history of their expropriation, is written in the annals of mankind in letter of blood and fire" (Marx 1976:874-76).

and transformative elements and conditions of feudalism are revealed.

In brief, Dobb claims, contrary to the commercialization model, an increase in market activity and changes in the commutation (e.g., from kind to money) did not dissolve feudal production relations. Markets were always a constitutive element of feudalism, and the mode of commutation was more or less incidental to the (Dobbian) definition and ontological structure of feudalism.

Likewise, the rise and extension of townships were necessarily nonantagonistic to the feudal system. More strongly, in at least as many cases townships were initiated, ruled, and controlled by feudal nobility. Consequent to these observations, Dobb is highly suspicious of townships playing a dissolving role in the feudal order. This is not to argue that markets, monetary commutation, and townships played no part in the dissolution of feudalism, but to argue that these elements were not the *cause* of the disintegration of the feudal mode of production.

In the Dobbian model, the internal tendency toward *feudal socioeconomic crisis* is the main culprit behind the disintegration of feudalism as a mode of production. It was during a (feudal) crisis moment that emancipation of

serfs from feudal obligations would manifest. This was not necessarily a positive occurrence for the serf. The "emancipation" of the serf from feudal obligation was often no more than a reactionary response to navigate or survive a socioeconomic disruption.

At the same time, it was during a crisis that feudal exploitation would tend to intensify. The intensification of feudal exploitation would augment the class antagonism between serfs/peasants and feudal nobility. It is historically contingent whether a particular struggle from this augmented class antagonism would result in the emancipation of serfs/peasants from feudalism obligation. Nonetheless, such struggles would tend to weaken the feudal order and its ability to reproduce on the same scale.

This latter point is of great importance to the Dobbian model. To restate it in brief, Dobb proposed that crisis tended to increase class antagonism and weaken the feudal order regardless of the emancipatory result. If the class struggle during such crisis moments resulted in a 'victory' for serfs/peasants in the form of emancipation, the feudal order was disrupted by definition. However, even if the class struggle during such crisis moments resulted in a 'victory' for the nobility, disruption of the feudal order may very well still manifest. The disruption

in the latter case is because following 'victory,' feudal nobility most often intensified feudal exploitation, i.e., increased rents. In this case, direct producers may become more dependent on markets to obtain the increase in their rent and attempt to minimize the exploitation confronting them. If such cases can be historically verified, a degree of warrant would be given to Marx's "really revolutionary-way."

In Marx's "really revolutionary-way" it was the (serf/peasant) direct producer that takes to trade. This process is quite different from the (relatively non-revolutionary) case whereby the merchant takes to production. It will be recalled that the Dobbian hypothesis is that the merchant tended to be a conservative force and social agent in a way that the peasant necessarily was not. Thus, the idea is that when the relatively nonconservative *free* peasantry element augments quantitatively their control of the means of (feudal) production, at some crucial moment, a (transformative) qualitative change in the (feudal) social relations of production manifests.

Of course, the "really revolutionary-way" is rooted in the work of Marx; what is uniquely Dobbian is that Dobb identifies particular internal mechanisms within the social

relations of feudalism that generated motivations toward direct producers taking to trade. This point is important because Dobb has often been accused of remaining committed to the basic behavioral premises of the "commercialization model." For example, Wood (2002:42) charges Dobb with leaving his reader "with the overwhelming impression that, given the chance, the commodity-producing peasant (and artisan) will grow into a capitalist." However, as has been demonstrated earlier in this argument, the Dobbian thesis is much more complex and nuanced than Wood's criticism suggests.

According to Dobb, it was not that the peasant would become capitalist given the chance, but that the internal class-antagonisms created a structural dynamic that tended to undermine the feudal order. The class-antagonism forced the peasant producers to become more dependent on the market to obtain the required *rent*. In no way, according to Dobb, was this dependence on markets necessarily a choice freely sought by feudal producers. Rather, it was structurally forced upon them.

It is generally acknowledged that Dobb's (immanent) critique of the "traditional view" is devastating to the commercialization model of transition. Dobb was, however, unable to construct a *complete* alternative model.



Nonetheless, his methodological and ontological suggestions would prove to be decisive for the direction of future historical research. The accomplishments of Dobb's alternative model, although incomplete, include the following: First, Dobb insists on the importance of Marx and Marxian theory, more specifically a particular interpretation of historical materialism, for understanding both feudalism and capitalism as modes of production. Special emphasis was given to the relationship between the direct producers and their immediate rulers as constituting a prime-mover and an imperative element to the dynamic of the system.

Second, Dobb implicitly insists on the importance of a "structuralist" approach to social being. In some sense, Dobb's insistence on a structuralist approach to feudalism is analogous to Keynes's insistence that the proper dichotomy in economics is between "micro" and "macro." Dobb, unlike Keynes, does not identify specific categories such as national product, unemployment, and price indices (these are specific to capitalism), but suggests the significance of the feudal boom/bust sequence, which is the more or less "macro" (or structuralist) perspective of feudalism.

Third, Dobb suggested that any dynamic theory of feudalism would remain incomplete, if not misleading, if the institutions of feudalism were not accounted for. It will be recalled that Dobb placed great emphasis on the absence of "special social institutions" that impeded the social differentiation of individuals in the same occupation or class. More than simply identifying the absence of such special social institutions as one culprit in the dissolution of feudalism, Dobb suggested that in regions that feudalism persisted such institutions must have had a relative presence. Although he was not decisively able to ascertain from the available historical research the full truth or falsity of this hunch, it was accepted by many historians that institutions would have to be accounted for and theorized about.

Finally, Dobb accentuates the importance of the motivation of human action or the notion of (*institutional*) agency. From the Dobbian perspective, the motivation of human action is mediated by the institutions in existence. That is to say, motivation of human action is institutionally constituted and, therefore, cannot be reduced merely to the "self interest" postulate (Dobb 1955[1951]:230). Dobb (1955[1951]) added,

In other words, the product of human will and action depends both on the relation in which the individual will stands to the wills of others [...], and upon the total character of the objective situation which human action seeks to influence (p. 231).

The notion of institutional agency underscores, ironically, Dobb's commitment to (a form of) structuralism. Dobb's notion of agency is institutionally mediated; hence agency is institutionally dependent. For Dobb this translates as the proposition that "there is much greater uniformity in the response of human beings to various situations and to various stimuli" – at the level of group or class action – "than can be noticed when one is observing individuals" (Dobb 1955[1951]:231). It is because of such group or class uniformity that *structural* causal analysis is an applicable and fruitful scientific endeavor for the study of social being and historical movements.

Moreover, Dobb maintains that *economic factors* (i.e., social relations of production and sources of income) have a predominant influence in shaping the direction of institutional agency and the actions of social groups and classes. According to Dobb (1955[1951]), economic factors have such a predominant influence

because so much in the mode of life of man in society – his nurture, his habits and conventions, his prejudices and sense of values, his cultural

opportunities and pursuits, and his relations with other members of society – is dependent on the source and nature of his income (p. 231).

Dobb did more than leave his readers with methodological and ontological clues for future historical endeavors. As explained, Dobb *began* a sketch of an alternative theory to the commercialization model. In Dobb's alternative theory, the methodological and ontological hints have, even if not explicit, a heavy presence. That is to suggest that Dobb's alternative theory to the commercialization model draws heavily from notions of structuralism, institutional analysis, and a (radical) reconceptualization of the notion of agency. This latter reconceptualization especially concerns the relationship between, and ontological hiatus (or irreducibility) of, agency and institutions on one hand and agency and structure on the other. At this juncture, it will suffice to illustrate with brief examples the presence of *structuralism, institutional analysis, and agency* in Dobb's alternative theory for the historical phenomena of the transition from feudalism to capitalism.

It will be recalled that the commercialization model maintained that the dissolvent elements of feudalism were external to the system as a mode of production. As a reminder, these so-called external elements were *markets, a*

*mercantile element, money, townships, and bubonic plague.*

According to Dobb, the so-called external dissolvent elements identified in the commercialization model were, in fact, internal to the feudal mode of production.

Dobb's argument does not suggest that these elements had nothing to do with the dissolution of the feudal mode of production. Rather, his point is that the role played by these elements in the transition from feudalism to capitalism is not as simple as the external versus internal dualism would suggest. For Dobb, this means that the historians and theorists of medieval societies must investigate more deeply into the internal articulation of feudalism to understand the contradictions that existed within it.

Crucial to Dobb's methodology is that to understand the basic mechanism necessary for a mode to production to be simply reproduced on the same scale or an extended scale, the theorist should focus on the moments the system fails to be reproduced. Such 'pathological' moments, or socioeconomic crisis, can be utilized as a contrastive to the nonpathological moments in which the system succeeds in being reproduced. The methodological "primacy of the pathological" or the emphasis upon feudal socioeconomic crisis requires a structuralist orientation. As has been

shown above, what is required is a deeper analysis of the primary relationship between direct producers and their immediate rulers. In short, it is Dobb's hypothesis that the internal contradictions that tended to cause socioeconomic crisis would be, at least in part, the dissolvent elements of the system itself, or would lead the theorist closer to the dissolvent elements.

Dobb's institutional analysis is also underscored in a partial alternative theory to the commercialization model. Dobb proposed, in his sketch of an alternative theory, that one dissolvent aspect of feudalism was the *absence* of institutional forms that would impede social class differentiation (Dobb 1946:13ff, 88ff, 124ff; Dobb 1925:188ff; Dobb 1948:chp. 2; Dobb 1967:10). Implicit in this proposal is that institutions could be present or, alternatively, could have been constructed to stabilize and (macro) manage the system's successful reproduction.

Dobb does not provide evidence of the particular institutions that he believed *must have been present* in areas where capitalism failed to develop, nor does he suggest any specific institutions that could have been constructed to stabilize the system. Nonetheless, Dobb's analysis of social class differentiation in general, and the rise of *kulak* class in Russian in particular,

emphasized the necessity of institutional analysis for understanding social being and historical movements.

It should also be pointed out that Dobb's insistence on an institutional analysis for understanding feudalism and his proposal that particular institutions could either impede or facilitate the dissolution of feudalism and the rise of capitalism are analogous to the Keynesian institutional proposal for achieving stabilization and crisis management in capitalism. In 1927, Keynes proposed the construction of special institutions that he believed were capable of stabilizing the internal contradictions inherent in the capitalist mode of production. Dobb is suggesting that the historical construction and existence of special specific institutions in feudalism may, to a significant degree, help explain the chronology of the dissolution of feudalism and the rise of capitalism in various parts of the world. A theoretical analysis and practical understanding of (feudal) institutions may also suggest the type of institutions that could be constructed to facilitate a more stable and smoother development of market economies in contemporary underdeveloped nations wishing to marketize their economies.

Finally, Dobb's reconceptualization of agency is revealed in his scrutiny of the mercantile element of

feudal society and upon his suggestion that it was the dynamic relationship between serf/peasants and their overlords that was the "prime-mover" of feudalism as a system. Dobb's analysis of the conservative force of merchants became generally accepted as definitive, at least in a broad sense. Dobb's theoretical interest in the feudal peasants initiated some of the first rigorous and most influential historical analyses of these highly under-analyzed and misunderstood people. Dobb's work would inspire a tradition of (socioeconomic) historians that would come to describe their own methodological orientation in the metaphor *history from the bottom, up*.

It was not, however, the subtle methodological orientation of Dobb's *Studies* that first gained attention from its readers.<sup>42</sup> Rather, it was Dobb's rejection of the "external" element thesis of the commercialization model that gained the most prominent attention.<sup>43</sup> It was the economic theorist Paul Sweezy who initiated the so-called

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<sup>42</sup> One exception to this is a six-paragraph review by Karl Polanyi, published in *Journal of Economic History* (1948). Polanyi's review was far too short and did not develop the many critical methodological insights that he mentions. Nor does Polanyi mention Dobb's structuralism, institutional analysis, or reconceptualization of agency. Rather, Polanyi is highly suspicious of Dobb's Marxian orientation and anxious that Dobb imports categories from contemporary capitalist society which are inappropriate for the analysis of feudalism.

<sup>43</sup> It has been pointed out by Rodney Hilton that Dobb's *Studies* had been neglected by most economic historians (Hilton 1976:10). The attention *Studies* received tended to be narrow in analysis and unappreciative of Dobb's achievement.



"transition debate" in *Science and Society* in the early 1950s. Sweezy was himself a heterodox economist with strong Marxian sympathies. Ironically, Sweezy's critical appreciation of Dobb's work essentially defended the commercialization model against Dobb's decisive critique.

Before turning to the specifics of the debate it can be acknowledged that Dobb's definitive (immanent) critique of the commercialization model was significantly weakened by his inability to develop a full explanatory critique or complete alternative theory. Dobb and others who attempted to defend his general thesis lacked the historical research and evidence to support their theories and ideas.

In short, Dobb had proposed the crisis-ridden nature of feudalism but was unable to provide a fully consistent theory of feudal crisis. Sweezy, much like mainstream economic historians before him, had not denied the manifestation of medieval feudal crisis but had placed the cause *external* to the mode of production itself. In this sense, Sweezy and mainstream historical theorists alike differed drastically from Dobb's interpretation of the causes of such (feudal) crises. Sweezy's challenge is testament not to the lack of good ideas coming from Dobb and his defenders but the absence of Marxian/Dobbian

questions being asked of history. Adequate answers and complete theories had not yet been *fully* formulated.

The "debate" does not fill, necessarily, the theoretical void, but it is testament to the absence of fully articulated explanations and theories of feudal crisis. With this I now turn my attention to the specifics of the famous "transition debate."

### 1.3. The Transition Debate

Maurice Dobb's *Studies in the Development of Capitalism* was primarily concerned with the reproduction/transformation of capitalist social relations of production. Nonetheless, a primer to understanding capitalist social relations is knowledge of the origins of such relations.<sup>44</sup> Therefore, nearly one third of *Studies* concentrates on the transition from the decline of feudalism to the rise of capitalism. It is this third of *Studies* that received the vast bulk of critical commentary and sparked the celebrated debate on *transition*.

Paul Sweezy's "Critique" of *Studies* published in *Science & Society*, 1952, initiated the *transition* debate. Although Sweezy's original contribution was intended as

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<sup>44</sup> In his "Contribution" to the transition debate (see next footnote) Kohachiro Takahashi comments: "There is a deep inner relationship between the agrarian question and industrial capital, which determines the characteristic structures of capitalism in the various countries" (*Transition* p. 96).

critical commentary on Dobb's account of the transition, Sweezy held Dobb's contribution in high regard (*Transition*, p. 41). In his second contribution to the debate, Sweezy acknowledges that his original contribution was more "supplementary suggestions and hypotheses" than "criticisms" of Dobb's account of the transition (*Transition*, p. 102). In this respect, the transition debate should be understood, as Dobb had hoped it would develop, as a collective effort for "further thought and study" (*Transition* p. 57).<sup>45</sup>

### 1.3.1. Sweezy's Interest in Dobb's Studies

Sweezy's interest in the transition from feudalism to capitalism was to investigate the possibility of drawing an analogy from feudal development to capitalist development.

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<sup>45</sup> The original essays of the debate were all published in *Science & Society*. The contributions include Paul M. Sweezy, "A Critique" (Spring 1950); Maurice Dobb, "A Reply" (Spring 1950); H. K. Takahashi, "A Contribution to the Discussion" (Fall 1952); Maurice Dobb, "A Further Comment" (Spring 1953); Paul M. Sweezy, 'A Rejoinder' (Spring 1953); Rodney Hilton, "Comment" (Fall 1953); and Christopher Hill, "Comment" (Fall 1953). These essays were collected and published as *The Transition from Feudalism to Capitalism: A Symposium* (New York: Science and Society, 1954). In 1976, the original essays were published once again with six supplement articles as *The Transition from Feudalism to Capitalism*, edited by Rodney Hilton (London: New Left Books, 1976). The supplement articles include Georges Lefebvre, "Some Observations" (originally in *La Pensée*, February, 1956); Giuliano Procacci, "A Survey of the Debate" (originally in *Società*, XI, 1955); Rodney Hilton, "Capitalism – What's in a Name?" (originally in *Past and Present*, February, 1952); Eric Hobsbawm, "From Feudalism to Capitalism" (originally in *Marxism Today*, August 1962); Maurice Dobb, "From Feudalism to Capitalism" (originally in *Marxism Today*, September, 1962); John Merrington, "Town and Country in the Transition to Capitalism" (originally in *New Left Review*, No. 93, September-October, 1975).

More specifically, the analogy to be drawn was the historical process of feudal development, its general crisis, and transformation or transition to capitalism. Sweezy desired to contrast feudal development (crisis, collapse, and transition to capitalism) to the historical process of capitalist development (general crisis, collapse, and transition to socialism)<sup>46</sup> (*Transition* p. 102). Sweezy claims to "have a pretty good idea about the nature of the prime mover" of capitalism, why crisis is immanent, and "why socialism is necessarily the successor form of society" (*Transition* p. 102). However, Sweezy suggests that there was no necessity in the logic of feudalism that would necessarily give rise to capitalism as the successor form of society. The irony of Sweezy's argument is the transition from feudalism to capitalism had actually occurred, whereas the capitalism to socialism transition had not. Nonetheless, Sweezy says he understand the *logic* of the latter, but not of the former.

### 1.3.2. Sweezy's "Critique"

The issues that Sweezy addresses in his initial "Critique" include (1) Dobb's "defective definition" of

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<sup>46</sup> The first sentence in his original contribution reads: "We live in the period of transition from capitalism to socialism; and this fact lends particular interest to studies of earlier transitions from one social system to another" (*Transition* p. 33).

feudalism and the consequences of this defective definition; (2) the processes of reproduction of feudal social relations; (3) the mechanism(s) of feudalism's disintegration; (4) how to characterize the "pre-capitalist interval" from the fifteenth to seventeenth century; and (5) the origin of (a) industrial capital, (b) primitive accumulation, and (c) the rise of capitalism.<sup>47</sup>

Sweezy maintains that Dobb's definition of feudalism as "virtually identical with what we usually mean by serfdom" (Dobb 1946:35) is "defective" in that it does not identify a particular "*system* of production" and otherwise is "too general to be immediately applicable to the study

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<sup>47</sup> In short, Sweezy necessarily rejects (1) the immanence of crisis in feudalism and (2) the necessity of feudalism, due to its own internal contradictions, to give rise to capitalism. Sweezy misunderstands (1) the immanence of feudal crisis because the social relations of feudal production had been underanalyzed. It was one of Dobb's main aims to suggest that historians need to study what had been a historically neglected area of investigation, i.e., the social relations of feudal production, and the reproduction (and potential transformation) of feudalism as a mode of production. However, Dobb himself can hardly be said to have provided convincing arguments for the immanence of feudal crisis; hence he merely hypothesized an incomplete cause, namely, that of the overexploitation of serfs. A more complete answer would have to await further research of the topic. Turning to (2), Sweezy's rejection of the *necessity* of feudalism, due to its own internal contradictions, to give rise to capitalism is actually in agreement with Dobb. Sweezy's attempt to invoke a debate between the internal causes versus external causes of the actual transition that took place is misleading and distracts from points of agreement. Dobb's own conclusion is that there was no necessity for the dissolution of feudal social relations, nor for capitalist social relations to be the successor of that society. Rather, it is Dobb's contention that feudalism was characterized by unstable socioeconomic development, whereby crises periodically manifest. It was during such crises that the sociopolitical regimes of the feudal mode of production became vulnerable and subject to resistance, protest, and potential revolution by various individuals and factions suffering during the crisis.

of a particular region during a particular period" (*Transition* p. 33). Sweezy proposes that feudalism was a system of "*production for use*," where the crucial feature is that the "needs of the community are known and production is planned and organized with a view to satisfying these needs" (*Transition* p. 35). Further, Sweezy acknowledges that serfdom is, in fact, the predominant social relation of production, and "production is organised in and around the manorial estate." Sweezy continues, "markets are for the most part local." Hence money transactions are present, and there is also a presence of long-distance trade. However, neither the presence of money, nor long-distance trade played any "determining role in the purposes or methods of production" (*Transition* pp. 34-5).

Since the community needs are known and production is planned, there are no internal or structural pressures to improve methods of production, nor is there a boundless thirst for surplus-labor. Sweezy insists that this is not to suggest that feudalism is a stable and static *system* of production. Rather, two key elements that generate a degree of instability within the *system* are (1) uneven population growth (*Transition* pp. 35-6) and (2) competition between lords and their vassals for land, power, and

prestige. War destroys resources of production and creates personal insecurity but simultaneously reinforces the need for the particular feudal arrangement. "Feudal warfare upsets, impoverishes, and exhausts society, but it has no tendency to transform it" (*Transition* p. 35). The chronic instability of the feudal *system* generated by uneven population growth and war engenders "a very strong bias in favour of maintaining given methods and relations of production" (*Transition* p. 36).

Sweezy believes that Dobb neglected the inherently conservative and change-resisting character of the feudal system (at least characteristic of Western Europe). This neglect, according to Sweezy, has significant consequences for Dobb's account of the dissolution of the feudal *system*.

Sweezy interprets Dobb's theory of the decline of feudalism as essentially caused by the inefficient methods of production coupled with the overexploitation of the labor force by the feudal aristocracy for their ever growing needs for revenue. The overexploitation led to serfs deserting the manor estates *en masse* (Dobb 1946:46), whereby the manor estates could not reproduce the system of production. For this theory to hold up, Sweezy claims that Dobb must show the "ruling class's growing need for revenue and the flight of the serfs from the land can both be

explained in terms of forces operating inside the feudal system" (*Transition* p. 37).

Sweezy maintains that Dobb cannot show that such forces operated inside of the feudal system because such forces were outside of, or *external*, to feudalism. More specifically, the external forces manifest (in part) from the rise of long-distance *trade*, which had brought in new, exotic wares and induced new desires, which would become the taste *nouveau* of the ruling aristocracy, and increased their need for revenue. Likewise, serfs resisting a deepening of exploitation escaped to adjacent, but otherwise adjunct, *townships*. Both of these forces, argues Sweezy, were appendages to the feudal system. Therefore, according to Sweezy, the very forces Dobb identifies as the begetter of the dissolution of feudalism are "*external*" to that system of production.

Sweezy maintains that Dobb could still salvage his thesis of *internal contradictions* if he could show that townships arose "owing to the initiative of feudal institutions themselves" (Dobb 1946:77). Dobb, however, takes an "eclectic explanation of the rise of mediæval towns" (Dobb 1946:75; 1925:181), whereby his *internal contradictions* thesis is significantly weakened. The result, claims Sweezy, is that Dobb has failed to shake



"that part of the commonly accepted theory which holds that the root cause of the decline of feudalism was the growth of trade" (*Transition* p. 41).

Thus, according to Sweezy, Dobb committed two key oversights, which were (1) Dobb's failure to identify the "crucial feature of feudalism" as a system of "*production for use*" (*Transition* p. 35) and (2) Dobb's neglect of taking "full account of [the] inherently conservative and change-resisting character of western European feudalism" (*Transition* p. 36). Sweezy contends that had Dobb not overlooked these features, he would be obliged to change his theory of the decline of feudalism.

Despite Sweezy's critique missing on many points, it must be recognized here that Dobb's explanation for the cause of feudal crisis is, of course, incomplete. Dobb himself identified his explanation as incomplete but, nonetheless, a beginning exploration of the crisis-ridden nature of the feudal mode of production. Sweezy's weak argument is that Dobb's explanation is incomplete. Sweezy's strong argument is that feudalism is inherently stable.

Certainly, it can be recognized that Sweezy's weak argument is more or less accurate. However, his strong argument leaves much of Dobb's own empirical evidence

unaddressed. It can be argued in concert with Sweezy that Dobb does not have a complete explanation for the culprit mechanisms and specific individual actions that give rise to feudal crisis. However, Dobb's thesis in *Studies* is that feudalism was in (at least a continent-wide) crisis prior to the fourteenth century and hence before the bubonic plague had reached the shores of Europe. Thus, for Sweezy to theoretically deny the crisis-ridden nature of feudalism and adhere to the idea of an inherent stable system, he must explain, or deny, the (external) mechanisms of crisis. However, Sweezy remains silent on these particular issues.

Nonetheless, Sweezy must be appreciated for recognizing the incompleteness and indeed weakness of Dobb's explanation for feudal crisis.<sup>48</sup> A more complete and stronger explanation would only appear at a much later date, following from more historical research.

### **1.3.3. Sweezy's Alternative Explanation**

Sweezy offers an alternative account of the decline of feudalism that he believes does not suffer from Dobb's

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<sup>48</sup> Dobb's explanation concerned the inefficient production methods of the feudal system and the pressures for greater revenues for the ruling class. The problem with this explanation is more than incompleteness and simplicity; it actually tends to suggest that feudalism was out-competed by bourgeois production, hence Sweezy's thesis, or "alternative explanation" is essentially historically mistaken.

oversights of (1) not recognizing that feudalism was a system of "production for use" and (2) underestimating the change-resistant nature of feudalism as a system. In Sweezy's account, the decisive factor in the decline of feudalism is the dual rise (and growth) of townships and trade. Recognizing that feudal production is for use, while production within townships was for the market (therefore production for exchange), Sweezy contends that two separate and distinct *systems* of production existed simultaneously. These separate and distinct socioeconomic *systems* of production competed for politico-economic dominance.

Feudalism as a *system* of production is not conducive to commodity production due to its *inefficiencies* and the predominance of regulations by custom and tradition (as opposed to rational maximization). The more efficient *system* of production for exchange within townships further induced a transformation in the psychology of human beings toward a "business-like attitude" that had effects throughout the entire (feudal) society. The rise of long-distance trade generated a change in tastes and preferences of especially the ruling aristocracy. At the same time the rise of townships engendered the prospect and promise of "a freer and better life" (*Transition* pp. 42-3). In short,

the *system* of production for exchange within townships out-produced and outcompeted the *system* of production for use. Until defeated the *system* of production for use coexisted with the more efficient *system* of production exchange.

Sweezy concludes, "feudalism and commodity production are [therefore] mutually exclusive concepts" (*Transition* p. 50, n22). Nonetheless, serfdom survived for an extended period of time because it is also not necessarily inconsistent with commodity production, although it is characteristic of production for use (*Transition* p. 44).

Sweezy further suggests that in regions where markets were far from the manorial estate, serfdom was intensified. Alternatively, in regions within proximity of trade centers and markets, any attempt to increase feudal exploitation on the part of manor lords led to the migration of serfs (*en masse*) to the townships and market centers. It is in this sense that Sweezy claims that Dobb's "over-exploitation" theory misses the mark. It is "more accurate to say that the decline of western European feudalism was due to the inability of the ruling class to maintain control over," and hence inability to overexploit, "society labor power" (*Transition* p. 46).

With the dual and competing *system* of production thesis in mind, Sweezy is able to make the claim that the

period between the dissolution of feudalism and rise of full-blown capitalism was *neither* feudal *nor* capitalist, but rather a "pre-capitalist commodity production" (*Transition* p. 49).

Finally, Sweezy addresses Dobb's thesis on the rise of capitalism. At issue is Marx's idea that there are two roads to capitalism. Marx writes in Chapter XX of *Capital* III:

The transition from the feudal mode of production takes place in two different ways. The producer may become a merchant and capitalist, in contrast to the agricultural natural economy and the guild-bound handicraft of medieval urban industry. This is the really revolutionary way. Alternatively, however, the merchant may take direct control of production himself. But however frequently this occurs as a historical transition – for example the English clothier of the seventeenth century, who brought weavers who were formerly independent under his control, selling them their wool and buying up their cloth – it cannot bring about the overthrow of the old mode of production by itself, but rather preserves and retains it as its own precondition (p. 323).

Sweezy contends that Dobb misinterprets the meaning of this passage to imply that the independent freemen rise up from the ranks of direct producers to become merchants and capitalists themselves. However, Sweezy maintains that the actual meaning of this passage is simply "the producer, whatever his background, *starts out* as both a merchant and an employer of wage-labour" (*Transition* p. 54). In other words, Marx is simply contrasting the slow development of

the putting-out system to the rapid development of full-blown capitalist enterprise.

In this sense, Marx himself was not committed to the idea that the "real revolutionary way" was the rise of the direct producer to the rank of merchant and capitalist. According to Sweezy, this is to Marx's credit and Dobb's detriment in that even if there is any evidence of the rising of direct producer to the ranks of merchant and capitalist, it probably had no significance in the rise of industrial capitalism.<sup>49</sup>

Sweezy also finds Dobb's historical analysis of primitive accumulation less than convincing. At issue is Dobb's separation of primitive accumulation into two separate phases: "a phase of acquisition and a phase of realization (or of transfer of bourgeois wealth into industrial investment)" (Dobb 1946:184). This second phase is argued by Sweezy to be inessential to the process of

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<sup>49</sup> It should be recalled that Dobb suggested that the Russian case was unambiguous with respect to the so-called "real revolutionary way" and the rise of the Kulak class. He suggested that a similar process in Western Europe was probably more significant than had been recognized by socioeconomic historians. It is also important to point out that the significance of the "real revolutionary way" was not the number of direct producers that turned capitalist, as much as the de-stabilizing influence the process of class differentiation (via the "real revolutionary way") had on dissolving feudal relations and allowing for the development of capitalistic relations. In other words, it may be the case that merchants in some region were in the main the first true industrial capitalists; nonetheless, it may have been the case that the prior class differentiation was a necessary process, following which a merchant could take advantage of the disruption of social relations and reorganize the production process to his advantage.

primitive accumulation. Moreover, it plays no significant role in Dobb's own analysis of "the necessary pre-conditions of industrial investment" (*Transition* p. 56). Rather, Dobb demonstrates that the sufficient pre-conditions for industrial investment are the dissolution of the old mode of production, and the dispossession of the masses to form a "willing" class of laborers and a reserve pool of unemployed in order to keep wages and costs low (Dobb 1946, chap. 6).

#### **1.3.4. Dobb's "Reply"**

In Dobb's "Reply" to Sweezy, Dobb finds points of agreement, differences in emphasis, and several points of disagreement. The first point of contention concerns Dobb's definition of feudalism as virtually identical with serfdom. Dobb expresses that the significance of this definition is that it emphasizes "the relations of production characteristic of feudalism: namely the relations between the direct producer and his overlord" (*Transition* p. 58). Further, it is also implicit in this definition that the relationship between the direct producer and his overlord is of much greater significance than is the relationship between the direct producer and his access to markets.

Sweezy's definition places the emphasis on the relationship between the direct producers and their access to markets. In this sense, Sweezy's definition demotes the primacy of the direct-producer/immediate-ruler relationship to secondary importance. Of primary importance is the vicinity and presence of market forces. It may further suggest that the key class conflict is not between the direct-producers/immediate-rulers, but rather between the urban merchant (or bourgeois elements within towns) and feudal overlords.

The difference in Sweezy's definition of feudalism as 'production for use' and Dobb's definition of feudalism as (virtually) identical to 'serfdom' is ontological with methodological import.<sup>50</sup> It is merely a presupposition, in the case of Dobb's definition, to give primacy to the relationship between the direct producers and their most immediate rulers. "The justification of any definition must ultimately rest on its successful employment in illuminating the actual process of historical development" (Dobb 1946:8). It was Dobb's belief that his definition, in fact, illuminated both the historical development of

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<sup>50</sup> This is a point hinted at by Takahashi in his "Contribution" to the debate. Takahashi maintains that the differences between Dobb's and Sweezy's definitions of feudalism "are not mere questions of terminology, but involve methods of historical analysis" (*Transition* p. 68).



capitalism and the dissolution of feudalism alike.

Methodologically, this ontological presupposition requires that the attention of the historian must be focused on the struggle over modes of exploitation. In this sense, the way that the overlord would succeed or fail to pump out the labor service of the serf becomes the most important relationship to understand about the economic development of the system and political struggle that would manifest from it.

Perhaps the most crucial element accentuated by Dobb's definition, although not underscored explicitly by Dobb himself, is a sense of *agency* on the part of the 'subject peasantry',<sup>51</sup> and serfs in both the development, crisis, and dissolution of feudalism as a mode of production. This notion of the *agency* of the 'subject peasantry' had gone all but ignored in traditional accounts of feudalism.

Dobb makes this sense of *agency* explicit in his third contribution to the transition debate:

"The specific economic form in which unpaid surplus labour is pumped out of the direct producers determines the relation of rulers and ruled."

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<sup>51</sup> Dobb became fond of using this term, borrowed from Marc Bloch. It emphasizes the subjection of the peasant to the (politico-economic) control of an overlord. As Bloch puts it: "whatever the source of the noble's income he always lived on the labour of other men" (quoted in Dobb 1967:252, p. 3; also 1973:145). "The characteristic feature" of any source of noble income "was some form of exploitation" (Bloch 1961:288).

It follows immediately from this that the basic conflict must have been between the direct producers and their feudal overlords who made exactions of their surplus labour-time or surplus product by dint of feudal right and feudal power. This conflict when it broke into open antagonism expressed itself in peasant revolt (individual or collective, e.g. in flight from the land or organised illegal action and force) (*Transition* p. 166).<sup>52</sup>

The 'subject peasantry' thus had modes of resisting feudal exploitation. More importantly, Dobb is suggesting these forms of resistance, or the lack thereof, determined the dynamic of this system itself. In this sense, Dobb emphasizes that the direct-producer/immediate-rule relationship was the crucial class struggle under feudalism and not any direct clash of urban bourgeois elements (traders) with feudal lords. The latter did, of course, occur (as witness the struggle of urban communities for political autonomy and control of local markets). But bourgeois traders, so long as they were purely traders and intermediaries, were generally parasitic on feudalism and

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<sup>52</sup> Dobb does not develop this intuition with any great historical (nor necessarily theoretical) rigor. However, the notion of agency is an important ontological motif in Dobb's *Studies*. The Dobbian notion of agency is embedded in his definition of feudalism, which highlights the relationship between serfs and overlord as the main impetus of the dynamic of feudal as a system. Implicitly this suggests that serfs and their agency and actions were important elements in the dynamic of the feudal system. Likewise, Dobb's theoretical analysis of merchants also highlights a particular conception of feudal agency. Dobb's analysis of the mercantile element necessarily is an explicit demotion of the merchant as the historical emancipator; more or less consequently it suggests that the actors responsible for the emancipation must be sought elsewhere. The Dobbian-interpreted Marxian "real revolutionary way" further suggests that the significant action leading to feudal emancipation came from the peasant class (that is to say, Kulak-like people where merely financially more-well-to-do feudal peasants).

tended to compromise with it; in many cases, they were actual allies of the feudal aristocracy. At any rate, their struggle, I believe, remained *secondary*, at least until a much later stage (*Transition* p. 166).

If this thesis is correct, the proper focus should be on the *revolt* of the *petty producers* (whom Christopher Hill dubs the *industrious sorts* of people) against the *Royalists*, which included the monarch, clergy, landed aristocracy and merchant elite. The direct-producer/immediate-ruler relationship thus also has primacy over "vague concepts" such as the 'deepening of the division of labor', 'the widening of the market', 'rise of money economy', and even the rise of 'large capitalist manufactories' (*Transition* p. 167).

Sweezy's complaint of Dobb's definition of feudalism as being too *general* to be of historical use thus seems to be off the mark and may underestimate the significance and utility of its employment. Further as Takahashi points out, Sweezy's 'system of production for the market' is what lacks any specificity, in that it "cannot define specific historical productive relations (nor, therefore, class relations)" (*Transition* p. 71). It is not adequate to simply deny with a definition that "commodity production and feudalism are mutually exclusive concepts" as Sweezy

attempts (*Transition* p. 50, no 22, and p. 70). Following the rejection of Sweezy's definition, Takahashi insists that the key question that must be asked "as to a given social structure is not whether commodities and money are present, but rather how these commodities are produced, how that money serves as a medium in production" (*Transition* p. 71).

#### **1.3.5. The Weakness of Dobb's Definition of Feudalism**

Although Sweezy's complaints about Dobb's definition of feudalism miss the mark, and Sweezy's own definition has been shown to be "defective", in Dobb's original formulation, his definition of feudalism nonetheless seems to have a "defective" emphasis that is not mentioned by Sweezy or Takahashi.

In the original formulation of his definition of feudalism Dobb (1946) writes:

the definition of Feudalism [here employed, will place the ...] emphasis [on ...] the relation between the direct producer (whether he be artisan in some workshop or peasant cultivator on the land) and his immediate superior or overlord and in the social-economic content of the obligation which connects them. [...] As such it will be virtually identical with what we generally mean by serfdom: an obligation laid on the producer by force and independently of his own volition to fulfill certain economic demands of an overlord, whether these demands take the form of services to be performed or of dues to be paid in money or in kind. ... This coercive force may be that

of military strength, possessed by the feudal superior, or of custom backed by some kind of juridical procedure, or the force of law (pp. 35-6).

The "defective" side of this definition seems to be one of emphasis upon *coercion*, that is, serfdom as "an obligation" of coercive "force" and independent of the producer's "own volition." This emphasis upon coercion seems to strip the sense of *agency* of the direct producer, which is key to Dobb definition and historical intention. It is not to be denied that ultimately, coercive forces could be, and, of course, were, used to sustain these relationships. Neither can it be denied that the direct producers were more or less conscious of the possible use of such coercive forces. Nonetheless, it is another argument to say this relationship is maintained independent of the direct producer's own volition.

First, it is the role of ideological forms, such as religion, to make particular social relations part of *everyone's* own volition. This is an important insight into the persistence and resilience of any mode of production. Second, no coercive force (neither military, nor simply customary) is powerful enough by itself to assure the reproduction of any mode or production. There is always an element of voluntarism or personal volition present and active. This voluntarism can be a function of the lack of

a positive class-consciousness, ignorance of an alternative, or a more or less conscious identification with ideas of the ruling elite. Finally, if Dobb denies personal volition, his denial weakens, if not contradicts, his accounts of (1) the thirteenth-century crisis of feudalism, (2) the revolutionary forces at work in seventeenth-century England, and (3) the causes for the dissolution of feudalism. In all three cases, the agency of peasants in the form of political protest (i.e., 'peasant revolt') and the class of independent freeman, craftsmen, and artisans play the central role.

#### **1.3.6. Agency and the Stability of Feudalism**

This notion of agency is related to the second point of contention between Sweezy and Dobb regarding the "conservative and change-resisting character of western European feudalism." Dobb maintains that the "fundamental point" is that Sweezy goes too far in denying the role of class struggle in the reproduction/transformation of feudalism. According to Dobb, it was class struggle (e.g., peasant revolts) that proved to "modify the dependence of the petty mode of production upon feudal overlordship and eventually to shake loose the small producer from feudal exploitation" (*Transition* p. 59).

Seemingly in agreement with Sweezy, Dobb concedes that when compared to capitalistic economies, feudalism as a system tended to be extremely stable. However, Dobb proposes that feudalism was much more dynamic than Sweezy suggests. Citing Molly Gibbs's *Feudal Order* (London 1949), Dobb maintains that "the feudal period witnessed considerable changes in technique"<sup>53</sup> (*Transition* p. 59). The historical record now thoroughly demonstrates that throughout the centuries feudalism showed remarkable ability to change its appearance. Takahashi warns both Dobb and Sweezy that to point out that feudalism was conservative compared to modern capitalism is all but meaningless. More meaningful is to compare Western European feudalism with Eastern European feudalism and feudalism in the Orient.

Takahashi argued that in contrast to both Eastern European feudalism and feudalism of the Orient, Western European feudalism tended to be much more unstable and crisis ridden. Moreover, the fact that bourgeois society (and industrial capitalism) first develops (in its classical form) in Western Europe indicates a certain

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<sup>53</sup> This is a point that has gained further support following the 1962 publication of Lynn White's *Medieval Technology and Social Change* (New York: Oxford University Press).

"fragility and instability" inherent in the form of feudalism in this region of the world (*Transition* p. 74).

It is in this context that Dobb rejects the sharp external/internal distinction in the forces and causes behind the dissolution of feudalism. More than half of Sweezy's first essay is devoted to the critique of Dobb on this point and the development of his thesis that feudalism collapsed only because of *external* forces (i.e., the growth of long-distance trade in concert with the rise of townships). Dobb maintains he is not refuting the presence of external forces at work upon the dissolution of feudalism. His point is that there had been too much of an emphasis on external forces and a neglect of the internal articulation of feudalism as mode of production. The social relations of feudalism had been underanalyzed and the economic dynamics of the mode of production misunderstood.<sup>54</sup> As a consequence, the origins of capitalism had been misinterpreted and the emancipatory potential and progressive developmental force of markets overestimated.

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<sup>54</sup> In *Studies* Dobb writes: "What is clearly missing in the traditional interpretation is an analysis of the internal relationship of Feudalism as a mode of production and the part which these played in determining the system's disintegration or survival. And while the actual outcome has to be treated as result of a complex interaction between the external impact of the market and these internal relationships of the system, there is a sense in which it is the latter that can be said to have exercised the decisive influence" (p. 42).



As a direct application of this overestimation of the emancipatory potential of markets, Dobb scolds Sweezy for his error in maintaining that there is necessarily a correlation between feudal disintegration and "nearness to centres of trade." Repeating, in summary form, passages from *Studies* (pp. 38-42), Dobb (re)informs Sweezy that in many parts of Europe during the fifteenth and sixteenth century, for example, the northern and western regions of England where access to centers of trade and markets were more remote, serfdom disappeared earliest. In areas of proximity to trade centers and markets, such as London, serfdom persisted longest. Furthermore, the growth of trade and commercial expansion in Eastern Europe was associated with the intensification of serfdom where it had survived and a reinstitution of serfdom where it had diminished (the so-called 'second serfdom'). Thus, as Takahashi notes in his "Contribution," "The essential cause [of the emancipation from serfdom] therefore is not trade or the market itself; the structure of the market is conditioned by the internal organisation of the productive system" (*Transition* p. 76). Hence, as Kosminsky had pointed out in 1935,

The rise of money economy has not always been the great emancipating force which nineteenth-century historians believed it to have been. [...] the expansion

of markets and the growth of production [are] as likely to lead to the increase of labour services as to their decline (quoted by Takahashi in *Transition* p. 77, no. 26).

### **1.3.7. Dobb's Rejection of an Era of "Pre-Capitalist Commodity Production"**

Dobb completely rejects Sweezy's attempt to characterize the period between the fourteenth and seventeenth century as "pre-capitalist commodity production."<sup>55</sup> The "crucial question" insists Dobb, "which Sweezy has apparently failed to ask is [...] what was the ruling class of this period" (*Transition* p. 62). Dobb maintains that the ruling class remained unambiguously feudal in its forms of exploitation (i.e., rent, taxes, tithes, and merchant monopoly power). Besides, if the ruling class was not feudal, then what was the bourgeois revolution about?

In his second contribution, titled "A Rejoinder," Sweezy puts his comment regarding Dobb's crucial question

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<sup>55</sup> H. K. Takahashi in his 'Contribution' adds, "The introduction of the category of 'pre-capitalist commodity production' in this connection is not only unnecessary, but obscures the fact that feudal society and modern capitalist were ruled by different historical laws" (*Transition* p. 86). This is of special significance when it is accepted that feudalism is also a form of commodity production. In Sweezy's account the forces of supply and demand would rule 'pre-capitalist commodity production' the same way that they rule capitalist society. Takahashi's point here is that in fact the same sorts of laws may not be at work in each society. Dobb makes a similar point in *Studies* when he writes that with commutation toward money rent, if a serf had higher than expected price in the market, the production in the next period decreased. The reason for this is the difference in the institutional arrangement, i.e., the serf had control of the means of production and hence of surplus-value.

in the form of a query: Is it possible that "there was not one ruling class but several" (*Transition* p. 108)?

Christopher Hill's contribution directly refutes the logical possibility of answering this query in the affirmative. Furthermore, Hill suggests that empirical evidence would support the position of one (feudalistic) ruling class during the period in question (*Transition* pp. 118-21). Dobb himself cites an earlier debate that the British Marxist economic historians had already engaged in the early 1940s (in *Labour Monthly*) concerning the nature of the seventeenth-century bourgeois revolution in England. The issue of this debate was whether the English Revolution was a struggle against feudal rule or was the bourgeoisie in power and the revolution was feudal aristocratic reaction, which in the end failed to overthrow the bourgeois rule?

During this debate Dobb's own intervention<sup>56</sup> urged that an improper distinction had been drawn between merchant capital and feudal aristocracy. Rather, merchant capital was already part of feudal ruling class and was itself separated from the process of production (which the guild master had control of). That is not to suggest that there were no political disputes between landed feudal

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<sup>56</sup> In *Labour Monthly*, February 1941.

aristocracy and feudal monopoly merchants, but when it came to the actual rule of society, their interests converged. Neither opposed serfdom.

Although this aspect of Dobb's argument did not clearly come forth in his debate with Sweezy, the politico-economic conservatism of the merchant class is a central thesis in *Studies* (1946:122). In *Studies*, Dobb further substantiated the claim of the political actions of the merchant elite as being highly conservative and most often on the side of the Crown and noble classes during the bourgeois revolution. As Dobb asserts in his "Reply" to Sweezy:

the ruling class was still feudal [during the period in question] and [the] state was still the political instrument of its rule. And if this is so, then this ruling class must have depended for its income on surviving *feudal* methods of exploiting the petty mode of production. True, since trade had come to occupy a leading place in the economy, this ruling class had itself an interest in trade [...], and took certain sections of the merchant bourgeoisie (specially the export merchants) into economic partnership and into political alliance with itself [...]. [A]s long as political constraint and the pressures of manorial custom still ruled economic relationships [...], and a free market in land was absent (as well as free labour mobility), the [feudal] form of [...] exploitation cannot be said to have [been] shed [...], even if this was a degenerate and rapidly disintegrating form. (*Transition* p. 63)

Thus in agreement with Takahashi, "Sweezy is right in regarding the 'crisis' at the end of the middle ages as a

product of the disintegrating action of trade on the system of production of use" (*Transition* p. 77). However, this did not constitute the collapse or end of feudalism. One of Dobb's most substantial contributions is his assertion that feudalism, as a system, was able to incorporate commodity production and market activities into its impulse. That is to suggest that even if trade and townships were initially external to feudalism, they became, in time, part of its internal articulation. It is in this sense that it can be said that markets as an opportunity for exchange have existed in all forms of human civilizations. What have not always existed are market *imperatives*, or the *coercive* (impersonal) forces of markets. Although these are not exactly the terms Dobb uses, it is what he is groping for. The point here is that market imperatives<sup>57</sup> only become operative following a revolution in the social relations of production or a transformation in the internal articulation of feudalism (see Wood 2002:36-7).

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<sup>57</sup> Wood makes this point in her assessment of the transition and analysis of markets in different modes of production (Wood 2002:6-7). Moreover, this distinction is the basis of Polanyi's distinction between an "embedded" economy versus a "disembedded" economy; in the former, market imperatives are (more or less) not operative, whereas they are operative in the latter.

### 1.3.8. The Process of Social Differentiation Restated

As Dobb pointed out in his "Reply" to Sweezy (*Transition* p. 60) and as he hypothesizes in his *Studies* (p. 58ff), although it is an error to correlate the rise of trade and townships with directly dissolving feudalism, these initially external; and then internal-absorbed manifestations indeed gave rise to a process of social differentiation.<sup>58</sup> On the one hand, "a sort of *kulak* class in the fourteenth- and fifteenth-century English village" emerges (Dobb 1946:60). On the other hand, "a *stratum* of impoverished peasants with meagre holdings" was created (Dobb 1946:59). Nevertheless, the rise of this fourteenth-century *kulak*-like class was "insufficiently matured" and incapable of constituting "any serious challenge to an older" mode of production (Dobb 1946:18). Therefore, the full significance of this social differentiation would not be felt until the feudal crisis of the sixteenth and seventeenth century (Dobb 1946:252-3, p. 18).

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<sup>58</sup> The connection between, on the one hand, the growth of towns and the development of long-distance and, on the other hand, the dissolution of feudalism is not direct (and the indirect influence is institutionally contingent, see below). In this context, Dobb writes: "it may well be that any connection that there was between growth of the market and the transition to leases or to hired labour operated *via* the effect of trade on this process of differentiation among the peasantry themselves rather than *via* its direct influence on the economic policy of the lord, as has been customarily assumed" (Dobb 1946:59).

It is contingent whether townships and trade give rise to the manifestation of social differentiation. The stronger point being made by Dobb, in his "eclectic" explanation of townships, is that townships, regardless of origin, often became (more or less) consistent with the feudal system. Thus, it is possible that a feudal system absorbs townships and trade (even if, initially, these are external manifestations) into its internal articulation, and no social differentiation of significance emerges. The contingent factors are the *social institutions* in place and the *political policy* implemented with the rise of trade and townships. In this light, social differentiation<sup>59</sup> does not necessarily have to emerge from the impetus of long-distance trade but could manifest from "differences that arise in the course of time in the quality or quantity of land-holding and differences in instruments of tillage and of draught animals; and the agency of eventual dispossession is debt" (Dobb 1946:242). Thus, with

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<sup>59</sup> Takahashi maintained the process of social differentiation "had its origin within the structure of already existing English feudal society, and there is no reason to ascribe it to trade as such. In taking up this point, Dobb's reply to Sweezy is inadequate and makes unnecessary concessions" (*Transition* pp. 77-8). Takahashi contended that the form of *commutation* (i.e., institutional arrangement) is of utmost importance. If feudal rent is paid in *kind*, then there may *not* be a disintegrative force from the rise of trade, as was the case for both "France and Japan" (*Transition* p. 77). Takahashi believed Marx had made a similar point in *Capital* III when he wrote that the form of rent in kind "is quite suitable for becoming the basis of stationary conditions of society, such as we see in Asia" (Marx in *Transition* p. 79, no. 32).

emphasis, the presence of particular social institutions and/or the implementation of certain political policies can potentially prevent certain (drastic) forms of social differentiation. It is a historical fact that, at least in the case of Western European feudalism, there was an absence of such social institutions and a political failure to implement impending legislation and political policy to prevent a large degree of social differentiation from manifesting. This historical fact, in concert with the rise of trade and townships, simultaneously accelerated the process of social differentiation among petty producers, between petty producers and peasants, deepening the impoverishment of various peasants, and finally, the general impoverishment of the peasantry as a class (Dobb 1946:61; Takahashi also gestures at this latter point; see *Transition* p. 77).

#### **1.3.9. Reasserting the Dual Road Thesis**

Dobb's emphasis upon the accelerated process of social differentiation and his insistence of the presence of the *kulak*-like class leave him committed to the importance of the 'dual roads' thesis of capitalist development. Dobb is, however, in agreement with Sweezy that the dual roads or ways toward capitalist development, especially Marx's



so-called "real revolutionary way," need further historical investigation. Nonetheless, Dobb still insists that manufactory production did not develop from the feudal guild-system but was a new creation. Manufactory production was not developed by feudal monopoly merchants, but rather by new social strata. In this sense, Dobb remains committed to the dual road thesis of Marx and further insists on the importance of the "real revolutionary way."

Dobb suggests, contrary to Sweezy, that evidence has been provided by both himself and R. Tawney for the importance of direct producers rising from the ranks and becoming merchants and capitalists. In this sense, Dobb believes his interpretation of the crucial passage from volume III of Marx's *Capital* (as quoted above) is correct. Sweezy passively concedes this point when he maintains, in his "Rejoinder," that upon further reflection, there is more than one interpretation of this crucial passage of the "real revolutionary way" and Dobb's is a viable inference (*Transition* p. 107).

Dobb strengthened his argument for the "real revolutionary way" by pointing out new evidence now

supported the (Marxian/Dobbian) thesis.<sup>60</sup> According to Dobb, a *kulak*-like class had arisen from the ranks of craftsman, constituting an important shift in the "centre of gravity" at the "opening of the seventeenth century" (Dobb 1946:134, p. 123, *Transition* p. 65). By the mid-seventeenth century, it was especially this *kulak*-like class that played a revolutionary role in the bourgeois revolution (Dobb 1946:171) and not the merchant class. The latter, "far from always playing a progressive role, was often to be found allied with feudal reaction" (*Transition* p. 64, Dobb 1946:162, p. 193). To repeat for emphasis:

By the end of the sixteenth century this new aristocracy [of monopoly merchants], jealous of its new-found [Crown granted] prerogatives, had become a conservative, rather than a revolutionary force; and its influence and the influence of the institutions it had fostered, such as the chartered companies, was to retard rather than to accelerate the development of capitalism as a mode of production (Dobb 1946:121-2).

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<sup>60</sup> "There is accumulating evidence that the significance of *kulak* enterprise in the village can hardly be over-estimated. There are signs of him at a quite early date, hiring the labour of the poorer 'cotter' and in the sixteenth century pioneering new and improved methods of enclosed farming on a fairly extensive scale. Historians of this period have recently pointed out that a distinctive feature of English development in the Tudor age was the ease with which these *kulak* yeoman farmers rose to become minor gentry, purchasing manors and joining the ranks of the squirearchy. It may well be (as Kosminsky has suggested) that they played a leading role even in the Peasants' Revolt in 1381. Undoubtedly, they prospered greatly (as employers of labour) from the falling real wages of Tudor Inflation; and smaller gentry and rising *kulaks* were organisers of the country cloth industry on an extensive scale. Evidently they were a most important driving force in the bourgeois revolution of the seventeenth century, providing in particular the sinews of Cromwell's New Model Army" (*Transition* p. 64).

### 1.3.10. Takahashi, Procacci and Lefebvre on the Dual Road Thesis

Takahashi points out that G. Unwin<sup>61</sup> and Max Weber<sup>62</sup> had, forty years before, reached similar conclusions to Dobb's concerning the transition from feudalism to capitalism and the revolutionary role of feudal merchant class (*Transition* p. 80, no. 38). More importantly he contends that the historical analysis in Japan had, independently of Dobb, arrived at similar ideas about the revolutionary role of the craftsman turned merchant capitalist (Way No. I) and the conservative role of the

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<sup>61</sup> Dobb recognizes this in *Studies* (p. 134), and also acknowledges Unwin in his "Reply" to Sweezy (*Transition* pp. 64-5).

<sup>62</sup> Takahashi finds it "surprising" that Dobb "overlooks this remarkable insight of Weber's." Although it is true that Weber stumbles onto a seemingly similar insight (for example, when he writes "we shall see that at the beginning of modern times it was by no means the capitalistic entrepreneurs of commercial aristocracy, who were either the sole or the predominant bearers of the attitude we have here called the spirit of capitalism. It was much more the rising strata of the lower industrial middle classes" [Weber 1958:65]), his explanation for the emergence of the "spirit of capitalism" is quite different from Dobb's explanation for the motivations of the *kulak*-like class. Weber maintained that the "spirit of capitalism" arises when a person develops the "ability to free oneself from the common tradition, a sort of liberal enlightenment, seems likely to be the most suitable basis for such a business man's success. And today that is generally precisely the case. Any relationship between religious beliefs and conduct is generally absent. [...] The people filled with the spirit of capitalism today tend to be indifferent, if not hostile, to the Church" (Weber 1958:70). For Dobb, that transformation in motivation is a transformation, not merely in (ethical) attitude but in the social relations of production. Weber has paid all but no attention to the (transformation of the) relationship between the direct producer and his immediate ruler or overlord. In this sense, Takahashi seems to be too generous to Weber when he says "Weber brings out clearly two clashing social systems in that heroic period of English history" (*Transition* p. 89, no. 56). Rather, Weber does not see it as a clash of social systems, but as simply the rejection of irrational custom for rationalization.

monopoly merchant turned capitalist (Way No. II)  
(*Transition* p. 88).

The fundamental point of the "two ways" is not merely a formal transition of a merchant to industrialist (*Transition* p. 89). Or in Procacci's words, "the two ways are not (as Sweezy seems to think) two separate solutions to a single problem" (*Transition* p. 140). Rather, as Marx states, Way No. I "is the revolutionary way," while Way No. II "always stands in the way of the genuine capitalist mode of production and [declines] with its development" (Marx 1981:452-3, *Transition* p. 89, pp. 52-53). "Thus, [says Takahashi] the whole reference to the original text points not merely to the existence of the two ways but to their opposition and clash" (*Transition* p. 90). The agents involved in Way No. I versus Way No. II are not only distinct, but further "correspond", says Procacci, "to different problems, different interests and different social strata" (*Transition* p. 140). They are opponents, inevitably destined to collide and "clash."

Takahashi maintains that such a "clash" between a group of the middle-class (feudal) independent producers and *haute bourgeoisie* was indeed characteristic of Western European feudalism, for example, in England and France.

The revolution was a strenuous struggle for the state power between a group of the middle class (the Independents in the English Revolution, the Montagnards in the French), and a group of the *haute bourgeoisie* originating in the feudal land aristocracy, the merchant and financial monopolists (in the English Revolution the Royalists and after them the Presbyterians, in the French Revolution the Monarchiens, then the Feuillants, finally the Girondins); in the process of both revolutions, the former routed the latter (*Transition* pp. 94-5).

Takahashi claims that Dobb is "clearly" in "contradiction" when he suggests that some middle-class producers in England participated in the putting-out system. If this is the case, the producer-turned-merchant would only have controlled production from the outside, hence maintaining traditional feudal conditions of production, whereby they would not be a revolutionary force. Rather, if such cases existed, they should be understood to be within Way No. II and *not* within the ('really revolutionary') Way No. I (*Transition* p. 92). In his "Survey," Procacci also contends that Dobb had erred on this account (*Transition* p. 140).

Dobb's response is not very enlightening; he merely says that he regarded the putting-out system generically to capture "a complex phenomenon embracing several different types" (*Transition* p. 100). Hence it is easy to agree with Takahashi's point that

Although Dobb made concrete and substantial analysis of the 'two ways' and was able to get insight into the historical character of the 'classical' bourgeois revolution, on an international scale his various theses call for re-examination (*Transition* p. 94).

Lefebvre's contribution to the debate addresses the discussion of the "two ways" to capitalist production. He makes the point that in Way No. I, commerce was made "subordinate to production," thus generating its revolutionary character. In Way No. II, via the *putting-out system*, the merchant becomes industrialist; however, production remains subordinate to commerce and, hence, impedes the "capitalist spirit" from emerging (*Transition* p. 124). Lefebvre accepts these "two ways" as characteristic of Western European feudalism. Because this corresponds to the empirical situation in Western Europe, Lefebvre believes that Marx was unaware that "'Way No. II' could [have theoretically] lead to capitalism just as easily as 'Way No. I'" (*Transition* p. 124). This indeed occurred in the case of capitalist development in Italy and Flanders (*Transition* p. 125).

Takahashi seems to have made a similar point in the case of Eastern Europe and Asia. The emancipation from feudalism, in the case of Prussia and Japan, for example, the "classes of free and independent peasants and middle-class burghers were undeveloped" (p. 92). Further, the

conditions for modern political "democracy were not present" (p. 96). In short, internal forces were not present to transform these feudal societies. Rather, the pressure to transform arose from external circumstances (presumably from competition with capitalist economies). In Eastern Europe and Japan, both monopolistic enterprises and oligarchic political regimes played crucial roles in the establishment of capitalist production. Hence, "It can be said that in connection with varying world and historical conditions the phase of establishing capitalism takes different basic lines: in Western Europe, Way No. I (producer → merchant), in Eastern Europe and Asia, Way No. II (merchant → manufacturer)" (*Transition* p. 96).

#### **1.3.11. Institutional Arrangement and Internal Articulation Revisited**

With emphasis, the difference in the roads taken depends on the respective institutional arrangement and the internal articulation of the particular society in question. Furthermore, as Marx<sup>63</sup> pointed out, the historical circumstances will, in part, determine the forms

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<sup>63</sup> "Alongside the modern evils, we are oppressed by a whole series of inherited evils, arising from the passive survival of archaic and outmoded modes of production, with their accompanying train of anachronistic social and political relations. We suffer not only from the living, but from the dead. *Le mort saisit le vif!*" ['The dead man clutches onto the living!'] (Marx 1976:91, also quoted by Takahashi in *Transition* pp. 96-7).

of oppression that persist. The idea that the institutional arrangement can make a decisive difference in the direction in which a society evolves is, as demonstrated above, a central thesis of Dobb's *Studies*. Both Dobb's and Rodney Hilton's contributions to the debate provide profoundly important arguments that demonstrate feudalism's institutional incapacity to incorporate markets, towns, and money into its internal articulation. Hilton pointed out the many empirical flaws of the Pirenne/Sweezy argument (*Transition* pp. 109-111).

Hilton demonstrates further the ways in which trade, towns, and money were not only consistent with but part of the internal articulation of feudalism as a mode of production. Most importantly, Hilton maintains, in both his contributions and his later introduction to the debate, that the relationship between the direct producers and their immediate rulers is what determines the different characteristics of these institutional forms (i.e., markets, towns, and money) in capitalistic mode versus feudalistic mode.

In short, the feudal relationship between the direct producer and immediate ruler was between serf and landlord. In capitalism, the relationship is between wage-labor and capital. In the latter, *profit maximization* is the primary



economic motivation, whereas in the former, it is *rent maximization* (*Transition* pp. 113-4, 27, 156-7).

Fundamentally, the feudal rulers "strove to increase feudal rent in order to maintain and improve their position as rulers (*Transition* p. 114). It would be left to Hilton's later historical studies to explain how this different motivation of action led to a particular dynamic and contradictions. With respect to the debate, Hilton's point is that, far from dissolving feudalism, markets, towns, and money, along with the so-called 'commercial revolution', were a vital part and function of the internal articulation of the system itself.

In *Studies*, Dobb noted that favorable market circumstances in feudalism did not necessarily have the same impetus as they do in capitalism. That is to say, a serf who is paying commutation in monetary form takes his product to markets in hopes of obtaining a favorable return. If the return is more favorable than expected, then the serf may very well (pay rent and then) decrease production in the next period rather than increase it (as would be the case in capitalism via profit maximization). The point is, as Hilton had insisted, the feudal internal articulation and mechanistic motivations generated required

desperate historical (re)investigation (*Transition* pp. 157-8).

In this context, Robert Brenner would later accuse Sweezy, along with several other historians, such as Immanuel Wallerstein and Andre Gunder Frank, of being 'neo-Smithian' in their adherence to the assumption that similar institutional forms (e.g., markets, money, etc.) functioned exactly the same in feudalism as they do in capitalism. Brenner would make a powerfully persuasive argument that many historical theorists tended to reify concepts and treat the specifics of the dynamic of capitalism (i.e., profit maximization, increases in labor-productivity, etc.), as an inevitable result of the commercial revolution (Brenner 1977:25-92). From a more Dobbian perspective, the commercial revolution could just as well have been fully incorporated within a feudal system. In other words, the outcome is not inevitable but contingent on the institutional arrangement and the dissolutive internal dynamics.

These observations hark back to Dobb's main theme concerning feudalism and the transition to capitalism in *Studies*, namely, the need and desire to specify the internal articulation of the feudal mode of production. However, as Dobb warned, many questions and inquiries that

would be generated by his focus on the "physiology" of society would be left unanswered until further research and historical analysis were performed (Dobb 1946:8).

In the end, Dobb's criticism of the traditional or commercialization view is both powerful and devastating in its ability to retain historic-theoretical merit. However, as Procacci pointed out in his "A Survey of the Debate" (hereafter "Survey") when it has come to describing the details of the "internal articulation" of the feudal mode of production, both Dobb and Hilton are less convincing (*Transition* p. 130). The inability for the British Marxian economic historians to convincingly pronounce the internal articulation of feudalism was due, in part, to the lack of available historical evidence. More important, however, was the absence of alternative theories, and the tendency to reify capitalist structures as "suprahistorical," or applicable to all societies regardless of time and place. The Dobbian dichotomy between external and internal forces, although itself more misleading than enlightening, underscores the fundamental problem at issue. The main problem is the internal articulation, macroeconomic developmental or structural dynamic, and (in)adaptability of external forces of the feudal mode of production all remained desperately unclear and incompletely enunciated.

The primary reason for this lack of clarity and incompleteness was that (mainstream) historical research was conducted with a different set of presuppositions; hence, the questions formulated and facts uncovered were inadequate for addressing the (Dobbian) questions posed and the hypotheses proposed by the British Marxist economic historians. Therefore, even where the "logical defects of Sweezy's treatment" of a particular "problem are obvious" (as Procacci accuses, *Transition* p. 129), his probing demand for further clarity is justified and important for the further development of a more adequate (Marxian) approach to historical analysis.

Takahashi recognizes this importance when he writes: "The Sweezy-Dobb controversy, if participated in critically by historians with the same awareness of problems in every country, could lay the foundation for co-operative advances in these studies" (*Transition* p. 68). Dobb himself echoes Takahashi's sentiments (*Transition* p. 99, 101).

As a historian, Dobb did not attempt to find new original sources. Instead, he utilized the existing historical sources, or previous findings from historians (*Transition* p. 126, Dobb 1946:vii). Nonetheless, Dobb was able to successfully demonstrate many theoretical and

empirical deficiencies of both economic historians and theoretical economists alike.

Even with this success, as Lefebvre pointed out, there is a certain futility and even a particular danger in pursuing the historical issues provoked by Dobb's *Studies* in purely abstract form (*Transition* p. 127). It was time for a "co-operative" effort, to which Takahashi referred, in an attempt to address the provocative questions Dobb's *Studies* had evoked (*Transition* p. 68, 127, 100).<sup>64</sup>

The debate demonstrated, in concert with Dobb, that defining feudalism as a mode of production (i.e., focusing upon the relationship between the direct producers and their immediate rulers) generated particularly important historical insights, otherwise neglected. Analyzing feudalism as a mode of production reveals particular tendencies of internal development or *laws of feudal motion*, which are otherwise unnoticed. Feudal development, which for Dobb includes the growth of towns and trade, has its own internal contradictions and conflicts that generated (sometimes continent-wide) crisis. Feudal crisis was the main threat to the existing class relations, not

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<sup>64</sup> Procacci was encouraged along similar lines to address historical economic questions of his own country, Italy. "It is evident [...] that many of the elements that have emerged in the course of the discussion on the transition from feudalism to capitalism can be used to cultivate certain areas of research and to pose and answer certain problems in our own history" (*Transition* p. 142).

merely the growth of towns and trade. Moreover, it was not the merchant class that had undermined feudal relations of production. However, if it were direct producers that fought against the fetter of feudalism, it was not clear why they were opposed to, nor how they opposed, the feudal relations of production. It was also unclear whether the intention and motivation of any political action taken by the direct producer matched the historical results achieved.

It is here that the full force of a seeming benign observation can be heeded. Both Lefebvre and Procacci observed that Dobb lacked the support of original and direct historical evidence to brace his provocative hypotheses. Based on thin evidence, Dobb began to reconstruct a historical theory of change and socioeconomic development. The strength of his position was his immanent critique of the commercialization model. The weakness of his position was the lack of historical evidence. Nonetheless, Dobb began to sketch an explanatory critique.

Dobb's schema is (1) feudal development (or internal articulation), then (2) feudal crisis, to (3) transition to capitalism. With respect to (1) feudal development, he (and Hilton) can only offer the broadest descriptions. Dobb lacks anything approaching a complete theory of (2)

feudal crisis and merely proposes evidence to suggest that the system was in crisis prior to the bubonic plague reaching the shores of Europe. The causes of the crisis remain mysterious and the specifics of the role of any internal contradictions are left unresolved. Finally, when theorizing about the actual transition from (3) feudalism to capitalism, he is forced to abandon an internal articulation explanation and rather resorts to a Sweezy-like external causation explanation. "He ends up by explaining not only the rise of capitalism but also the overthrow of feudalism by the emergence of a new class of industrial and agricultural capitalists *alongside* the still feudal order during the early modern period" (Benner 1978:122). Related to Brenner's observation, Dobb cannot offer the reasons why capitalism first develops in England and not elsewhere. That is to say, why Way No. I is the road to capitalism in Western Europe and why Way No. II is the road to capitalism in Eastern Europe and Asia are left unanalyzed.

Of course, Dobb suggests at least one major direction historical research would have to take in order to answer this latter problem. Namely, special attention and research efforts would have to investigate the institutional arrangement of various regions and areas. It

was Dobb's hypothesis that differences in the institutional arrangement were capable of generating differences in the stability of a feudal system and, consequently, the difference in the historical paths taken.

New and original historical evidence to support Dobb's internal articulation theories would be left to another generation of Marxian economic historians. Dobb's contribution was to demonstrate the inconsistencies of the traditional (or commercialization) view and the potential theoretical potency of posing the problem from a "mode of production" perspective. In this respect, historians became conscious of the necessity to theorize and analyze from the "lower" levels of the social strata, 'History from the Bottom, Up.' A generation of economic historians emerged to carry forth the metaphor as a guiding thread to understanding human socioeconomic history and social being. It is to this "tradition" that I now turn my attention.



## 2. MAURICE DOBB REINTERPRETS ECONOMIC HISTORY

### 2.1. Maurice Dobb and the Study of History

It is a curious omission in Maurice Dobb's "Random Biographical Notes" written in 1965 (published in the 1978 *Cambridge Journal of Economics*, volume 2, [2]) that there is no mention of the Communist Party historians' group which met regularly from 1946 to 1956. For Dobb, these years were his most productive; he published both of his major economic histories, namely, *Studies in the Development of Capitalism* and *Soviet Economic Development since 1917* (1948). He also published *Some Aspects of Economic Development* (1951) and *On Economic Theory and Socialism* (1955). During this period Dobb and Paul Sweezy et al. had their famous transition debate. Dobb also began his collaboration with Piero Sraffa toward the completing and editing of the highly celebrated ten-volume edition of the *Works and Correspondence of David Ricardo*. In 1951, he was a visiting professor at the University of Delhi School of Economics and lectured extensively throughout India on economic theory and economic development. It would be from

this visit to India that Dobb developed a lifelong interest in the problems facing "underdeveloped" countries.<sup>65</sup> In 1952, he was invited to the International Economic Conference in Moscow, and in 1956, to Poland. During the latter trip, Dobb would first realize the magnitude of social contradictions in socialist economies and, further, would develop an appreciation for a more decentralized pricing-policy and economic incentive programs; simultaneously, he would (attempt to) remain committed to the relevance of planning the more "macrorelations" within a "socialist" economy.<sup>66</sup>

In light of the incredibly full intellectual and academic slate that Dobb was maintaining during this ten-year period, failure to mention either his involvement with the historians' group, or his emphasis on the importance of the role of history to theory and practice seems strange.

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<sup>65</sup> This interest resulted in the publication of *An Essay on Economic Growth and Planning* (1960). From his insights and particular interpretation of Western European capitalist development, Dobb always remained highly suspicious of promises of capitalist economic development. In short, just as demonstrated above, the mere presence of merchants, markets, and exchange does not necessarily historically translate into capitalism. The motivation of a merchant and bourgeois element in society is *not* necessarily emancipatory. Free-trade agreements and (Ricardian) comparative advantage do not automatically transform social relations toward capitalist development. Additionally, there may very well be a political advantage for the bourgeois element to resist such a transformation.

<sup>66</sup> He would later realize the relevance of "socialist" planning to the welfare problems manifest within capitalist economies and present in a paradoxical fashion with mainstream neoclassical economics. He would address the later concern in *Welfare Economics and Economics of Socialism* (1969).

The omission is especially curious given Dobb was a vital member of the group. Furthermore, his *Studies* would provide a foundational moment for the historians' group's discussions, research, and publications.

#### **2.1.1. Communist Historians' Group 1946–1956**

The group formed in 1946 to read and discuss a second edition (1945) of A. L. Morton's *A People's History of England*. Morton's book, first published in 1938, was important as an extremely accessible Marxian inspired history of England.<sup>67</sup> The strength of *A People's History of England* was its ability to synthesize a vast plane of historical events and articulate various structural organizations throughout English social history all within a Marxian theoretical framework.

The members of the historians' group included some of the best-known British historians of the twentieth century:<sup>68</sup> Maurice Dobb, Christopher Hill, Rodney Harrison, Rodney Hilton, Eric Hobsbawm, Victor Kiernan, John Morris, George Rude, Raphael Samuel, George Thomson, John Saville,

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<sup>67</sup> Recently, Harvey Kaye (1992) has recommended that to address the contemporary crisis of history and history education we should begin with a reconsideration of Morton's classic.

<sup>68</sup> Harvey Kaye (1992, 1984) has written two books on these historians. Kaye believes that the collective effort and aims of these historians should constitute them as a historical tradition. Much of the effort these historians share pivots on the historical and theoretical work of Maurice Dobb.

Dorothy Thompson, E. P. Thompson, and Dona Torr. It is interesting that so many Western Marxists of this period turned their attention to history. Indeed, there was a certain need to reclaim history.

The members of the group developed their theoretical concerns, and their political commitments had formed, during the Western depression of the 1930s, the industrialization and rapid growth of the USSR, World War II, and the rise and defeat of fascism. These historians had just witnessed the theoretical and political collapse of *laissez-faire* capitalist ideology, the theoretical rise of Soviet Marxism, the hegemony of monopoly capitalism, and the political formation of Keynesian inspired state welfare policies, along with monetary and unemployment management.

As Hill, Hilton, and Hobsbawm (1983:3) broadly describe, the members of the historians' group shared "the quadruple bond of a common past (most had known one another since the late 1930s), a common political commitment, a passion for history, and regular, indeed intensive contact at the meetings of the Historians' Group." The Marxian commitments "isolated" the group. However, this isolation "also created a sense of cohesion between us, riveting us together against the outside world" (Hobsbawm, quoted in Snowman 1999:17). Together, the quadruple bond and

ironically, the intellectual *isolation* itself would prove to provide the group with a particular strength.

Politically, the members of the group were all members of the British Communist Party (CP). Hobsbawm has recalled that the "CP members then segregated themselves strictly from schismatics and heretics, the writings of living non-Party Marxists made little impact" on the historians' group (Hobsbawm 1978a:23). Additionally, the group was initially rather dogmatic with respect to their *agenda* to develop and deepen a Marxian analysis of history and social theory. This agenda was carried forward not only to provide an alternative perspective to mainstream historical views and social analysis but also to pose new *questions* to history. In the process of answering these new questions, hidden experiences of historical individuals would be illuminated.

Hobsbawm describes the group during its early formation as more or less sectarian "and apt to fall into the stern and wooden style of the disciplined bolshevik cadres" (1978a:31), *not* because they felt "any sense of constraint [from the CP ...] nor did [they] feel that the Party tried to interfere with or distort [their] work as communist historians" (1978a:30). Rather, they regarded themselves as Bolshevik communist historians (1978a:31). They often developed arguments *a posteriori*, merely to

confirm what they already 'knew' to be "necessarily 'correct,'" for example, their work on "Absolutism and the English Revolution" (1978a:31). Hobsbawm describes the Group's collective political attitude, "We were as loyal, active and committed a group of Communists as any, if only because we felt that Marxism implied membership of the Party. To criticize Marxism was to criticize the Party, and the other way around" (1978a:26).

Nonetheless, their political attitude, far from circumscribing or distorting their understanding of history, widened their explanatory ability (1978a:31). Although their *agenda* to develop and deepen a Marxian analysis of history was more or less dogmatic, they avoided intellectual and political dogmatism through their efforts to be taken seriously as intellectual historians. This effort required that they prove their "competence"; hence their discussions and debates were especially undogmatic to help nurture and develop such competence and expertise.

This intellectual openness was necessitated by the presence of an "enormous prejudice against anything describing itself as Marxist history." Therefore, they "couldn't get away with bullshit," in that they "didn't have a homemade public that expected to read and approve of anything that called itself Marxist" (Hobsbawm 1978b:30).

The historian's group was able to avoid political dogmatism in that "there was no 'party line' on most of British history, and what there was in the USSR was largely unknown" to the group (Hobsbawm 1978a:32). Moreover, much of their aim was to criticize non-Marxist history and the reactionary implications of mainstream historical portrayals. The latter point not only "widened rather than narrowed [their] horizons" (1978a:32) but offered the group a certain unity with the British CP. The group's "loyalty and militancy" was "not in any doubt prior to 1956," so the British CP was "well disposed" toward them (1978a:33).

The capacity for the group to deepen and develop Marxian theory was further facilitated by a "certain old-fashioned realism" that characterized the British CP and allowed for certain criticisms and modifications of some orthodox Marxian doctrines (1978a:34). It can be added that orthodox Marxian doctrines are often ambiguous and open to interpretation. The "theory of history," for which Marx is notorious, appears not in any one place within Marx's writings, but is a doctrine scattered throughout his (and Engels') vast work. This especially provided the group with the room to develop important theoretical inferences in their interpretations of history, and in the process, they transformed orthodox interpretations of

historical materialism.<sup>69</sup> This is to suggest that the implications of the work of the Marxian historians outlined later in this dissertation are a direct challenge to the more Marxian orthodox interpretations of historical materialism. This is the point to which I will return. First, however, the group's personal development, intellectual influences, and political involvement will be

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<sup>69</sup>Worthy of mention, various historical orientations or (competing) versions of historical materialism exist. The leading versions all find their paradigm in the writings of Marx and Engels. Analytically, or schematically, it is possible to identify separate approaches to the "Marxian" concept of history in the writing of Marx and Engels themselves. This is exactly what Helmut Fleischer (1969) demonstrates with a triadic schematization of the founders of historical materialism. Roughly, Fleischer argues that there are three "different approaches" in the work of Marx and Engels. First, in Marx's *Philosophical and Economic Manuscripts* and Engels's *Dialectics of Nature* and *Anti-Dühring* an "anthropological" approach to history can be identified, where history is seen as a (Hegelian teleological) process of development and realization of humanity's species being. Second, in Marx and Engels's *German Ideology* and *Holy Family* history is presented as a *blindly* guided force, as a (radically un-teleological) function of the actions of individuals and group activity in *reaction* to empirical, or perceived, social situations in which they find themselves. Fleischer dubs this the "pragmatological" approach. Finally, the third, so-called "nomological" approach is mainly based on Marx's *Critique of Political Economy* and *Capital*. In this case history is understood as a function of changes in the structure of social relations that take place according to certain social laws.

In light of the ways that this schematically vulgarizes Marx(ian historical materialism), Fleischer (1969:13) writes that these "different approaches [...] are not mutually exclusive, indeed they are legitimate only to the extent that they complement each other." Nevertheless, each reveal particular element of historical materialism and impose a specific accent. Moreover, although Fleischer does not make this point, the schema also helps to understand various interpretations of historical materialism. For example, Gerry Cohen's "technological interpretation" emphasizes the "nomological" approach at the expense, or neglect of both the "anthropogenetic" and "pragmatological" approaches, whereas Althusserian structuralism asymmetrically combines the "pragmatological" and "nomological" approaches but radically denies the "anthropogenetic" approach by inventing an "epistemological break" within Marx's writings. What is of special emphasis for my purposes is that the British Marxian economic historian tradition attempts to include and reconcile these different approaches.



outlined. Second, the influence of Dobb's *Studies* on the work of four of the most prominent Marxian historians, along with a brief sketch of each historian's work, will be developed.

### **2.1.2. Dialogue Between Marxist and non-Marxist: *Past and Present***

Early in its formation, the historians' group was especially anxious to open a dialogue between themselves and non-Marxists<sup>70</sup> (Hobsbawm 1978a:39) and "consistently attempted to build bridges between Marxists and non-Marxists with whom they shared some "common interests and sympathies" (Hobsbawm 1978a:33).

The launch of the academic history journal *Past & Present* (in 1952), subtitled *A Journal of Scientific History*, would prove to be an extremely successful attempt to build such bridges. The members of the group inspired the launching of *Past & Present*; however, the journal developed quasi-independent of the historians' group itself. The editorial board insisted that in no way should the journal fall under the authority, nor direct influence,

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<sup>70</sup> When asked in a 1978 interview "What about the dialogue between Marxists and anti-Marxists?" Hobsbawm (abridged) replied: "What is important is that there should be such a dialogue. [...] My own instinct, on the basis of my experience, has always been to avoid isolating Marxist historians from other historians. My own instinct has always been to say that the place of Marxist historians to publish is right where the people that are not Marxists can read them" (1978b:39-40).

of the (British) CP. "In our dealings with [the Communist] Party or [the Historians'] Group we were quite explicit in establishing that the journal was independent, and would accept no policy instructions" (Hill et al. 1983:5; also see Hobsbawm 1978:33). Individually, many of the editorial board members of *Past & Present* continued a regular involvement with the meetings of the historians' group and thus maintained their personal friendships and their political alliances (with the BCP). However, the intention of *Past & Present* was to deepen sociohistorical knowledge; hence politics had to be superseded for the success of fruitful dialogue between Marxists and non-Marxists. This had already, more or less, become a tradition that characterized the group's meetings and discussions.

The journal was "a deliberately constructed common forum for Marxists and non-Marxists" (Hobsbawm 1978:33). Although the majority of the editorial board of *Past & Present* were openly Marxists (V. Gordon Childe, Maurice Dobb, Christopher Hill, and Rodney Hilton) along with both of its editors (John Morris and Eric Hobsbawm), there was enormous conscious effort towards instituting a journal for correspondence between Marxist and non-Marxist historians alike. "From the start the journal aimed to cover *all* history" (Hill et al. 1983:4). In the introduction to the

first issue the editors were at pains to express this, without necessarily proclaiming its board's Marxist sympathies. The editors write (1952):

The Board, and contributors to PAST AND PRESENT study different periods and aspects of history, inherit different preconceptions, and hold differing views. The Editorial Board therefore takes no responsibility for the views of contributors, nor does it seek to impose its own on them, where it is united, nor to exclude contributions which are at odds with some or all its members (p. iv).

It was John Morris who spearheaded the effort to launch a new journal. Initially, Morris proposed the title *Bulletin of Marxist Historical Studies*. The historians' group and others immediately rejected this title, on the grounds that this would mistakenly draw a line between Marxists and non-Marxists. The historians' group believed the political divide between Marxian and non-Marxian history was not necessarily intellectually discontinuous, and it would be the aim of the journal to demonstrate this concretely. In this sense, their adversaries were not the totality of non-Marxists, but "a minority of committed historical (and political) conservatives, not to mention the anti-Communist crusaders" (Hill et al. 1983:4).

They more or less aimed for Mortonian accessibility in conjunction with a high level of scholarship, "a serious journal of academic research (somewhat along the lines of

the French *Annales*)" (Snowman 1999:17). As heterodox historians, they wanted to be sure the journal demonstrated intellectual competence,<sup>71</sup> but more deliberately, they wanted the journal to produce knowledge, with a mind towards improving the world. Within the pages of *Past & Present*, the editors intended to continue the historians' group debates concerning the Marxist interpretation of history but otherwise broaden the historical context of the participant's research. In their writings, they demonstrate deep concern with the further theoretical development and improvement of Marxist history. This could only be accomplished in an open, nondogmatic dialogue with Marxists and non-Marxists alike. Moreover, it could not be accomplished by merely propounding theory but, instead, must produce histories. In a dialectic of ideas, (Marxian) theory would help recover (hidden and alternative narrative) history, and in turn, the history produced would affect and (tend toward) develop(ing) theory.

Inspired by the tradition of Marc Bloch and Lucien Febvre, the editors of *Past & Present* would demonstrate how their history is different from their adversaries (i.e.,

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<sup>71</sup> Until 1962, *Past & Present* was only published twice a year, while before 1960 the number of pages per annum never amounted to more than 200. The reason "for this was largely because from the outset the Broad agreed unanimously that its size must depend on the number of articles of the requisite quality which it could attract" (Hill et al. 1983:8)

radical historical and political conservatives), "'not by means of methodological articles and theoretical dissertations but by example and fact'" (Editors *Past & Present* 1952:i).

Initially, no articles were submitted to the journal; all were commissioned. In the first six years (1952-58), Marxists had written two-thirds of the journal's content (Hill et al. 1983:11). In these early years, the editorial board members often took it upon themselves to write an article, with the lone exception of "Dobb who remained loyal but silent throughout" (Hill et al. 1983:10).

### **2.1.3. 1956 'Crisis' and 1958 "Breakthrough"**

In 1958, *Past & Present* achieved something of a "breakthrough" in broadening the board to include five non-Marxists, hence, 'achieving' a certain respectability and taking further steps to substantiate its nonsectarian intentions (Hill et al. 1983:12-14). The 1958 "breakthrough" had been preceded by the events of 1956: First was Khrushchev's speech to the Twentieth Congress of the CP of the Soviet Union, where he denounced Stalin. The second was the invasion of Hungary by the Soviets, which was believed by many to have crushed the anti-Stalinist aspirations of the Hungarian working class.

These events broke the implicit unity between the historians' group's work as historians and their CP politics. The first CP members to pronounce their dissatisfaction with the British CP's reaction (or lack thereof) to Khrushchev's speech were the historians. The historians' group discussed this on April 8, 1956. The main section of the minutes taken during the meeting have been reproduced by Bill Schwarz (1982:83) and read as follows:

Resolutions were passed expressing profound dissatisfaction with the 24<sup>th</sup> Congress of the British Party for its failure to discuss publicly the implications for the British Party of the 20<sup>th</sup> Congress of the CPSU (the Group were told in reply the Congress decided its own procedure); and with the failure of the Party leadership to make a public statement of regret for the British Party's past uncritical endorsement of all Soviet policies and views, the meeting calling upon it to make one as soon as possible, as well as to initiate the widest possible public discussion of all the problems involved for the British Party in the present situation. (This Resolution was passed to the E. C.)

Nearly all of the members of the historians' "Group left or were expelled from the Party, though fortunately the personal relationships between those who went and those who stayed were not, on the whole, disrupted" (Hobsbawm 1978b:26). Both Dobb and Hobsbawm remained members of the CP.

The historians' group continued beyond the "crisis" of 1956, but because so many of its members left the CP in

that year, there had been a qualitative effect on the Group. As such, "the year between its foundation and the crisis of 1956-7 form a self-contained period" (Hobsbawm 1978b:22).

With respect to *Past & Present*, Hill, Hilton, and Hobsbawm (1983:12-3) claim that the new entrants following the broadening of the Editorial Board in 1958 "did not want to change the character of the journal." Presumably, it was the journal's character for which they wanted to join the board in the first place. Hill, Hilton and Hobsbawm claim (1983:13):

The enlarged Board operated as before, and in fact, if anything, more consistent practical participation was henceforth expected of its members. Its discussions continued as before. No ideological or political issues of substance have disturbed its work as a team, or the relations between its members.

Likewise, Jacques Le Goff (1983:14-5), editor of *Annales*, *Past & Present*'s French sister journal, has stated that the broadening of the editorial board of *Past & Present* "did not seem to mark a significant turning-point." The only thing that made him "ponder the matter" was the "disappearance" of the journal's "subtitle *A Journal of Scientific History*"; otherwise he "hardly noticed" any qualitative change of the journal's "very positive orientation, an orientation which rejected an irrational

approach to history and which was concerned to situate history along with the social sciences." What was striking to Le Goff (1983:15) "is the journal's continuity," a continuity that "has gone hand in hand with a strengthening of the journal" (1983:16). Le Goff (1983:27) claims to have seen

no important turn in the direction of the journal since 1959; indeed that point [Hill's et al. "breakthrough"] even seems to mark the realization of what *Past and Present* both was and strove to be, more or less consciously since its foundation, that is a journal free of dogmatism, even during its Marxist period.

What exactly is this continuity to which Le Goff alludes? Certainly, there has been a continuity in the journal's objectives, as a note in the November 1961 issue (No. 20) has pointed out: to "widen the somewhat narrow horizon of traditional historical studies" and "to make serious communication and cooperation between historians of different ideological allegiances [...] not only possible but fruitful." They restate that they "have always preferred 'example and fact' to 'methodological articles and theoretical discussions.'"

Beyond a continuity of objectives, Le Goff (1983:26-7) personally identifies five principal characteristics between the years 1959-1983: (1) an attempt "to exemplify a historical problem" as opposed to merely descriptive



history, (2) an attempt to generate and facilitate debate within its pages and across issues, (3) the primacy of social history, heavily informed by sociology, (4) the practice of "history from below," consequently forming an alliance with anthropology, (5) an interest and focus upon culture and education.

Do these "five principal characteristics of 1959-1983" constitute a continuity between the "Marxist years" (1952-58) and post-1959? What were the characteristics prior to the broadening of the editorial board? Earlier, Hill et al. (1983) informed us that Marxists produced two-thirds of the articles between 1952 and 1958. If there was a substantial degree of continuity, this would be to claim that the Marxists proved to have an enormous influence upon (at least) the non-Marxist contributors of *Past & Present*, thereby implying a certain degree of warrant in the early vision of the editorial board to demonstrate commonality between Marxist and non-Marxist historians.

The *Past & Present* historians had believed that fictitious barriers keep non-Marxist historians divided from Marxist historians. As Hill et al. (1983) stated their adversaries had not been non-Marxist but radical conservatives. Launching *Past & Present* was an attempt to break down these fictitious barriers. The editors' note in

the November 1961 issue (No. 20) triumphantly proclaimed:  
 "We have, we believe, made a distinctive contribution to  
 historical studies. We have stimulated discussion. We  
 have *broken down barriers*" (emphasis added).

What were these barriers? In *Studies*, Dobb suggested  
 (p. 32) that analysis which employs (1) suprahistorical  
 categories (what Marx called *pure abstractions*) "in which  
 realism is so ruthlessly sacrificed to generality" and (2)  
 the false dichotomy between economic factors and social  
 factors had to be abolished.<sup>72</sup> They had to be abolished not  
 only to enable the theorist to answer the types of  
 questions Dobb (and the Historians' Group) posed, but even  
 to formulate the questions.

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<sup>72</sup>The *real* issue concerns the conception of social reality and social being, in short, (social) ontology. Contemporary philosophy of science has emphasized the importance of ontology, especially critical realism and its fountainhead philosopher Roy Bhaskar (1975, 1979). The critical realist social theorist Margaret Archer captures the spirit of Dobb's contention concerning the theoretical importance of social ontology when she maintains that social ontologies perform a regulatory role in the practice of (social) science in that "they govern *those concepts which are deemed admissible*" for both description of historical moments and scientific explanations (Archer 1995:20). In short, "ontology [...] acts as both gatekeeper and bouncer for methodology" (Archer 1995:22). Dobb's anxiety toward suprahistorical categories and the false dichotomy between social and economic factors is ultimately anxiety about an illusionary and indeed false, although implicit (social) ontology governing [mainstream?] economic theory and regulating the concepts utilized; consequently *both* the questions asked and the answers given, along with the empirical historical evidence uncovered. A new social ontology would allow for new explanatory concepts and generate new questions and answers, and empirical historical evidence uncovered would further require retheorization. In this sense, a methodological and philosophical revolution could generate a scientific revolution.

The editors of *Past & Present* may have preferred 'facts' and 'example' to "methodological articles" and "theoretical dissertations"; however their accomplishments, as those of Marx, pivot on methodological and theoretical, indeed, (bold) ontological commitments. It was the aim of the previous section to outline the methodology of Dobb over fifty years after the publication of *Studies*. In the following pages, the historical work of Rodney Hilton, Christopher Hill, Eric Hobsbawm, and E. P. Thompson will be outlined briefly (with an eye toward methodology, theory, and ontology), but first, I start with Maurice Dobb and the reception of his *Studies in the Development of Capitalism* (1946).

## **2.2. *Studies* and the British Marxian Historians**

Twenty-one years separated the publications of *Capitalist Enterprise and Social Progress* (1925) and *Studies in the Development of Capitalism* (1946) (hereafter *CESP*) and *Studies* (1946). However, *CESP* would provide the basis for many chapters of *Studies*. Dobb felt *CESP* to be something of a failure. In it, he attempts to show the dialectical necessity of both history and theory for economic explanations. Even in the 1920s, he had come to understand that suprahistorical reasoning resulted in the

construction of a theory that was often incapable of explaining, out of phase with, and in opposition to many historical occurrences and events. In *CESP*, Dobb sharply separates (Marxian) history from the (Marshallian) analytical (or theory), seemingly in an attempt to demonstrate the impoverishment of the latter to adequately grasp the former, along with an attempted sort of synthesis.

In the 1940s when Dobb resurrects his historical studies from *CESP*, his intention is not to (directly) critique the analytics of Marshallian theory but to explain historical processes and events. Within *Studies* is an esoteric methodological motif; namely, Dobb is concerned with the *normal* reproduction of routine social patterns of an epoch. To understand these routine social patterns of *normal* reproduction, Dobb contrasts them with *abnormal* moments in history, i.e., social crisis and revolution. A core methodological motif of Dobb's (and other Marxian historians to be considered) is the "primacy of the pathological." The historical movement between *normal* reproduction and *abnormal* reproduction constitutes *stages* of social reproduction.

Accordingly, it will be recalled that Dobb contended that in the "classic" case of England, the origin of

capitalism, much like its reproduction, "falls into a number of stages" and processes (1946:17). First, the reproduction of feudalism must necessarily become impeded. That is to say, a severe "crisis of feudalism" must occur. Hence, the first stage is *the* "crisis of feudalism" in the late thirteenth and early fourteenth century. The second stage is the "Cromwellian" or bourgeois revolution occurring in seventeenth century England. The third stage, (still) merely a prelude to capitalism, is the rise of industrial capital. Fourth is the social historical process of creating, or the "making" of, the proletariat. The tempo of this process rapidly increases during the seventeenth century and through the eighteenth century. The growth of the proletariat sets the scene for the fifth stage, the industrial revolution, occurring in England in the late eighteenth and early nineteenth century. At all stages, political and cultural spheres play crucial roles.

Not only does each of these stages roughly correspond to a chapter of *Studies*, but they would come to constitute, respectively, the research efforts of Hilton, Hill, Thompson, and Hobsbawm. Hobsbawm (1978a:23) would recall that "the major historical work which was to influence us crucially was Maurice Dobb's *Studies in the Development of Capitalism* which formulated our main and central problem."

Hill wrote in 1950: "The most important single work on British history so far produced by an English Marxist appeared in 1946 - M.H. Dobb's *Studies in the Development of Capitalism*" (1950:315). In a review of *Studies*, Hilton (1947:29-30) writes

Maurice Dobb has demonstrated in a most striking way the superiority of the Marxist approach to historical problems over the bourgeois eclecticism which nowadays passes as a substitute for proper analysis. [...] It is to be hoped that both historians and economists learn the appropriate lesson.

Dobb's *Studies* was highly praised by the historians' group and would assist in setting a research agenda for Marxian historians.

**2.2.1. Primacy of the Pathological, Feudal Crisis, Bourgeois Revolution, Industrial Revolution, and the Proletariat: Rodney Hilton, Christopher Hill, Eric Hobsbawm, and E. P. Thompson**

Rodney Hilton's historical research focused on class conflict and the crisis of feudalism. For example, in the introduction to his *Class Conflict and the Crisis of Feudalism*, Hilton writes, "The title of this collection of articles reflects a theme in my historical research" (Hilton 1990:ix). Christopher Hill would concentrate on the Cromwellian or bourgeois revolution and seventeenth

century England.<sup>73</sup> Finally, Eric Hobsbawm's main area of focus was the industrial revolution of the late eighteenth and early nineteenth century.<sup>74</sup> E. P. Thompson would write the highly celebrated *The Making of the English Working Class* (1963), which quickly became a classic in Marxist historiography.

Dobb's *Studies* would provide the historical "framework" of these historians, not simply because it was Marxist but because Dobb had aptly demonstrated that a Marxian theoretical scaffolding was capable of bringing history alive, posing new questions and unique answers to the past, with the intention of understanding the present. As Hobsbawm (1978a:38) has explained: "Dobb's *Studies*, which gave us our framework, were novel precisely because they did not just restate or reconstruct the views of 'the Marxist classics', but because they embodied the findings of post-Marx economic history in a Marxist analysis."

Dobb's *Studies* (and work in general) helped to modernize,

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<sup>73</sup> Titles of some of Hill's books include *The English Revolution 1640* (rev. ed. 1955); *Puritanism and Revolution: Studies in Interpretation of the English Revolution of the 17<sup>th</sup> Century* (1958); *The Century of Revolution 1603-1714* (1961); *Society and Puritanism in Pre-Revolutionary England* (1964); *Intellectual Origins of the English Revolution* (1965); *Reformation to Industrial Revolution: A Social and Economic History of Britain, 1530-1780* (1967); *God's Englishman: Oliver Cromwell and the English Revolution* (1970); *Antichrist in Seventeenth-Century England* (1971); *Change and Continuity in Seventeenth-Century England* (1974); *Some Intellectual Consequences of the English Revolution* (1980).

<sup>74</sup> Hobsbawm's titles include *The Age of Revolution, 1789-1848; Industry and Empire, 1750 to the Present Day*; and *The Age of Capital, 1848-1875*.

and consequently resuscitated Marxian analysis for the twentieth century. He did this in part by demonstrating the importance of history for theory and the importance of theory for history. Not only is history a challenge to theory, but theory, in part, (re)shapes history. Dobb's mode of production definitions of feudalism and capitalism, emphasizing class-struggle, not only helped to rewrite history but facilitated the rejuvenescence of past struggles by 'reliving' the experiences of the past to understand, explain, and sometimes overcome dilemmas of present, with an aim toward shaping the future.<sup>75</sup>

### **2.3. Rodney Hilton and Economic History**

Rodney Howard Hilton was born November 17, 1916, and died June 7, 2002. Hilton was not only one of the most important Marxist historians, but he was the leading, and most outstanding, medieval historian working in the twentieth century. Hilton's most widely recognized accomplishments include the revelation of new dimensions of the lives of medieval peasants, the radical scrutiny of feudal townships and townspeople, the construction of a more fully sketched internal articulation of feudalism, and

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<sup>75</sup> "History has to be rewritten in every generation, because although the past does not change the present does; each generation asks new questions of the past, and finds new areas of sympathy as it re-lives different aspects of the experiences of its predecessors" (Hill 1975:15).



an outline of the dynamic forces which account for socioeconomic change.<sup>76</sup>

Hilton was born in Middleton, Lancashire, and brought up in a family with Unitarian religion and Independent Labor Party politics. He would marry three separate times. With his first wife, Margaret, he had a son (Tim); with his second wife, Gwyn, he had two children (Owen and Ceinwen). Jean Birrell was his third wife; she was herself an accomplished writer on medieval social and economic history. Hilton attended Balliol College, Oxford, where he encountered the great medieval historians V.H. Galbraith and Richard Southern and where he first met the (in)famous historian of the seventeenth century, and later lifelong colleague, Christopher Hill. Hilton's thesis, written in the late 1930s, focused on the rural economy of Leicestershire from the thirteenth to fifteenth century and its development into an agrarian economy. His thesis would be the basis of his first published book, *The Economic Development of Some Leicestershire Estates in the Fourteenth and Fifteenth Centuries* (1947).

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<sup>76</sup> It should be noted that these accomplishments respectively articulate the Dobbian themes of (1) *reconceptualization of the notion of agency*, (2) *institutional analysis*, and (3) *structural analysis*. It will be seen that Hilton radically applies the 'primacy of the pathological' in his analysis of feudalism, constituting (4) a *stage-theory analysis* of feudalism as a mode of production.

Like Dobb, and all the historians to be introduced in subsequent pages, Hilton was a member of the Communist Party but would denounce his membership in 1956. Nonetheless, Hilton remained committed to leftist politics and supported the rise, development, and activity of the so-called New Left movement. Moreover, throughout his intellectual life, Hilton would consider his practice and study of history as being within a Marxist theoretical rubric. Following several years of British military service (1940-6), Hilton was appointed to a lectureship at Birmingham University where he remained until his retirement in 1982. Hilton influenced many students and colleagues with his particular practice and study of history, wherefore, as a group, these historians are sometimes referred to as the "Birmingham School."

Hilton began his career with an interest in peasant rebellions. These interests would culminate in a controversial article, "Peasant Movements in England Before 1381," which was published in *Economic History Review*, 1949. Roughly a year after the publication of the 1949 article, Hilton and his coauthor (H. Fagan) published their ground-breaking book, *The Revolt of 1381* (1950). At the core of the argument in both publications, feudalism was defined as a "class society," and the struggle between

peasants and their immediate rulers was seen to constitute the "prime mover" of the structural dynamic of feudalism as a mode of production. Enthused by the student rebellions in 1968, including "sit-ins" at Birmingham University, Hilton returned to the theme of peasant revolts and published the (in)famous and influential book, *Bondmen Made Free: Medieval Peasant Movements and the English Rising of 1381* (1973).

It was also in 1973, further exploring these themes, that Hilton delivered his renowned Ford Lectures at Oxford, which were later published in monograph form, titled *The English Peasantry in the Later Middle Ages* (1975). Our focus on Hilton's work will be his historical analysis of the medieval peasantry. Nonetheless, Hilton's work cannot merely be reduced to this *highly* influential feature. Hilton's published works also include writings on literature and popular mentalities, women, and the history of towns. The latter is of special significance in that Hilton's innovative studies on medieval towns, just before and after his retirement, established that towns were not the beginnings of *modernity* but predated the rise of modernity, hence were firmly within the internal articulation of feudal society (see especially Hilton 1992).

### **2.3.1. Hilton on Feudalism and the Peasantry**

Rodney Hilton was one of only a handful of Marxists researching medieval feudalism. Hilton spent most of his intellectual efforts studying the social relations of European feudalism. Hobsbawm stated that "We need somebody who will reinforce the sort of lonely fight that Rodney Hilton has been fighting for a long time" (1978b:41). In 1940, when Hilton was just beginning his studies of medieval Europe, "the fourteenth and fifteenth centuries were something of a neglected age in English rural history. [...] This neglect has ceased, and for that, much of the credit and responsibility must go to Hilton" (Miller 1983:xii). Initially, Hilton found creative impulse from the work of Marc Bloch (Kaye 1984:75-6; Miller 1983:x) and was, of course, theoretically informed by Karl Marx and inspired by Maurice Dobb. Hilton has been "one of an international group of scholars (including E. A. Kosmisky, M. M. Postan, Georges Duby, and Emmanuel Le Roy Ladurie) who have formulated the questions we now ask about medieval society" (Miller 1983:x).

Hilton's work on medieval Europe has contributed to a reconsideration of the social structure of medieval society. According to Hilton (1975:113), social structure refers to

the relationship of men in society to each other. Since no society consists simply of a collection of individuals [...] human relationships are defined according to the group or class into which individuals are born, or occasionally climb.

Hilton helped to reconstruct the class structure of medieval life and demonstrated that the particular class structure of feudalism made feudal societies periodically unstable.

### **2.3.2. The Myth of a Passive Peasantry**

Heavily influenced by Marx and Dobb, Hilton argues that the "prime-mover" of feudalism was the relationship between the peasantry as the direct producers and their most immediate overlords, or rulers. Hilton maintains that there had been a relative neglect of this relationship in the writing of history. Further, relatively little was known of the actual lives and actions of the peasantry. This relative neglect is especially remarkable in that the peasantry "probably constituted at least 90 per cent of the population in the early middle ages" (Hilton 1976:30).

Hilton contends that many historians wrongly portrayed the peasantry as overly passive (including Marx) and deficiently political. Against the "enduring historical myth of the passive peasantry" (Merrington 1976:179), Hilton argues peasants were politically active and often

nonconservative. In effect, Hilton shifts the focus of the historian from the relationship between lords and vassals to the relationship between lords and peasantry, or 'history from the bottom up.' Moreover, it is a shift from a more culturally and socially constituted relationship, to a more directly (politico-) economic relationship.

The metaphor 'history from the bottom up' should be taken literally. To understand any society, one class of people should not be analyzed at the neglect of other classes. Rather, the relationship between classes constitutes the system dynamics, and the system itself exists as a *totality* of social relationships.

Nonetheless, in that the peasantry constituted 90 percent of the feudal population and due to the general historical neglect of their daily existence, Hilton places a certain degree of emphasis on the study of feudal peasantry. To aid the historian, Hilton (1975) provides the main characteristic that gave the peasantry its uniqueness as a historical class:

- (1) They possess, even they do not own, the means of agricultural production by which they subsist. (2) They work their holdings essentially as a family unit, primarily with family labour. (3) They are normally associated in larger units than the family, that is villages or hamlets, with greater or lesser elements of common property and collective rights according to

the character of the economy. (4) Ancillary workers, such as agricultural labourers, artisans, building workers are derived from their own ranks and are therefore part of the peasantry. (5) They support super-imposed classes and institutions such as landlord, church, state, towns by producing more than is necessary for their own subsistence and economic reproduction (p. 13).

According to Hilton, the feudal peasantry was far from being politically passive. Rather, historical evidence suggests feudal peasantry was not only motivated to direct political action but often became a potent political force in making history. In *Bond Men Made Free: Medieval Peasant Movements and the English Rising of 1381*, Hilton heeds warning that due, in part, to poor record keeping and destroyed records, direct historical evidence of peasant political action is far from plentiful (1973a:63ff), wherefore, historians will tend to underestimate the frequency of peasant political action and undervalue the effectual existence of peasant protest and modes of political resistance exercised by feudal peasantry. It should further be noted that the official clerical (i.e., scholastic theologians) record-keepers were often unaware of most peasant protests and would remain ignorant of local and regional struggles and disputes unless such actions manifested into massive upheavals.

On a related note, a main argument in Hilton's 1949 article "Peasant Movements in England Before 1381" (reprinted in Hilton 1990) was that the peasant revolt of 1381 was not unique. Hilton maintains that there is a long history of peasant uprisings in England prior to 1381. Hilton's surveys of peasant uprisings offer documentation of the element of conflict present in medieval society, along with the political life of the peasantry (1973a:233-4; 1990:58ff). Characteristic of many pre- and post-1381, but otherwise very distinct, uprisings are not "class-consciousness" per se, but what Hilton dubs a "negative class consciousness" (1973:130), or a (bitter) hatred of a common enemy, i.e., the nobility: "this bitter hatred of the land-owning nobility, sometimes [was extended towards ...] all the rich or well-to-do" (1973:220). A more positive class consciousness of "the mutual interests of peasants and other basic producers" (1973:220) did not make itself felt until perhaps the 1381 peasants' revolt, contributing to its relative success (1973:231).

Although peasants' revolts most often failed to achieve their progressive-intended objectives,<sup>77</sup> Hilton suggests that "it might be said that the concept of the *freeman*, owing no obligation, not even deference, to an

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<sup>77</sup> Hilton actually questions to what degree this is true (1973a:230ff).



overlord, is one of the most important if intangible legacies of medieval peasants to the modern world" (1973a:235 emphasis added). Hence, the "assertion of freedom against feudal subordination was not, as is often supposed, a specific contribution of the bourgeoisie," but a contribution of the peasantry as a result of their conflict with their overlords. Besides the legacy of *freedom* and the desire for self-determination, peasant political action, according to Hilton, constituted, to a great degree, the dynamic of feudal politico-economic reproduction or transformation.

### **2.3.3. "Prime-Mover": Modes of Exploitation and Resistance**

Thus, as Hilton had argued during the transition debate (reprinted in Hilton 1976), the "principal feature of the mode of production in feudal society is that owners of the means of production, the landed proprietors, are constantly striving to appropriate for their own use the whole of the surplus produced by the direct producers" (Hilton 1976:112). The landlords did this by controlling, and attempting to increase, or "maximize" rents.

"Fundamentally they strove to increase feudal rent in order to maintain and improve their position as rulers, against their innumerable rivals as well as against their

exploited underlings" (1976:114). Thus, Hilton maintains that the "prime mover" of feudalism was the struggle over the rate of rent, the landlords attempting to get the rents of land as high as they could, and peasants trying to minimize feudal exploitation.<sup>78</sup>

Rent, whether it was paid in money or kind, consisted of the surplus product the peasant household produced over and above that necessary for its reproduction. Hence Hilton's definition of rent, or forms of feudal exploitation, includes tithes levied by the church, taxes imposed by the state, and various local and monarchical juridical fines (Hilton 1990:50-51).

Nobility's desire to maximize rents and the peasantry's desire to minimize feudal exploitation meant that resistance, struggle, and conflict constituted and characterized medieval society. Thus the key form of struggle within feudal society was between the feudal elite's attempt to maximize rents (including tithes, taxes, and fines) and the peasants' attempt to resist increases in feudal exploitation. The peasantry often demanded reductions and reforms of rents, fines, and tolls. The peasantry could resist reductions in their household

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<sup>78</sup> "The demand for rent in its widest sense was clearly the important factor in determining the movement of the feudal economy" (Hilton 1976:115).

consumption by two means: first, by political protest, i.e., revolt, or second, by increasing their productivity. Hilton maintains feudal peasantry did both. In this sense, Hilton's medieval society is much more dynamic and complex than most previous conceptions. That is to say, the struggle over rent and feudal exploitation led to (1) political struggle between lords and peasants, but it also tended to (2) increase the productivity of peasant labor.

#### **2.3.4. Feudal Production and Market Exchange**

In the following pages, I will outline two separate tendencies of resistance that manifested from the struggle over the maximization of feudal rents, which were internal to the dynamics of feudalism itself. However, first it is important to point out that there is a necessary condition for one of these tendencies to manifest. Namely, the very possibility of the peasantry turning to an increase in productivity as a mechanism to diminish pressures of feudal exploitation necessarily depends on the presence of a well-developed domestic market system of exchange.

This last point is important, for it emphasizes that, contrary to (for example) Pirenne and Sweezy's claims, market exchange and commodity production (i.e., production of "exchange-values") are consistent within, and hence

internal to, feudal society. Commodity production and market exchange are not of themselves enough to disturb the "solidity and internal articulation" of the feudal mode of production (see Hilton 1976:111ff). This is not to say that commodity production did not have important effects on the social structure of feudalism. Market exchange, and especially market fluctuations, gave rise to a tendency to deepen the income stratification between the peasantry themselves. Paradoxically, this effect would, at times, dampen and, at other times, intensify peasant revolts. In other words, the presence of a well-developed market system of exchange affected the relative success or failure of peasant resistance to feudal exploitation via political protest.

#### **2.3.5. Resistance to Feudal Exploitation via Political Action**

The stratification of wealth among peasantry would tend to intensify political protest on two grounds. First, the rise of a well-to-do class of peasants, or what Dobb called a *kulak*-like class, made it possible for individuals to have a successful nonserf existence within feudal society. On the one hand, the *kulak*-like class itself could financially prosper in its freedom from manor obligations. On the other hand, the very existence of a

*kulak*-like class necessarily depended on the presence of a laboring class that could be hired to work by nonnoble, otherwise well-to-do peasant farmers. This situation could potentially give rise to an intensified struggle: first, between nobility and serf for the freedom of the serf to hire out his own labor beyond his serf obligations, and second, between peasant farmers and manor for either freedom from manor obligations or the right to hireout serf labor or both.

The second case for a potential intensification of peasant protest manifests within the peasantry itself. There could emerge a certain resentment of the relatively poorer peasantry toward the well-to-do peasantry, especially if the former felt themselves overly exploited or otherwise taken economic advantage of by the *kulak*-like class. The rise of a *kulak*-like class of peasantry simultaneously and necessarily produces a disjunction in common class interests.

It was the disjunction or fracture of a common class interest that would potentially dampen peasant protest, or at least, tend to diminish the possibility of success for peasant protest and political action. Thus, the presence of a *kulak*-like class could actually stabilize the feudal order, rather than agitate its reproduction. In this

sense, Hilton actually suggests a type of feudal politico-economic cycle theory. For example, initially, the rise of the *kulak*-like class would destabilize the manor during a time of crisis by reducing the burdens of manor production, while reducing serf obligation. However, as the stratification between the *kulak*-like class and laboring peasants and serfs widened, the fracture in the interests of the lower-order peasants and serfs alike would make both more susceptible to increases in exploitation due to their relative inability to resist. Hilton focuses on one episodic feudal crisis of the thirteenth century. This particular crisis had effects which deepened during the fourteenth century, thereby diminishing the feudal obligations. By the late fourteenth century, this same crisis tended to deepen feudal exploitation and obligations of serfdom. This intensified serfdom and feudal exploitation continued into, and throughout, the fifteenth century.

#### **2.3.6. Twelfth-Century Forms of Feudal Emancipation**

The emancipation of the rural or agricultural feudal classes begins in the West during the twelfth century (Hilton 1969, 1978; Bloch 1961:275; Boissonnade 1964:240). The nobility found itself under attack; consequently the

attempt of peasant usurpation of seigniorial property became frequent (Hilton 1969; Bloch 1961:255ff; Boissonnade:246ff). Furthermore, throughout "practically the whole of Europe, a great movement of land clearance was proceeding. He who wished to attract pioneers to his estate was obliged to promise them favourable conditions" (Bloch 1961:276). Favorable conditions often included the abolition of serf obligations (see Hilton 1978; Boissonnade 1964:245). Nonetheless, liberty, whether chartered or usurped, did not mean the end of serfdom (Hilton 1983; Boissonnade 1964:258).<sup>79</sup> Rather, the significance of the presence of a "free" class of peasants meant the emergence of a disjunction between and within the lives and motives of feudal peasantry.

This disjunction within the feudal peasantry is of special significance for Hilton in that the "prime-mover" of feudalism was the relationship between the peasantry and noble lords (Hilton 1974:209-17). The peasantry's main mode of resistance was its sheer numbers. On this account, Hilton quotes the Italian medieval writer Tamassia: "United they [the peasants] could confound Charlemagne. When they

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<sup>79</sup> In *A Medieval Society*, Hilton maintains that although serfdom continued in the West Midlands of England the peasant and serfs of these "communities still doubted the legality of the absolute disposal by the lord of the commons, still doubted whether any man except slaves could be treated as unfree, still doubted whether lords had the right to increase or change rents and customary services" (p. 145).

are by themselves, they aren't worth so many chickens" (Hilton 1985:125).<sup>80</sup> Thus, the disjunction in the interests and motives of the peasantry gave a particular political and militaristic advantage to the noble classes. However, the politico-economic effects of this disjunction would take time to manifest.

The economic significance of this disjunction would manifest during the thirteenth century. It was during this period that landowners were successful in their ability to increase rent, for local authorities and monarchs to increase jurisdictional fines, for church hierarchy to increase pressures for tithing, and for the state to increase taxation and purveyance. These forms of increased feudal exploitation "removed all cash surpluses" from the direct producers "and prevented even the most elementary investment" (Hilton 1985:128).

Thus it seems that Hilton vindicates the tentative explanation of the fourteenth century crisis of feudalism put forward first by Maurice Dobb (1946:44-50) and later by

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<sup>80</sup>The ability of peasants to overpower the nobility militaristically was a striking contradiction within feudalism. "Wace, the twelfth-century Anglo-Norman writer of a verse history of the dukes of Normandy, puts into the mouths of peasants in revolt the following words: 'Let us take an oath to defend ourselves and our goods and to stick together. If they [the lords] were to wage war on us, we are thirty or forty peasants to one knight'" (quoted in Hilton 1985:125).



E. A. Kosminsky.<sup>81</sup> This explanation contends that there had been a linear escalation of feudal exploitation from the eleventh century forward which provoked various peasant revolts, until the system is unable to reproduce itself, whereby a general crisis emerges in the fourteenth century.<sup>82</sup> Hilton accepts this view only in part. Hilton offers a more structurally robust explanation, avoiding the political reductionism of Dobb's and Kosminsky's explanations.

According to Hilton, it was the strength of the peasant classes which allowed for the continent-wide emancipation from feudal serfdom, which led to the expansion of feudal production and, through haste and misuse, the deterioration of the soil. Further, the delicate balance between cereal acreage and grazing ground had become disrupted. That is to say, animal husbandry tended to lag behind the advances in cereal acreage. As animal husbandry declined, there followed a shortage of manure for cereal acreage itself.

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<sup>81</sup> See Kosminsky 1955:12-36, "The Evolution of Feudal Rent in England from the 11<sup>th</sup> to the 15<sup>th</sup> Centuries."

<sup>82</sup> In the pages of *Science and Society*, Hilton himself tends to the linear escalation of feudal exploitation but qualifies his view with the observation that there had been a qualitative shift in social relations "especially after the thirteenth century" (Hilton 1976:109-17).

It is in this sense that one can argue that the very success of the political actions of the peasantry first augments production and leads to economic expansion, but then met *internal* limitations, or objective barriers of production between the social relations and forces of production. The crisis of the late thirteenth and fourteenth century was especially acute in that the emancipation from serfdom from the eleventh and thirteenth century led to a growth in the ratio of nonfood producers to food producers. Urban populations, including merchants, retailers, and artisans, were growing, but also growing in numbers was the mass of unskilled hirelings, day laborers, or "freemen." Further, the increasing complexity of the state and church administration meant an increase in lawyers and bureaucrats (Hilton 1985:130-1). Still further, both royal and seigneurial households spent large sums of money on large displays, largess and retinues — a consumption pattern which centuries later would be dubbed "unproductive consumption."<sup>83</sup>

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<sup>83</sup> For example, J. S. Mill (1987[1848]:52) writes: "consumption of pleasures or luxuries, whether by the idle or by the industrious, since production is neither its object nor is any way advanced by it, must be reckoned unproductive. [...] That alone is productive consumption, which goes to maintain and increase the productive powers of the community; either those residing in its soil, in its materials, in the number and efficiency of its instruments of production, or in its people."

### **2.3.7. Feudal Investment and Technology**

Not only was the ratio between nonfood producers and food producers rising, but as mentioned above, there was a lack of "any significant feedback in the form of investment which would increase production" (Hilton 1985:131).

Aristocratic rents, church tithing, even state taxes were rarely, if ever, spent or invested to improve agricultural production.

Thus, according to Hilton, the central element of the feudal crisis that manifests in the fourteenth century actually begins well before the bubonic plague and late fourteenth century famines. The crisis begins in the thirteenth century, from within the continuously contentious relationship between the direct producing peasantry and their aristocratic overlords. In the thirteenth century, the peasantry's forms of resistance were relatively strong and potent. First, direct political action had relative success in reducing feudal obligations. Second, once free, yeomen and independent producers could resist feudal exploitation even further by means of increasing productivity.

The increases in feudal peasant productivity resulted in significant improvements in agricultural production. Developments in handicraft production also were very

significant. Although Hilton did not rigorously document the specifics of medieval technology, his intuition of the matter is vindicated with a vengeance with the 1962 publication of Lynn White's *Medieval Technology and Social Change*. In agriculture, significant technological improvement includes the eight-ox wheeled plough, the discovery of horse-power (development of the harness and nailed horseshoe), and the three-field rotation system, all of which resulted in the improved nutrition of medieval Europeans. In urban production, there were significant changes in sources of power (water mill technology, windmills, and flirtations with steam-power), and consequently, the design of numerous machines.

Although these developments in medieval technology were extremely significant, Hilton claims that the social relations of production that constituted feudal society otherwise limited the potential for technological advance. Limited here means that the social structure of feudalism only allowed for circumscribed technological improvement. For example, although agriculture improvement extended cultivation and the cultivated area, it was extended at the expense of the woodlands and natural pasture. "Agricultural productivity was limited by the shortage of manure and the raising stock was hindered by the lack of

winter fodder" (Hilton 1990:169). Hence, Hilton suggests that by the end of the thirteenth century, the delicate balance between agricultural production and maintenance of the stock animal had been broken. The deeper contradiction in the feudal mode of production was, however, an insufficient reinvestment motive within agriculture for both the landlord and peasant producer.

The *idea* of reinvesting profit for the purpose of increasing production seems to have been present in few [medieval] minds if any. In *practice* the minimum rather than the maximum seems to have been spent on those goods which go towards capital formation (Hilton 1973b:213).

As for the peasants, capital formation or re-investment was not likely for two reasons. First, high rents severely restricted capital formation. Second, even when rents did not absorb the entire surplus product, as Dobb was fond of pointing out, favorable market prices for peasants tended to decrease production during the next harvest rather than increase it. This is because competition between producers was not the main driving force (or prime mover) of feudalism as it would become for capitalism. Rather, with the direct producer in control of the means of production, the driving force of feudalism was the struggle over rent; competition as a motive force was drastically minimized.

In this way, the social relations of feudalism fettered possible technological improvements. By the thirteenth century, these fetters on technology, and perhaps, because of achieved technological improvements in agriculture, feudalism stumbled into a severe crisis.

To sum up: the stagnation of productivity during the last centuries of the middle ages, its inability to support the increasing cost of the non-productive expenditure of the ruling classes, were the fundamental reasons for the crisis of feudal society. This stagnation was the consequence of the inability of the feudal economy to generate investment for technical improvement. In the first place, production for the market and the stimulus of competition only affected a very narrow sector of the economy. Secondly, agricultural and industrial production were based on the household unit and the profits of small peasant and small artisan enterprise were taken by landowners and usurers. Thirdly, the social structure and the habits of the landed nobility did not permit accumulation for investment for the extension of production (Hilton 1990:171).

Feudalism would eventually recover from this crisis, in part by means of an intensification of serfdom. Moreover, on the heels of the feudal crisis, and a deepening of its effects, was the devastation of the bubonic plague. Ironically, the intensification of serfdom and the labor shortage resulted in changes in land use and lower rents which "made possible a build-up of peasant flocks and herds," in turn, aiding to a recovery phase of feudalism.

#### **2.4. Christopher Hill and Economic History**

Christopher Hill is considered one of the greatest English historians of the twentieth century. "Few British historians have a reputation so truly world wide, and none has had a greater influence upon the study of his chosen period" (Pennington and Thomas 1978b:vii). Christopher Hill was born February 6, 1912, and died February 23, 2003. Hill was born in York, England, where his father was employed as a solicitor. His family was middle class, and both parents were Methodists. Hill described his upbringing as Nonconformist (Kaye 1984:101) and secularized; however, the moral realism that underlies much of his academic historical work may very well have been rooted in his radical Protestant upbringing. He attended St. Peter's School in York and then entered Balliol College, Oxford, in 1931 to read history. At Oxford, Hill was an accomplished rugby player and won many academic awards. Upon graduation he was awarded a fellowship with All Souls College, Oxford (1934-8), and lectured in the history department.

Hill spent a year in the Soviet Union studying Soviet historians. After this trip, Hill joined the Communist Party, although the details of his conversion to communism remain elusive. Hill married twice. The first marriage

ended in divorce and produced four children. Hill was a highly accomplished historical writer, whose success continued into his retirement and throughout the 1990s.

Throughout his academic career, Hill's central focus was writing and teaching about the Cromwellian or bourgeois revolution of England. The bourgeois revolution has been Hill's focus for nearly sixty years. Although he has ventured outside of the seventeenth century, the great bulk of his intellectual efforts focused on the transitional seventeenth century period in England. Hill can be said to have shaped the way that (Western) people of the twentieth century understood the history of seventeenth century England. There is no other historian as synonymous with the history of the seventeenth century as Hill.

It may seem that Hill's focus on such a narrow time frame, so specific to one region of the world, would be overly confining. However, it should be pointed out that the English revolution would prove to have enormous social consequences for the fate of feudalism, along with colossal effects on the direction taken by world history and world political-socioeconomic development. In this sense, it can be said that Christopher Hill's focus on the English Revolution of the seventeenth century is far from narrow. Moreover, the importance of the period and the quality of



Hill's work will assure that his studies and writings will continue to be celebrated and scrutinized for a long time to come.

#### **2.4.1. The Decisive Seventeenth Century**

For England, the seventeenth century certainly is most decisive for the transformation towards and formation of modern capitalism<sup>84</sup> in England. It can be argued that the seventeenth century is the time in England when the Middle Ages come to an end and the Modern Age begins (Hill 1961:1, p. 124, 1970:13; Dobb 1946:18-9). On this account, Hill is in agreement with Karl Marx (1981:440-55) and Maurice Dobb (1946:123-76), who both argued that it was the politico-historical events of seventeenth century England, processes of which began in the late sixteenth century, that bring forth the necessary conditions for the possibility of the emergence of the capitalist era in the nineteenth century (Dobb 1946:19). As Marx writes, "Although we come across the first sporadic traces of capitalist production as early as the fourteenth or fifteenth centuries in certain towns

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<sup>84</sup> Hill follows Marx and Dobb (1946:17ff) closely with regard to the fact that commodity production develops in a number of contingent stages. Capitalism is a later stage of commodity production whereby human labor itself has taken the commodity form (Marx's notion of labor-power, see Chapter 6 of *Capital* volume I), or there has been a commodification of human beings.

of the Mediterranean,<sup>85</sup> the capitalist era dates from the sixteenth century" (Marx 1976:876). The development of commodity production and the emergence of "Capitalism fall[...] into a number of stages" (Dobb 1946:17), and in each stage, forms of politico-economic expropriation are always the result.

The history of this expropriation assumes different aspects in different countries, and runs through its various phases in different orders of succession, and at different historical epochs. Only in England, which we therefore take as our example, has it the classic form (Marx 1976:876).

The crucial or really revolutionary decades in England are from 1640-60. However, the impetus toward revolution had been ushered in by the breakdown of the old society beginning in the sixteenth century (Hill 1986:95). The social breakdown was not specific to England. Rather, all of Europe was experiencing a socioeconomic crisis, which manifests in a series of political turmoil, revolts, and various civil wars (Hobsbawm 1967 in Aston 1967). The reactions of various countries to the socioeconomic crisis took diverse forms depending on the particular social relations and institutional forms peculiar to each country and contingent upon differing national circumstances.

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<sup>85</sup> Dobb (1946:123) suggests that Marx should have concluded "Flanders and the Rhine district" to the sporadic fifteenth and sixteenth century traces.

From this continent-wide crisis, there was certainly a "dissolvent" effect upon the

pre-existing organizations of production. [...] But how far it leads to the dissolution of the old mode of production depends first and foremost on the solidity and inner articulation of this mode of production itself. And what comes out of this process of dissolution, i.e. the new mode of production arises in place of the old [... pivots upon] the character of the old mode of production itself (Marx 1981:449).

The outcome of the crisis in the Netherlands and England was significantly different from the outcome in other European countries. In the Netherlands and England, the political revolutions resulted in drastically different social and economic arrangements from the preexisting organizations of production (Hill 1967:3).

These different historical and politico-economic paths that formed after the seventeenth century offer the historian the possibility of a fruitful contrastive analysis. This contrastive method is the historian's analogue to a controlled laboratory experiment in the natural sciences. Not only is the historian able to contrast historical development in various regions and countries of Europe, but the historian also is able to better understand individual action and human agency in precrisis feudal relations (Hill 1967:3).

With the newly established trade routes to the Far East, the European settlement, and the plunder of North and South America, along with new found bullion and consequent monetary inflation, the stakes were high in regard to how a country would (politically) react and (economically) resolve itself from the crisis.

It was especially true in England where there was success in establishing a national government committed specifically to commercial considerations. "Parliament now determined foreign policy, and used newly-mobilized financial resources of the country, through an aggressive use of sea power, to protect and expand the trade of a unified empire" (Hill 1970:256). The revolutionary undercurrents, articulated throughout Europe, and the particular English institutional forms, or sociostructural constitution, along with its fractures and pressures of society, "dictated the outbreak of revolution and shaped the state which emerged from it," as opposed to the intentions and wishes of its leaders (Hill 1985:95-6). What was peculiar to England was the particular social fractures and opposed political interests that *split the ruling classes* more so than elsewhere in Europe. "Revolution happens only when the government has lost the

confidence of an important section of the ruling class" (Hill 1961:88).

#### **2.4.2. The Undercurrent of Potential Unrest: Reform and Revolution**

Hill's basic theme has been the *revolutionary* character of seventeenth-century England. Hill maintains that the revolutionary character was first initiated by a drive for political reform and economic liberty. The outcome, however, was both a 'political revolution' and a 'socioeconomic revolution'. He has insisted that the political revolution that occurred in seventeenth century England was initiated by means of deep democratic motives. Although a desire for establishing a democratic England<sup>86</sup> had instigated the drive for, first, political *reformation* and then *revolution*, the democratic aspirations of the revolution were ultimately defeated. Although in early seventeenth-century England, there was no organized body of discontent (Hill 1961:21), the drive for a democratic

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<sup>86</sup> Hill argues that democracy had been an English political tradition prior to William's conquests in 1066, which had never faded from the consciousness of the English mind. "Before 1066 the Anglo-Saxon inhabitants of this country lived as free and equal citizens, governing themselves through representative institutions. The Norman Conquest deprived them of this liberty, and established the tyranny of an alien King and landlords. But the people did not forget the rights they had lost. They fought continuously to recover them, with varying success. Concessions (Magna Carta, for instance) were from time to time extorted from their rulers, and always the tradition of lost Anglo-Saxon freedom was a stimulus to ever more insistent demands upon the successors of the Norman usurpers" (Hill in Saville 1954:57).

reformation of English politics had been part of English culture for over five hundred years (Hill in Saville 1954:57). The political discontent had become "a permanent background of potential unrest throughout" the early decades of the seventeenth century (Hill 1961:21).

The unrest remained only a potential in that the democratic motives that had become a characteristic part of English culture were not immediately manifest from an element within the ruling class, but from only the English commoners and "middling sort." Thus, until the English governing body had "lost the confidence of an important section of the ruling class" (Hill 1961:88), revolution would remain only a potential.

#### **2.4.3. The Industrious Sorts of People Versus The 'Monopolies' of Bishops and Crown**

It was the complexity of English society that would split the ruling class on a number of grounds, including economic, political, and religious. Moreover, Hill heeds warning in making any simple division between economics, politics, and religious ideas in seventeenth century England; rather the significant split in the ruling class was between *court* and *country* (Hill 1961:86-7). *Court* refers to the crown government, which was closely aligned with the church hierarchy, and *most* of the landed

nobility.<sup>87</sup> *Country* refers "those of the free," who did not have government office, including "the main body of the gentry" (Hill 1961:59), but also including "the middling sort" of small merchants, artisans, and yeomen<sup>88</sup> (Hill 1980:6).

By the late fifteenth century, the *country* could also be identified as Puritan as long as it is recognized "that for contemporaries" of the period, when the term 'Puritan' was employed it had "no narrowly religious connotation" (Hill 1964:24). The overtones of the term included religious, economic, social, and political elements. In general, contemporaries employed the term Puritan in an effort to designate persons opposed to the policy of either church hierarchy or court, or both.

Court government of the sixteenth and seventeenth century was in the practice of granting special privileges and monopoly power to some merchants and perquisites to many members of the landed class (Hill 1961:86-7). Although in 1601, Queen Elizabeth abolished many monopolies, James I was to revive them (Hill 1970:22). The granting of special privileges and monopoly power did not merely split between class lines but also within

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<sup>87</sup> Quoting King James's famous epigram, Hill (1961:65) writes "'No Bishop, no King, no nobility.' [...] The three stood or fell together."

<sup>88</sup> 'The middling sort' "formed the backbone of Parliament's support in the civil war" (Hill 1980:197).

classes. That is to say, the ruling class itself was split on whether special privileges were just, whether they were 'deserved' by particular individuals, etc. In early seventeenth-century England, it is hard to exaggerate the extent of monopolies. Virtually every product consumed in England had been produced and/or traded by a monopolist.<sup>89</sup>

On the other hand, some of "richest and go-ahead members" of the landed class and many merchants were

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<sup>89</sup> "In 1601 a member of Parliament asked, when a list of monopolies was read out, 'Is not bread there?' His irony exaggerated only slightly. It is difficult for us to picture the life of a man living in a house built with monopoly bricks, with windows (if any) of monopoly glass; heated by monopoly coal (in Ireland monopoly timber), burning in a grate made of monopoly iron. His walls were lined with monopoly tapestries. He slept on monopoly feathers, did his hair with monopoly brushes and monopoly combs. He washed himself with monopoly soap, his clothes in monopoly starch. He dressed in monopoly lace, monopoly linen, monopoly leather, monopoly gold thread. His hat was of monopoly beaver, with a monopoly band. His clothes were held up by monopoly belts, monopoly buttons, monopoly pins. They were dyed with monopoly dyes. He ate monopoly butter, monopoly currants, monopoly red herrings, monopoly salmon, and monopoly lobsters. His food was seasoned with monopoly salt, monopoly pepper, monopoly vinegar. Out of monopoly glasses he drank monopoly wines and monopoly spirits; out of pewter mugs made from monopoly tin he drank monopoly beer made from monopoly hops, kept in monopoly barrels or monopoly bottles, sold in monopoly-licensed alehouses. He smoked monopoly tobacco in monopoly pipes, played with monopoly dice or monopoly cards, or on monopoly lute-strings. He wrote with monopoly pens, on monopoly writing-paper; read (through monopoly spectacles, by the light of monopoly candles) monopoly printed books, including monopoly Bibles and monopoly Latin grammars, printed on paper made from monopoly-collected rags, bound in sheepskin dressed in monopoly alum. He shot with monopoly gunpowder made from monopoly saltpetre. He exercised himself with monopoly golf balls and in monopoly-licensed bowling alleys. A monopolist collected the fines which he paid for swearing. He traveled in monopoly sedan chairs or monopoly hackney coaches, drawn by horses fed on monopoly hay. He tipped with monopoly farthings. At sea he was lighted by monopoly lighthouses. When he made his will, he went to a monopolist. (In Ireland one could not be born, married, or die without 6d. to a monopolist.) Pedlars were licensed by a monopolist. Mice were caught in monopoly mousetraps. Not all these patents existed at once, but all come from the first decades of the seventeenth century. In 1621 there were alleged to be 700 of them" (Hill 1961:25-6).



excluded from special economic privilege and monopoly power (Hill 1961:87). These groups looked to Parliament to help establish economic inclusion, justice, and greater freedom. These middling sorts and the otherwise economic underprivileged groups were further able to exploit the dormant democratic political desires of the masses by which to find support from the laboring classes, especially those dependent upon wages, for their cause against the court.

Further, the church hierarchy forbade work on Saint's days (Hill 1964:156), which numbered more than one hundred days in a year (Hill 1964:146). This meant that those (Christians) who were "free" to sell their labor were at the same time forbidden to sell it on holy days. This was especially burdensome to those "free" from serfdom and feudal obligations. That is to say, holy days meant that those dependent upon wages for their livelihood and survival experienced the forbidden days of labor as a statute against their ability to earn a livelihood. Of course, prohibition of work on holy days also meant that independent artisans and yeomen must cease production for the day due to the absence of labor. Capital must then sit wastefully idle and is thus reduced to merely an idle cost. "Machinery that is not regularly used is wasted: mines that are not regularly worked may deteriorate" (Hill 1964:146).

The small independent merchant also suffered from the holy days' restriction on labor. The independent artisans, yeomen, and small middling merchants were the up and rising "industrious sort of people" who no longer relied on the old rhythms of feudal production, but rather a new atomized (pre)industrial rhythm.

Puritanism came to represent this new rhythm in its articulation of the basic "dignity" and honor of labor (Hill 1964:138), its commitment to personal and labor *discipline* (Hill 1964:145ff), and its drive to establish Sabbatarianism<sup>90</sup> (Hill 1964:219ff) in place of the 'economically wasteful' holy days.<sup>91</sup> It was especially the *industrious sorts of people* that believed in, and pushed for Puritanism on political, economic, and religious grounds.

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<sup>90</sup> Sabbatarianism not only aimed to replace the practice of holy days, but further forbid Sunday sports and insisted upon church service attendance. Hill points out that Puritans in favor of Sabbatarianism should *not* simply be understood as "killjoys"; rather they were socioeconomically progressive. "Had there been no administrative action by J.P.s and municipal authorities and no legislation against Sunday work, the competitive pressure on some employers and some of the self-employed poor to work a seven-day week for some of the time would have been irresistible" (Hill 1964:165). In this sense, the industrious sort of people had to be "protected from themselves: by the total prohibition of Sunday work, and of travel to and from markets; and by the strict enforcement of this prohibition, in the interests of the class who would try to evade it. This could not be left to private decision or to guild regulation. It must be done either by the ecclesiastical disciplinary apparatus, or by national legislation enforced by M.P.s (Hill 1964:152).

<sup>91</sup> "A late seventeenth century economist estimated that every holiday lost £50,000 to the nation. That was the new attitude with a vengeance" (Hill 1964:149).

The independent laboring class, although not always very religious, tended to support the political and economic aims represented by the industrious sort of people and Puritanism. However, these independent hirelings often had political aims and social grievances of their own. Many of these independent hirelings pushed further for their democratic aspirations of England<sup>92</sup> (Hill 1961:109-13, p. 131-2, 1970:94ff). For the most part, however, the grievances of the independent hirelings were over local concerns, e.g., unemployment, poor relief, and enclosures. "So, although it would be wrong to think of any body of organized discontent" of independent hirelings, nonetheless, during the decades of 1600-40 there is a constant presence of "potential unrest" that determined political thought and action<sup>93</sup> (Hill 1961:21).

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<sup>92</sup> The Levellers were radical democrats who pushed for drastic political and legal reforms, along with a push for a Parliament more representative of common English people. This included a proposal that the poor should elect their own trustees to manage poor relief (Hill 1964:295). The Diggers made more economically conscious demands. Namely, the Diggers "demanded heaven for the poor on earth now" (Hill 1970:213), and "that all crown lands and forests, all commons and wastes, should be cultivated by the poor in communal ownership, and the buying and selling of land should be forbidden by law" (Hill 1970:18). Quakers had more of a socioreligious doctrine, beginning with the recognition that each human being had divine potential, thus "rejected outward forms of social subordination in the name of Christian equality" (Hill 1970:213). The political consequence was the belief that all human beings (both women and men) are created equal (Hill 1961:144, 1965:275).

<sup>93</sup> Hill (1961:21) warns: "We shall often misinterpret men's thoughts and actions if we do not continually remind ourselves of this background of potential unrest."

One of the key issues following the Lutheran-inspired Reformation of the sixteenth century was that church charity no longer provided adequate amounts of poor relief, and the English monarchy was reluctant to take on the burden of growing poverty. Therefore "relief of poverty was left mainly to private initiative. The charitable, in this period, were overwhelmingly merchants (especially of London) and the Puritan section of the gentry" (Hill 1961:20). The Justices of the Peace, who usually were members of the privileged class, had been by default put in control of both poor relief and wage controls (Hill 1961:87-8). Thus, the *industrious sort of people* and feudally free classes were eager to exploit the inadequacy of poor relief to their advantage and sociopolitical aspirations. They achieved the dissemination of their ideas mainly through means of (Puritan) preaching. Pulpit preaching had a certain monopoly, not only on religious ideas but also on political information, education, and sociopolitical and economic morality. The pulpit was used to denounce monopolies, excessive fees, low wages, and inadequate poor relief (Hill 1964 chapter 2).

Greed of monopolies and government corruption were often explained as the culprit causing social maladies and the social discomfort of the common Englishman. Political

reform was the cure. The words of the pulpit "parson, even when they were not accepted as gospel, necessarily formed the starting-point for discussion" (Hill 1964:33).

There emerged "a new body" of free-lance clergy or lecturers, the medieval analogue of the Sophists of antiquity. Various types of lecturers emerge. A lectureship might be a type of stipend to a minister already established in a parish, who would then be expected to deliver lectures on so many days during the week. A lecturer may be "superinducted" in care of another pastor, or a combination of regional pastors, whereby the lecturer would be expected to preach in neighboring towns on various market days. Finally there was the "running lecturer" who traveled from village to village to deliver lectures for anyone willing to pay.

The middling and industrious sorts of people had a number of motives and reasons to invest money in the endowment of lectureships. First, they enjoyed the theology themselves. Second, there was a certain anxiety over the lower classes not being religious; thus a lecture could be used as a means of indoctrination. Third were political motives to sway public opinion in favor of the industrious sorts of people concerning their struggle against the policy of the crown (Hill 1964:92ff). The

pulpit then becomes an institution of political social struggle in that "control of the pulpit was an essential political weapon" of country against crown (Hill 1964:43).

The result of these struggles was the bourgeois revolution of mid-seventeenth century England. The revolutionary result was *not* "made by or consciously willed by the bourgeoisie" (Hill 1986:95. Genovese (1984:16) claims Hill suggests that "the bourgeoisie has not so much made the bourgeois revolutions as it has been made by them." According to Hill (1986:95):

[t]he English Revolution, like all revolutions, was caused by the breakdown of the old society; it was brought about neither by the wishes of the bourgeoisie, nor by the leaders of the Long Parliament. But its *outcome* was the establishment of conditions far more favourable to the development of capitalism than those which prevailed before 1640.

#### **2.4.4. Economic Conditions of Seventeenth Century England**

According to Hill, the economic conditions were of special significance to the particular manifestations of the seventeenth century political struggles. Prior to and following the death of Queen Elizabeth on March 24, 1603, inflation, in part due to the inflow of silver from the Americas, was chronic. The revenue of King James I was more or less fixed by custom. This meant that James I could request added grant money from Parliament, usually in

return for the control of policy, or he might attempt to squeeze out extra funds by more traditional feudal means (i.e., increase various fines, taxes, or tolls). The latter procedure was seen as unfair and tyrannical by many, both of the privileged classes and the economically underprivileged classes (i.e., the industrious sorts of people). Enclosures and land were a further source of tension, and land reform constituted an important political drive. So, too, were the economic privileges of the monopoly merchants a source of social tension and a rallying issue for politico-economic reform. Increasing poverty and pauperism further heightened social tensions. Finally, the many disputes over religion only sharpened the potential for social unrest. In short, Hill insists that the *causes* of the English revolution cannot be reduced to merely a religious or a political or an economic cause (Hill 1961:86). Rather Hill (1956:31) maintains:

we must widen our view so as to embrace the total activity of society. Any event so complex as a revolution must be seen as a whole. Large numbers of men and women were drawn into political activity by religious and political ideals as well as by economic necessities.

Nevertheless, in *Society & Puritanism in Pre-Revolutionary England*, Hill seems to confirm that Puritanism was an important ideological component in both

overcoming the fetters of feudalism and in the relation to the development of capitalism. A surface reading of this particular book may seem to vindicate Weber at the expense of Marx. However, we must heed Hill's point that Puritanism *cannot* be reduced to mere religious beliefs and practices.<sup>94</sup> Rather as argued above, Puritanism in the late sixteenth and early seventeenth century designated those opposed to both bishops and crown. Puritanism "was a philosophy of life, an attitude to the universe, which by no means excluded secular interests" (Hill 1965:293). Puritanism came to politically embody the struggle of a new social rhythm and attitude being ushered forth by the industrious sorts of people. It was an attitude that resonated pragmatically, in a secular sense, not only with small merchants, artisans, and craftsmen but also with independent hirelings.

In *The World Turned Upside Down: Radical Ideas During the English Revolution* and also in *Intellectual Origins of the English Revolution*, Hill focuses on "the fascinating flood of radical ideas," or subrevolt, during the revolutionary period of England. Understanding how these radicals gradually changed old ways of thinking, "we can,

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<sup>94</sup> Hill writes, "It is important, in discussing Puritanism, to remember that for contemporaries the word had no narrowly religious connotation" (Hill 1964:24).



perhaps, extend a little gratitude to all those nameless radicals who foresaw and worked for – not our modern world, but something far nobler, something yet to be achieved – upside-down world” (Hill 1975:384). The (sub)revolts within the revolution included many diverse groups and beliefs, all with the aim of change and democracy as their objective (Hill 1975:128ff, pp. 67ff). Hill (1975:14) claims:

Groups like Levellers, Diggers, and Fifth Monarchists offered new political solutions (and in the case of the Diggers, new economic solutions too). The various sects – Baptists, Quakers, Muggletonians – offered new religious solutions. Other groups asked sceptical questions about all the institutions and beliefs of their society – Seekers, Ranters, the Diggers too. Indeed it is perhaps misleading to differentiate too sharply between politics, religion and general scepticism. We know, as a result of hindsight, that some groups – Baptists, Quakers – will survive as religious sects and that most of the others will disappear. In consequence we unconsciously tend to impose too clear outlines on the early history of English sects, to read back late beliefs into the 1640s and 50s. One of the aims of this book will be to suggest that in this period things were much more blurred. From, say, 1645 to 1653, there was a great overturning, questioning, revaluing, of everything in England. Old institutions, old beliefs, old values came in question. Men moved easily from one critical group to another.

These various political, economic, and religious sects and factions were constituted by two classes of people. First, the “common people” or what Hill called the “middle sort,” property-less, and dependent on the commons (in the

countryside), wage-labor (in the urban areas), and/or charity (Hill 1967:40ff). Second, were the "industrious sorts of people," which for Hill (1967:39) include "most merchants, richer artisans, the independent peasantry (yeomanry) and well-to-do tenant farmers." The most politically endowed were the landed ruling class or aristocracy, but the "numbers of those who called themselves gentlemen seems to have expanded very rapidly in this period" (Hill 1967:35). The upper class thus included the gentry and the wealthiest of merchants, both having gained political influence.

The "common" and "industrious" classes would join forces, organizing around political, religious, and ideological grounds, to challenge the institutions that supported the special privileges of the aristocracy, gentry, and wealthiest of merchants. The "radical" (and "lunatic")<sup>95</sup> fringes played a pivotal role in bringing the protestors together. The cry for greater political and economic democracy was the key unifying ideological motivation. Although the middle sorts and industrious

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<sup>95</sup> "Historians, in fact, would be well-advised to avoid the loaded phrase, 'lunatic fringe'. Lunacy, like beauty, may be in the eye of the beholder. There were lunatics in the seventeenth century, but modern psychiatry is helping us to understand that madness itself may be a form of protest against social norms, and that the 'lunatic' may in some sense be saner than the society which rejects him" (Hill 1975:16).

sorts would successfully overcome the aristocracy and wealthiest merchants, the struggle for democracy would meet only limited success.

The essentially feudal "police" state of pre-1640 England, headed by the landed aristocracy and wealthiest merchants "was violently overthrown, power passed to a new class," the bourgeoisie, and "the freer development of capitalism was made possible" (Hill 1955:6, 1990:2). Although the war was fought between and by the monarch (i.e., Charles I, and backed by the established church and conservative landlords) and parliament, Hill has always maintained that the English Civil War was a class war: "Parliament beat the King because it could appeal to the enthusiastic support of the trading and industrial classes in town and country-side, to yeoman and progressive gentry, and to wider masses of the population" (1955:6).

Hill acknowledges that the ultimate victory of the bourgeoisie was at the same time a defeat for the radical fringe. The new bourgeois "rulers of England organized a highly successful commercial empire and a system of class rule which proved to have unusual staying power" (Hill 1975:384). Although under bourgeois rule, England was now freer than France and Spain, "but we must always ask, Freedom for whom to do what?" (Hill 1990:16). Perhaps

historians (and social scientists) have been too quick to assume the bourgeois world to be "right way up." "Upside down is after all a relative concept. The assumption that it means the wrong way up is itself an expression of the view from the top" (Hill 1975:385).

Initially, the bourgeois had alliances with diverse sects. However, following the successful political revolutions of 1640-1660 many factions remained suspicious of the bourgeois rule. The radical revolts within the bourgeois revolution believed that England had remained upside down and undemocratic after the bourgeois had assumed political power, but by 1688, the radical fringe had been adequately suppressed. The political revolution had ultimately denied democracy for all and, according to Hill (1990:23):

produced governments able to concentrate single-mindedly on economic growth. Their policies led to England becoming the country of the first Industrial Revolution, and the first world empire. The three processes are [...] indissolubly connected. England's seventeenth-century Revolution is a decisive event not only in English but in world history.

Hill (1990:1) further insists that the English revolution of the seventeenth century was "comparable in world significance with the French and Russian Revolutions.

Hill's sixty years of studying the bourgeois revolution has, to an enormous degree, defined the era,

which is not meant to deny: "No historian and no type of history have a monopoly of truth: the writing of history is co-operative, cumulative task, to which we all have to contribute to the best of our ability" (Hill 1976:3).

Although he has narrowly focused the bulk of his intellectual efforts upon one era, Hill's contribution is far broader and more progressive. He has established, as did Dobb, that a Marxian class-struggle analysis offers important and unique historical perspectives on seventeenth-century England. He has convincingly demonstrated that the social relations prior to 1640, and those after 1688, had been radically transformed, not simply politically but socially and culturally. By demonstrating that the English revolution was not merely a political, religious, or economic revolution but 'embraced the whole of life' (Kaye 1984:129), Hill has radically challenged the deterministic interpretations of the historical materialism and technological primacy interpretation of the base/superstructure metaphor. He has, in effect, demonstrated that *contingency* is a feature of history and a feature of the future, underscoring the importance of political action and personal agency. Further, Hill (with his insistence upon the idea that the bourgeois were not alone in their resistance to the

established feudal order, nor had the bourgeois consciously willed the 1640 revolution, but nonetheless the effects of events of 1640-1688 promoted bourgeois interests) stresses the role of unintended consequences.

### **2.5. Eric Hobsbawm and Economic History**

Eric Hobsbawm has been hailed as the premier Marxist historian working today (Cronin 1978-9:88; Genovese and Warren 1978:9). He remains a member of the British Communist Party and was an active member of the Historians' group in London throughout his life. He is on the editorial board of *Marxism Today*, and vice president of the *Past and Present Society*.

He was born in Egypt, but raised in Vienna (1919-1931). His family moved to Berlin in 1931 but left when Hitler rose to power, settling in London (1933). He read history at King's College, Cambridge, and became a Marxist, "or tried to be," as a schoolboy. He had read Maurice Dobb's popular book *On Marxism Today* and was actively involved with the Communist Party. However, the "university establishment was generally hostile to Marxism in those days." Nonetheless the students, as Hobsbawm recalls, were Marxist (Hobsbawm 1978:30).

He served in the education corps during the war, "nothing interesting" (Hobsbawm, in Snowman 1999:17), and he returned to Cambridge and completed his studies with a thesis on the Fabians. The "subject wasn't interesting," but the subject did help him to get "into trade union and working-class history" (Hobsbawm 1978:31). He took a position at the University of London where he spent his entire academic career until his retirement in 1982. After his retirement he taught at the New School in New York City.

Hobsbawm's intellectual career covered a vast area of interest and has "achievements on a breathtaking array of subjects" (Genovese 1984:13). Harvey Kaye (1984) has divided Hobsbawm's work into three broad historical subjects: labor history, peasants and primitive rebels, and world history. (Hobsbawm was also an active author and critic of jazz.)

His work on labor history, mainly published prior to 1970, has mostly been published as articles, with the exception of *Captain Swing* (1969), written with George Rude. Harvey Kaye claims that Hobsbawm's work on labor history has significantly transformed the subject. According to Kaye (1984:136) Hobsbawm's writings on labor history

have clearly contributed to the transformation of the study of labour history. Not only has his work added to our knowledge of the British labour movement and working-class, it has also shaped the way we study it.

Hobsbawm's contributions and achievement within labor history can be attributed to the likelihood, as Genovese (1984:19) suggested, that

no historian of labour overmatches his respect and sympathy for workers, his vast knowledge of their living and working conditions, and his disdain, itself born of respect for the people he is writing about for all attempts to romanticize their dissent or to pretend that it may be substituted for engaged politics.

His labor history takes a "sociological approach," and treats such issues as formation of class-consciousness, machine-breaking, and national customs, labor aristocracy, trade unions, etc. His approach to labor history has been dubbed "social history," which Hobsbawm informs his readers refers to histories that combine manners, customs, and activity of everyday life with the more traditional economic analysis (1972:2). His social history is an "impressive integration of art, science, religion, technology, and so much else, especially in his great work on the nineteenth century" (Genovese 1984:16). Moreover, in Hobsbawm's actual work, this impressive integration of social realms is further concerned with socioeconomic transformation, more specifically, with the way a past



society becomes revolutionized, but remains within or as a constitutive aspect of later societies. In this sense, it has an institutional(ist) emphasis. "Social history," as such, "can never be another specialization like economic or other hyphenated histories because its subject matter cannot be isolated" (Hobsbawm 1972:5).

Although Hobsbawm's labor history may seem rather parochial today, as Kaye (1984:144) has observed, it helped to instigate (along with work by E. P. Thompson) the development of "new labor history."<sup>96</sup> This new labor history would emphasize the role of culture, and the importance of individual agency in changing the direction of history.

Hobsbawm's world histories, declared his "magnum opus" (Snowman 1999:17), could be argued to be more narrowly concerned with a study of the social history of Britain in a global context. His world history begins in the 1780s when world "prosperity came from the countryside" and the "agrarian problem was therefore the fundamental one in the world of 1789" (Hobsbawm 1962:13). The agrarian economies of the world are disrupted by "dual revolutions," a political revolution in France (i.e., the French

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<sup>96</sup> This "new labor history" was especially inspired by Hobsbawm's book *Primitive Rebels and Bandits*.

revolution), and a socioeconomic revolution in England (i.e., the industrial revolution).

Hobsbawm's world history is now a quartet periodization: *The Age of Revolution* (1789–1848), *The Age of Capital* (1848–75), *The Age of Empire* (1875–1914), and the *Age of Extremes: The Short Twentieth Century* (1914–91). Although chronologically a four-volume set, "It certainly wasn't planned that way. That's not my style. They started as separate projects, but I think I realised somewhere between volumes two and three that it might eventually amount to a series" (Hobsbawm, quoted in Snowman 1999:17).

In *Industry and Empire* (1969), Hobsbawm covers Britain's rise to world (industrial) dominance, from 1750 Britain and through the 1960s. Hobsbawm (1969:20) warns that the "history of British industrial society is a particular case" of capitalist industrialization. British industrialization made old forms of protest obsolete; from Luddism to Chartism, eighteenth century social movements "died away." It would be the mid-nineteenth century until "the British working class evolved new ways of struggle and living" (Hobsbawm 1969:91). Countries industrializing in the twentieth century developed in the context of stronger labor movements and in

different political environments; further, the problems and contradictions that are internal to capitalist production and development are better understood. "The history of Britain is therefore not a model for economic development of the [rest of the] world today" (Hobsbawm 1969:21).

Hobsbawm concludes that British global hegemony was but a moment in her economic history. The economic advantages Britain experienced during the nineteenth century based on the

foundations of *laissez-faire* crumbled in the 1860s and 1870s. As other countries industrialized, it became evident that Free Trade was not enough to maintain Britain as the only, or even the chief, workshop of the world; and if she was so no longer, the basis of her international economic policy needed to be revised (Hobsbawm 1969:237).

Hobsbawm (1969:226) adds *laissez-faire* policy is an illusion, because

[t]otal government *laissez-faire* is of course a contradiction in terms. No modern government can *not* influence economic life [...], the 'public sector,' however modest, is nearly always a very large 'industry' in terms of sheer employment, and public revenue and expenditure form a significant proportion of the national total.

For the survival of British capitalism and in the context of the great failure of *laissez-faire* policy and the threat of Bolshevism, Britain's politicians have since subscribed to the formation of politico-economic

(Keynesian) institutions to help manage economic development with more political and social consciousness (Hobsbawm 1969:245). With these new politico-economic institutions in place, Britain experienced a "Long Boom" following the Second World War. Even so, "the rise in the British standard of life after the Second World War was probably less rapid and less striking than in several other socialist and non-socialist European countries" (Hobsbawm 1969:316).

Just as Britain's global hegemony has a life cycle, so too does each capitalist "upswing." In this context, Hobsbawm acknowledges the possibility of Kondratiev long-waves and offers the following prophecy: "If there are Kondratiev periodicities, whatever their nature we might very well expect this era to end very soon, and the 1970s to have different and probably less pleasing characteristics" (Hobsbawm:314).

What is striking about Hobsbawm's *The Age of Revolution* is his assessment of the "dual revolutions" of the late eighteenth century versus the socialist-inspired revolution of 1848. The late eighteenth century ushered in political revolution, "of which the French was only one, though the most dramatic and far-reaching" (Hobsbawm

1962:54).<sup>97</sup> Following this revolutionary era, the victorious regimes faced the "difficult and dangerous" task of instituting and preserving "peace" (Hobsbawm 1962:99ff). A number of institutional arrangements aided in securing international "peace" from 1815 forward, including the "concert of Europe" and "Holy Alliance," both institutions to facilitate and secure international trade.

Hobsbawm claims there is a type of double movement in capitalist development, as the industrial capitalists became wealthier the poor became more impoverished. Speenhamland systems (1832) were the last anti-laissiz-faire measures (in Britain) to socially protect the laboring poor. By 1848 it seemed that a new revolutionary era was upon the world. Hobsbawm (1962:314) insists that

[t]his was the 'spectre of communism' which haunted Europe, the fear of 'the proletariat' which affected not merely factory-owners in Lancashire or [...] France, but [also ...] Germany, [...] Rome and professors everywhere.

Hobsbawm (1962:212) further argues this "spectre of communism" would awaken the British labor movement:

Once [the British laboring poor] had acquired even flickering of political consciousness, their demonstrations were not the mere occasional eruptions of an exasperated 'mob', which easily relapsed into apathy. They were the stirrings of an army.

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<sup>97</sup> Other political agitations and colonial movements included those of the USA, Ireland, Belgium, Holland, and England (Hobsbawm 1962:54).

According to Hobsbawm, at no time had a revolution been awaited and predicted by so many, working-class people "[t]ogether [...] prepared for and awaited the European revolution which came – and failed – in 1848" (Hobsbawm 1962:131). Defeat was the fate of the 1848 revolution, *The Age of Revolution* (1789–1848) had been tamed in 1848. *The Age of Capital* would emerge, following the imperialist phase of *Industry and Empire*.

In *Industry and Empire*, Hobsbawm considers the development of British industrial capitalism, but in a more global and historical context. The essence of Hobsbawm's argument is directly inspired by Dobb. More specifically, in contrast to mainstream economic historians (e.g., Rostow's *The Stages of Economic Growth*, 1960), Hobsbawm (1968:21) warns that England is not a model for developing and industrializing countries. According to Hobsbawm "The history of British industrial society is a particular case." The study of this particular historical case may offer many lessons "in principle, but rather little in actual practice" (Hobsbawm 1968:20). Hobsbawm (1968:4) maintains that the highly celebrated assumption that "an economy of private enterprise has an automatic bias towards innovation" is mistaken. The bias is toward the pursuit of profits. Whether the bias towards the pursuit of profits

manifests into innovation is contingent on historical factors, particular social (trans)formations and the existence of specific sociopolitical institutions.

Hobsbawm's aim in *Industry and Empire* is to begin to sketch the historical circumstances that favored capital development in England, and the social transformations, along with the sociopolitical institutions which made industrial development possible.

Hobsbawm argues that there were specific social structural shifts that occurred in England during the 1750 – 1825 period which would prove to make England 'the first workshop of the world.' Hobsbawm synthesizes the two main schools of thought theorizing the industrial revolution. The first school of thought emphasized the growth of the English domestic market as the chief institution behind the industrial revolution. The second school of thought stressed the expansion of foreign or English export markets. Hobsbawm warrants both domestic and export markets as essential for an explanation of the industrial take-off at the end of the eighteenth century. In addition, however, Hobsbawm (1968:42) underscores the importance of an aggressive English government as a third, and often neglected factor.

Hobsbawm's explanation of the industrial take-off is the dialectic between the emergence of a domestic market for industrial goods, the expansion of the British export markets, the role the British government played in facilitating the development of both markets, and willingness for violent intervention. Metaphorically, Hobsbawm (1968:48) explains that the rise of a domestic market provided the "fuel," and the export markets provided the "spark." Finally, the British government maintained and stoked the fire: "Government provided systematic support for merchant and manufacturer, and some by no means negligible incentives for technical innovation and the development of good industries" (Hobsbawm 1968:51). The British government was also the main element behind the "concentration on the colonial and 'underdeveloped' markets overseas, and the battle to deny them to anyone else" (Hobsbawm 1968:54). It was the British government that allowed for the slave trade to flourish and for the creation of the colonial empire.

The structural social shifts drove farmers from their land and journeyman from the workshops. The unemployed and the laboring poor had three options: aspire to the bourgeois ideals, accept the proletarian historical circumstances, or rebel. With such options "rebellion was



not merely possible, but virtually compulsory" (Hobsbawm 1962:204). It was the impetus of personal rebellion toward social transformations that gave "inevitable" rise to the labor movement and a socialist consciousness. The bourgeoisie combined forces with these movements which helped to overthrow noble political power and church rule (Hobsbawm 1962:59).

### **2.6. E. P. Thompson and Working-Class History**

Of the British Marxian Historians, E. P. Thompson's work is both the most widely known and the most controversial. His most influential work is *The Making of the English Working Class*, published in 1963. In all of his historical work, but especially in *The Making of the English Working Class*, Thompson emphasized that the oppressed and exploited were (and are) the makers of history. Thompson's work ignited academic and public interest in issues of class, poverty, and exploitation. For Thompson, the practice of history was not merely scholarship but a political commitment toward better understanding the conditions necessary for participatory democracy and self-determination of all people.

Edward Palmer Thompson was born in Oxford in 1924 and died in August 1993. His father and mother, Edward John

Thompson and Theodosia Jessup Thompson, taught him to be suspicious of government (M. Merrill, "Interview with E. P. Thompson, in H. Abelow, *et al.* 1976:11). Thompson, along with his brother Frank, joined the Communist Party. While studying history at Cambridge, Thompson became the president of the University's Socialist Club (1942).

Thompson enlisted in the British Army and served from 1942-45. After World War II, Thompson returned to Cambridge to complete his studies in history, earning his degree in 1946. While at Cambridge, Thompson met Dorothy Towers and married her in 1948.

Thompson and Dorothy were regular participants in the Historians' group. Thompson had expressed that his experience with the Historians' group, even more than his years as a student at Cambridge, helped to make him "into a historian" and would prove to have significant influence on his future historical studies. Thompson would recall that it was especially his friends Christopher Hill, Christopher Cauldwell, and the work of Karl Marx that inspired his work in history. His experience with the Historians' group would further help to shape a practical model of socialist intellectual cooperation and in turn help to develop his 'socialist humanist' politics. According to Thompson, the Historians' group was constituted by its

formal and informal exchange with fellow socialists helped me more than anything I had found at Cambridge University. This is not to say that one can't, fortunately, sometimes find something in a university, but it is to emphasize that socialist intellectuals ought to help each other. We should never be wholly dependent upon institutions, however benevolent, but should maintain groups in which theory is discussed and history is discussed and in which people criticize each other. This principle of being able to give and receive sharp criticism is very important (Thompson 1976b:14).

According to Thompson, socialists must participate in a division of intellectual labor. Thompson (1976b:22), in other words, maintained that socialists should become

part of a[n intellectual] collective, in which someone is writing about the welfare service, someone is writing about education, someone is writing about imperialism, one tends to assume this work goes on along one's own, and one concentrates on what one can do best.

Thompson (1976b:22-3) continued, socialists should

get back to a collective converse again. [...] What socialists must never do is allow themselves to become wholly dependent upon established institutions – publishing houses, commercial media, universities, foundations. I don't mean that these institutions are all repressive – certainly, much that is affirmative can be done within them. But socialist intellectuals must occupy some territory that is, without qualification, their own journals, their own theoretical and practical centers – places where no one works for grades or for tenure but for the transformation of society; places where criticism and self-criticism are fierce, but also mutual help and the exchange of theoretical and practical knowledge; places that prefigure in some ways the society of the future.

It was not merely Thompson's experience with the Historians' Group that shaped his political and intellectual commitments. As stated, the events of 1956 gave a particular urgency to the (theoretical and historical) work and (practical and political) efforts to the members of the Historians' group in general. This is especially true of Thompson. Following Khrushchev's speech denouncing Stalin in 1956, but before the Soviet invasion of Hungary, Thompson and John Saville began to publish *The Reasoner*. The purpose of *The Reasoner* was to initiate discussion as a journal independent of the British Communist Party. Additional intentions were to stimulate debate and criticism of Stalinism and bring the British Communist Party out of its silence on the matter. As party members, the British Communist Party demanded they cease publication, whereby both Thompson and Saville renounced their party membership (see Saville 1976:1-23). Thompson's departure from the party was not rejection of his socialist politics but rather symbolized a deepening of his political and theoretical commitment to human freedom and the development of his 'Socialist Humanism.' Thompson and Saville intended to free Marxism from both theoretical and historical distortions of Stalinism. In turn, the hope and

aim would be to free Marxism from the political atrocities of Stalinism.

By 1957, Thompson and Saville begin publication of *The New Reasoner* with an editorial board of ex-party members. In the first issue Thompson (quoted in Soper:208) describes what he means by 'socialist humanism':

It is *humanist* because it places once again real men and women at the centre of socialist theory and aspiration, instead of the resounding abstractions – the Party, Marxism-Leninism-Stalinism, the Two Camps, the Vanguard of the Working-Class – so dear to Stalinism. It is *socialist* because it reaffirms the revolutionary perspectives of Communism, faith in the revolutionary potentialities not only of the Human Race or of the Dictatorship of the Proletariat but of real men and women.

Thompson contended that Stalinism had violated the (implicit) codes of socialist humanism. In addition, the British Communist Party's lack of leadership during the events of 1956 demonstrated a divorce of moral principle from its political judgment. In a 1965 article "Through the Smoke of Budapest," published in the *New Reasoner*, Thompson expressed his condemnation of Stalinism and, by implication, the BCP. Thompson (1965:3) wrote:

the subordination of the moral and imaginative faculties to political and administrative authority is wrong: the elimination of moral criteria from political judgment is wrong: the fear of independent thought, the deliberate encouragement of anti-intellectual trends amongst the people is wrong: the mechanical personification of unconscious class forces, the belittling of the conscious process of

intellectual and spiritual conflict, all this is wrong.

Thompson desired to reassert 'socialist humanism' as both the moral criteria of socialist politics and to underscore the role of human agency in the historical and political process. As Thompson pointed out, 'socialist humanism' has an ambiguous history (Thompson 1978:326). It includes a broad body of European thought, from the philosophical historians Lukács, Gramsci, and Korsch; to the Existentialist Marxists such as Sartre, Merleau-Ponty, and de Beauvoir; to the Frankfurt school theorists; and the Yugoslavian *Praxis* school. Certainly, the shared themes of these traditions have been (negatively) their critique of positivistic metaphysics and rejection of (technological) determinism as the correct interpretation of historical materialism. More positively, they have emphasized the role of purposeful human action or *praxis* in shaping human history; the role of human creativity; and especially human *agency* in the historical construction of social institutions and the unfolding of historical processes, historical institutional development, and the direction of history itself.

Stalinism had all but eliminated a moral consciousness from socialist and communist politics. Within Stalinism, a

deterministic version of political beliefs and, consequently, a deterministic vision of the historical process had replaced moral consciousness.<sup>98</sup> In a 1957 *New Reasoner* article titled "Socialist Humanism: an Epistle to the Philistines," Thompson expressed his condemnation of a Stalinist deterministic politic and history. Thompson wrote that, true to determinism, "The Stalinist is fixated by Pavlov's Dogs: if a bell was rung, they salivated. If an economic crisis comes, the people will salivate good 'Marxist-Leninist' belief." Economic crisis simply would generate revolutionary politics. Thompson emphasized that

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<sup>98</sup> Stalinism needed to justify a tyrannical politic. Dobb described the brutality of Stalinism in his studies of the Russian economic system. Specifically significant to Dobb was the economic and political developments of post-1917 Russia. In the early 1920s, Russia was experiencing a severe economic and political crisis. In response, Bolshevik Russia politically implemented a centralized production and distribution (e.g., rations enforced) system. This so-called "War Communism" would rupture the alliance between industrial working class and the peasantry upon which the Soviet Revolution had been based (Dobb 1948:97ff). The system would tend to become more decentralized during the mid-1920s until the grain crisis that began in 1927. The political reaction to the grain crisis was to usher in political instruments of economic management resembling the earlier (and "temporary") War Communism economy. With centralized control of agriculture, further policy aimed to accelerate the pace of industrialization and restrict the actions, and eventually eliminate the existence of a *kulak* class (Dobb 1948:203). These events would be followed by a series of "five-year plans" as the basic guide to the planning of Soviet production (Dobb 1948:230ff).

During the successful centralized-planned industrialization of the Soviet Union, or "revolution from above," political repression became a Stalinist institution, accompanied by 'blood purges' of over 11,000,000 peasants, the arrest of over 5,000,000, of whom 3,000,000 were executed or died in prison. The mobility of peasants was highly restricted by means of an internal passport system. They were able to subsist from the produce of their individual plots of land, reminiscent of feudal serfdom.

this misplaced prediction would lead to an apathetic politic and was a gross misunderstanding of the processes of history and the role of human agency in shaping the direction of history. To expect human beings to behave as Pavlov's dogs is not only to misunderstand human beings but also to miscomprehend and misinterpret history itself.

Thompson (1957:122) argued that the historical agents such as the

Roundhead, Leveller, and Cavalier, Chartist, and Anti-Corn Law Leaguer, were not dogs; they did not salivate their creeds in response to economic stimuli; they loved and hated, argued, thought, and made moral choices. Economic changes impel changes in social relationships, in relations between real men and women; and these are apprehended, felt, reveal themselves in feelings of injustice, frustration, aspirations for social changes; all is fought out in the human consciousness, including the moral consciousness. If this were not so, men would be – not dogs – but ants, adjusting their society to upheavals in the terrain. But men make their own history: they are part agents, part victims; it is precisely the element of agency which distinguishes them from the beasts, which is the human part of man, and which it is the business of or consciousness to increase.

In this context it is essential to recognize, and it is important to underscore, that an impoverished theory can sustain a corrupt and tyrannical politic. To misunderstand the real processes of history is to potentially engender a bankrupt political body. According to Thompson, this is what had happened to Soviet Communism in particular and



Communist Parties more generally. In Thompson's view, there had been a general abandonment of 'socialist humanism' in favor of deterministic Marxism.

To be sure, 'socialist humanism' was alive in the work and aspirations of various social thinkers and political factions. However, whereas most of the 'socialist humanism' thinkers have begun with a reappraisal of the 'Young Marx,' and/or Hegel, and the relationship between Marx and Hegel, that is to suggest a reappraisal of theory, Thompson begins with an historical analysis of the actual historical experience of human beings. In this sense, Thompson's 'socialist humanism' has affinity with the Existentialist emphasis upon "lived experience" and the irreducibility of conscious experience. However, Thompson's strategy has not been so much to theorize conscious experience and agency, as it has been to *demonstrate* the role of conscious experience and (working-class) agency in the construction of social institutions and historical processes.

Thompson insists that the base/superstructure metaphor is an inadequate and as a theoretical tool highly dangerous for understanding complex historical processes. It is a metaphor, claimed Thompson, which tends to reduce a complex dialectical relationship between social consciousness and

social being to a clumsy, static, deterministic model. It tends to elevate the economic sphere to supremacy over the passive ideological, political, cultural, etc. spheres. In the Stalinist dogma, the technical forces of production operate in accordance with natural laws of technological progress, whereby human history tends to be reduced to a mechanical process of technological development. Furthermore, the base/superstructure model also affected the Marxian conception of class.

Class tended to be treated as a static category. In turn this static conception of class supported a conception of the industrial working class as mere victims of history, rather than as participating architects of history. In an attempt to reassert the agency of all people in the making of history, Thompson wrote his most famous book. The book attempted to demonstrate the active role of the English working-classes in designing and reacting to industrial English society. In *The Making of the English Working Class* (1963), Thompson demonstrated how so many English men and women become politically united as a group between the decades of 1790 – 1830.

The book is more than eight hundred pages and is divided into three major parts. In Part I Thompson aimed to demonstrate the most significant traditions that the

English working-class would come to rely on and had inherited from preindustrial institutions of England.

First was the political tradition of "dissent." It was English dissent that helped manifest the seventeenth-century English revolution. By 1790 Methodism had modified and tempered English dissent. However, Thompson argues that Methodism was at the same time "indirectly responsible for a growth in self-confidence and capacity for organization of working people" (Thompson 1963:42).

The second was the English tradition of "popular justice" and mob rule, expressed as a paradigm in the action of riot. English popular justice was dominated by the "less articulate majority" in their "sub-political consciousness" (Thompson 1963:55). Ubiquitous riots in English history "indicate an extraordinarily deep-rooted pattern of behaviour and belief" (Thompson 1963:66).

Third, the "Englishman's birthright" as a tradition internalized the English sense of individual liberty. The Englishman's birthright included legislative assurances and rights and the freedom of individual consciousness and forms of personal expression. The English birthright generated a sense of independence and patriotism (Thompson 1963:78).

In Part II, these preindustrial traditions collide with the advent of industrial society. As industrial production emerges, there is a decline in working conditions and degradation to the lives of English working people. Thompson demonstrated that as industrial society grows, there is a simultaneous belief on the part of working people that there emerges a distinct repression with respect to economic, political, social, and religious action.

In Part III of the book, Thompson offers an historical sketch of the reactions and responses of the English working people to the structural shifts of industrial society. Importantly, the English working-class relies heavily on the traditions of the past, especially the traditions of dissent as modified by Methodism, popular justice, and the Englishman's birthright. In other words, Thompson necessarily denied the simple formula that "steam power and the cotton mill = new working class" (Thompson 1963:191). Rather, class is an event in history that "happens" when events create common motives and interests for one group of individuals and against another group whose motives and "interests are different from (and usually opposed to)" the other (Thompson 1963:9).

*The Making of the English Working Class* (hereafter *MEWC*) was written in the "hope [that] this book will be seen as a contribution to the understanding of class" (Thompson 1963:10). In historical writings, it tends to be the case that "Only the successful (in the sense of those whose aspirations anticipated subsequent evolution) are remembered. The blind alleys, the lost causes, and the losers themselves are forgotten" (Thompson 1963:12). Thompson aimed to demonstrate the potency and affective agency of the "lost causes" and the "forgotten" in the processes of history and in the construction of social institutions. All too often, it is the "lost cause" that has most affected the actual evolution of historical development.

Analogous to the motivation sparking the publication of *The Reasoner*, namely, the silence of British Communist Party to the 1956 speech of Khrushchev, Thompson's work has been motivated by the "silences" he finds in Marxian theoretical work. Thompson (1976:20) claims:

there is a silence as to cultural and moral mediations; as to the ways in which the human being is imbricated in particular, determined productive relations; the way these material experiences are handled by them culturally; the way in which there are certain value systems that consonant with certain modes of production, and certain modes of production and productive relations that are inconceivable without consonant value systems. There is not one

that is dependent upon the other. There is not a moral ideology that belongs to a 'superstructure'; there are these two things that are different sides of the same coin.

The theoretical problem for Thompson, then, was to rehabilitate "lost categories" and the "lost vocabulary" and give voice to the then "silence" of the Morrisian-Marxian tradition. This process of reclaiming lost categories, vocabulary, and voices of the past is what Thompson attempted in *MEWC* (Thompson 1976:21). Against structural, functionalist, and otherwise deterministic interpretations of Marx, Thompson wanted to reinsert categories of *moral consciousness* and *agency* in the theoretical apparatus of Marxism.

In the preface of *MEWC*, Thompson further declares his analysis to be in opposition to certain (and more mainstream) theoretical and historical traditions. First, he is in opposition to the older, "Fabian" historians (e.g., the Hammonds and Webbs), "in which the great majority of working people are seen as passive victims of *laissez faire*" (Thompson 1963:12). Second, he is in opposition to more recent economic historians (e.g., Ashton and Clapham) who reify working people into a theoretical category, such as the "labor force" or reduce them to "data" for statistical series. Thompson (1963:13) sought

to rescue the poor stockinger, the Luddite cropper, the 'obsolete' hand-loom weaver, the 'utopian' artisan, and even the deluded follower of Joanna Southcott, from the enormous condescension of posterity. Their crafts and traditions may have been dying. Their hostility to the new industrialism may have been backward-looking. Their communitarian ideals may have been fantasies. Their insurrectionary conspiracies may have been foolhardy. But they lived through these times of acute social disturbance, and we did not. Their aspirations were valid in terms of their own experience; and, if they were casualties of history, they remain, condemned in their own lives, as casualties.

Thompson believed that the theoretical and historical traditions above tended to obscure the *agency* and sense of *moral consciousness* of the individuals. In particular, the agency, or historical role, and moral consciousness of such groups as the English Jacobins, Luddites, and Chartists had been underappreciated. Consequently, the extent to which their conscious efforts aided in the unfolding of history and construction of social institutions had been misplaced, if not "forgotten." Within the Marxian tradition, Thompson has maintained that the structural/deterministic (and to some extent functionalist) interpretations of historical materialism have undertheorized the ways in which cultural spheres have shaped social transformation and institutional formation.

The narrative "biography" of the English working-class as presented in *MEWC* is arranged around, in spite of *not*

being explicitly stated, these methodological historical themes. In Part I of *MEWC* Thompson illuminates the political and religious culture that the English people historically inherited from the past and drew upon during the industrial revolution (1790-1832) to help inform their political demands and shape the institutional evolution of the future. In short, it was this *culture* of the past that would inform their reaction and sense of *moral consciousness* to rapidly changing social relations.

In Part II, Thompson turns his attention to actual political and economic changes that occurred during the industrial revolution. However, his focus is not merely the actual changes but the *feelings* and *moral* reactions of the working-class to these changes. If the seventeenth-century English revolution had accomplished the *formal subsumption* of the English working-class to capital, it was the transformation of the social relations of production during the industrial revolution that established the *real subsumption* of the English working-class to capital.

Importantly, the *agency* of the working-class and the poor to resistance and protest inspired significant social change to protect both community and individuals from the overly exploitative activities of the English aristocrats and bourgeoisie. These exploitative activities had been



*formally* dubbed legal following the seventeenth century revolution. Lower-class resistance and protest helped shape the political reaction to technological change and the rapid increases in population. In this sense, Thompson (1963:198) claims: "The working class made itself as much as it was made."

In Part III, Thompson chronicles the formation of an industrial working-class-consciousness that follows the forty-year historical process of *real subsumption*.

Thompson (1963:194) argues:

By 1832 there were strongly-based and self-conscious working class institutions – such as trade unions, friendly societies, educational and religious movements, political organizations, periodicals – working class intellectual traditions, working class community patterns, and working class structure of feeling.

In brief, Part I of *MEWC* is an analysis of the inherited *culture* of the late eighteenth century English worker and common English citizen. Beyond *culture*, Thompson has attempted to substantiate the *moral consciousness* of various religious and political factions in England during the eighteenth century and into the early nineteenth century.

Although the overarching concern of *MEWC* is the *structure* of English society, i.e., the social relations of production, in Part II Thompson analyzes the forces of

production. Thompson offers historical data on productivity, technology, population patterns, and labor relations; however, he does not analyze these data in traditional Marxian terms of capital accumulation. Rather, his interest is in how the English worker *experienced* the events of the period, how the English worker *felt* about the changing patterns in technology, productivity, population, and political policy.

In Part III, Thompson's concern was the emergence of both *class* and *class-consciousness* that followed from five key factors: (1) productivity and technological factors, (2) population patterns, (3) political ideology and policy, (4) the potency and modes of working-class agency, and (5) inherited culture from which the working-class were drew to interpret and navigate the changing social patterns.

In Part II, Thompson explained how during the years of *real subsumption*, economic exploitation had become both more *intensive* and more *transparent*: "[m]ore intensive in agriculture and in the old domestic industries: more transparent in the new factories and perhaps in mining" (Thompson 1963:198). The increase in population, the change in industrial organization, the years (1760 - 1820) of wholesale enclosures, the employment of women and children, the enormous wealth *seen* accumulated in the

upper-class often within one generation, and the inadequate political response made exploitation highly transparent.

The working-class was not only subjected to (transparent) exploitation but also to political oppression. Not only do the Combination Acts of 1799 and 1800 give testament to the political oppression, but so too do the infiltration of "spies" within various politically motivated organizations and movements (Thompson 1963:485ff). "Indeed, a convincing history of English Jacobinism and popular Radicalism could be written solely in terms of the impact of espionage upon the movement" (Thompson 1963:493). Jacobin-inspired protest "suffered" "a most serious defeat" in 1803 following the trial conviction of Colonel Despard for "preparing an imminent *coup d' état*" (Thompson 1963:481).

The intensified exploitation and political oppression manifest in relationships "between employer and labourer" were "both harsher and less personal" (Thompson 1963:199). The depersonalization of exploitation tended to allow for the harsher conditions of treatment. The rising antagonism between employer and laborer was accepted as "intrinsic" to all relations of producing. This naturalization of the emerging antagonism offered a certain justification for the employer to treat the worker as 'an instrument,' "or an

entry among other items of costs" (Thompson 1963:203). The result for "most working people" was that they *experienced* and *felt* the industrial revolution "in terms of changes in the nature and intensity of exploitation" (Thompson 1963:199).

The attempts of the working-class to confront and change these experiences of intensified exploitation politically were met with forms of oppression. The intensification of exploitation and political oppression was not unique to England. What was unique to England in 1790 was its (inherited) *culture*. The culture had instilled in individuals' consciousness a sense to "regard themselves as 'free-born' Englishmen" as a "birthright" (Thompson 1963:78). Yet, according to Thompson (1963:79) this sense of freedom was somewhat paradoxical:

at this very time, freedom of the press, of public meeting, of trade union organisation, of political organisation and of election, were either severely limited or in abeyance. What, then, did the common Englishman's 'birthright' consist in? 'Security of property!' answered Mary Wollstonecraft: 'Behold ... the definition of English liberty.' And yet the rhetoric of liberty meant much more – first of all, of course, freedom from foreign domination. [...] Freedom from absolutism (the constitutional monarchy), freedom from arbitrary arrest, trial by jury, equality before the law, the freedom of the home from arbitrary entrance and search, some limited liberty of thought, of speech, and of conscience, the vicarious participation in liberty (or in its semblance) afforded by the right of parliamentary opposition and by elections and election tumults (although the people had no vote they

had the right to parade, huzza and jeer on the hustings), as well as freedom to travel, trade, and sell one's own labour. Nor were any of these freedoms insignificant; taken together, they both embody and reflect a moral consensus in which authority at times shared, and of which at all times it was bound to take account.

Here Thompson's concern was to demonstrate the role played by the laboring classes in the *real* constitution of the industrial revolution or eighteenth and nineteenth century "take-off" (Rostow's term for the industrial revolution quoted in Thompson 1963:195). Far from being passive victims of capital accumulation and *laissez-faire*, to a significant extent, they were its engineers and policy authors.

Thompson's historical work was aimed at reasserting a sense of agency and moral consciousness in the historical analysis of working-class groups and individuals of England. Thompson believed that reassertion of the sense of agency and moral consciousness in the processes of history would tend to reestablish 'social humanism' as the moral fiber of socialist politics against Stalinistic tendencies. Thompson believed that the French philosopher Louis Althusser's "theoretical anti-humanism" was undermining his notion of social humanism and the proper understanding of historical processes.

In *The Poverty of Theory and Other Essays*, Thompson (1976:284) declared “unrelenting intellectual war” against Althusserian structuralism. Thompson argued that Althusser and his students had theoretically sanctioned the inhumanity and immorality of Stalinism. Thompson’s (1976:84) chief complaint is that Althusserian structuralism, like its sociological counterpart, Parsonian functionalism, evicts human agency from history. Thompson (1976:174) further rejects the Althusserian notion that all forms of ethical protest are merely ideology. However, without agency and moral consciousness, not only are there no grounds for political action, but there is no history.

### **2.7. Broad Lessons from a Study of the British Marxian Economic Historians**

The British Marxist historians were visionaries in that they recognized that (via [mainly] Marx) there is a theoretical necessity to historize or contextualize the categories in which historical questions are posed. This is a theoretical necessity that is often neglected by non-Marxist historians.<sup>99</sup> Therefore, this is a direct challenge to the mainstream practice of historical analysis. They were often unable to adequately answer their (historically)

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<sup>99</sup> Ontologically, empiricism dominated philosophy of science, whereas deductivism governed epistemology.

contextual questions in that the proper historical data and knowledge did not yet exist, because so few had formulated the question in such a way.

There was a neglect of historical economic focus on social relations of production, relations distinct in each epoch, and a fixation upon the "suprahistorical approach," whereby the focus is upon what is universal or common between each epoch. According to Dobb, suprahistorical inquiry is not only "powerless to provide answers to certain questions" but it also mystifies "the essential nature of capitalist society" (Dobb 1946:32). According to Dobb (1946:32):

To shift the focus of economic enquiry from a study of exchange societies in general [a form of supra-historicism] to a study of the physiology and growth of a specifically capitalist economy – a study which must necessarily be associated with a comparative study of different forms of economy – is a change of emphasis which seems, in this country at least, to be long overdue.

What Dobb is here complaining of is unfolded fully within the pages of *Studies*. In short, it was demonstrated in Chapter 1 that Dobb believed exchange relations were characteristic of (nearly) all modes of production. As shown in the current chapter, Rodney Hilton and Christopher Hill share this position. As such, an emphasis on exchange and the *profit* maximization principle offers very little

insight into the ways in which any particular society is reproduced (although it must be recognized that exchange is a necessary moment for reproduction). Before it can be understood how capitalism tends to be reproduced, it must first be understood how capitalism differs from other modes of production. For Dobb, as for Marx, the "physiology" of capitalism begins with the relationship between the most direct producers and their most immediate rulers.

A study of the histories of the British Marxian economic historians not only proves to be a direct challenge to the practice of mainstream history but further forces important theoretical implications upon a Marxian theory of history. First, their approach suggests a particular orientation towards a Marxian theory of history. In the broadest of terms, it is an orientation that rejects the linear, progressive development of the forces of production. Rather, productive forces and technology can potentially progress, stagnate, or even regress. Second, the main determinant of the forces of production pivot on two related elements: the social relations of production and the particular class struggle between the immediate producers and their most direct rulers. The particular symbiotic relationship of the relations of production and



the class struggle will in turn radically establish the direction new technology takes.

This orientation toward historical materialism highlights four main lessons from the British Marxian economic historians: (1a) the historical specificity of social relations of production in the study of history, but further (1b) the historically specific nature of economic and social theory itself, (2) the role played by the forces of production in determining historical development is demoted (compared to the role they have in technological determinist interpretations of historical materialism), in that changes in the forces of production are most often the effect and not the cause of historical change. Rather, what the British Marxian economic historians tend to emphasize is that the historical and theoretical specificity of capitalism necessitates (3a) the central role of class and political struggle in capitalist historical development, necessitating (3b) a class-analysis approach to the study of history. The British Marxian economic historians also emphasized in capitalist development (4a) resistance and unrest toward the social powers are always present within a society; and (4b) labor and the working-class have historically been the architects of history. Their actions have determined both the

development of history itself and their own fate within it.  
The emancipatory role of the working class is a potent  
revolutionary potential, although it is usually less than  
socially self-conscious.

### **3. THE POLITICAL ECONOMY OF MAURICE DOBB**

#### **3.1. The Rise and Making of a Proletariat Class**

When Dobb's focus turned toward the historical circumstances that gave rise to the formation and development of an (English) proletariat class, his emphasis was upon the institutional complex that either (more or less) facilitates or (more or less) impedes the formation of such a class. In other words, Dobbian methodological analysis of the formation (or "making") of the (English) working class is *institutionalist*. Dobb conceded that it is "commonplace" to recognize that a necessary condition for the proper functioning of a capitalist mode of production is the existence of such a class of proletariat. However, the details of the historical circumstances and institutional forms that gave rise to the formation of such a class have suffered from analytical and historical neglect.

Ultimately, the neglect of the historical circumstances and institutional forms was (both ideological

and) methodological.<sup>100</sup> The neglect of the historical circumstances arises from the tendency of economic historians to *abstract away from* the peculiar institutional complex in their historical analysis.<sup>101</sup> A particular methodological violence is evoked when categories are employed which are too *general* for the historical circumstances. Dobb believed that the 'traditional' process of abstraction of economic historians has left the institutional complexes of feudal history underanalyzed and

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<sup>100</sup> Marx had recognized this neglect. The formation and existence of this class as the source of *value* are central to Marxian political economy. Marx contended that for capitalism to reproduce there *must* exist, for the capitalist, a commodity that producing more value than it requires for its reproduction. In other words the capitalist must be able to find "a special commodity on the market" that has the property of being the source of value. The capitalist does find such a commodity on the market: "the capacity for labour, in other words labour-power" (Marx 1976:270). The possessor of labor-power, i.e., the wage-laborer, must be free in a "double sense: Free to dispose his labor-power as his own commodity, and free of any other possessions for the realization of his labor-power. Marx (1976:273) then adds: "Why this free worker confronts him in the sphere of circulation is a question which does not interest the owner of money, for he finds the labour-market in existence as a particular branch of the commodity-market. And for the present it interests us just as little. We confine ourselves to the fact theoretically, as he does practically. One thing, however, is clear: nature does not produce on the one hand owners of money or commodities, and on the other hand men possessing nothing but their own labour-power. This relation has no basis in natural history, nor does it have a social basis common to all periods of human history. It is clearly the result of a past historical development, the product of many economic revolutions, of the extinction of a whole series of older formations of social production." Marx finally concerns himself with these "past historical developments" in the final chapters of *Capital* volume I. It is here Dobb's intention to focus upon the "past historical developments."

<sup>101</sup> Thus, the neglect is a direct function of the methodology employed. Within the mainstream "suprahistorical" categories are of the greatest methodological virtue. Suprahistorical categories are concepts believed to be true of all societies and historical circumstances. In this sense commonality and universality characterize the *process of abstraction* of economic theorists and economic historians alike, at the expense of (institutional) uniqueness and particularity. For a more detailed analysis of these methodological issues see below.

misunderstood. This lack of analysis and the misunderstood internal articulation of the mode of production are especially acute with respect to the institutional forms evolved from, and the historical processes that occurred in, the formation of the (English) proletariat class.

### **3.1.1. The Historical Process of Social Differentiation**

Dobb would contend that particular institutional arrangements allow for a very significant historical process of class differentiation (Dobb 1946:224ff, pp. 253-4). The historical processes of class differentiation ultimately, according to Dobb, prepared the way for the transition to the wage-labor system (Dobb 1946:253, also see Chapter 18 of *CESP*).

Dobb outlines several historical processes of class differentiation. Most broadly, Dobb suggests that the institutional arrangement of English feudalism allowed for the accumulation of social productive resources. This accumulation has a dual result; first, the actual accumulation of social productive resources is achieved by the *few*, while simultaneously, this same accumulation translates into the disposition of social productive resources of the *many* (Dobb 1946:178ff, p. 222).

### 3.1.2. The Inadequacy of (mere) Demographic Explanations

Dobb suggested that mainstream historians had placed too much emphasis on *demographic* historical phenomena. The assumption of many historians was that demographic trends fully explain the rise of a proletariat class. This over-emphasis on the demographic phenomena may have caused, according to Dobb, the neglect of the role played by the institutional complex and class differentiation. Simply put, in a reductionist sense, population growth was seen as the sole culprit of the disposition of so many within the peasantry during the sixteenth and seventeenth century (Dobb 1946:223).

If the demographic explanation were true, the formation of the proletariat could be viewed as a "natural creation," with the further caveat that the process of accumulation and the formation of the proletariat class are two "autonomous" and "independent" historical processes (Dobb 1946:223). Dobb maintained that the demographic story is incapable of anything close to an exhaustive explanation of the historical formation of the proletariat class. As suggestive evidence, Dobb pointed to the historical fact that the proletariat class grew the fastest in the centuries when population growth was relatively slow

(Dobb 1946:223). Thus, economic historians can no longer accept the neglect of institutional factors in the formation of a proletariat class. It was Dobb's intention to suggest the direction that historians must take to overcome this neglect. Dobb attempted, by way of historical demonstration, to illuminate the various institutional forms that have played a role in the formation of a proletariat class. Dobb's illustrations are not meant to be exhaustive; rather, they are merely examples to indicate that institutional forms were much more responsible for the formation of the proletariat class than was (and is) commonly acknowledged.

### **3.1.3. The Importance of Institutional Factors**

Furthermore, it must be recognized, as Dobb himself did as early as 1925, that the historical circumstances and institutional factors involved in the formation of a wage-system will become significant "determining elements in any distribution of income which is raised upon this base" (Dobb 1925:270). The importance of this insight is twofold. First, the institutional elements must be accounted for in any explanation of the formation of a proletariat class. Second, the institutional elements that account for the formation of the proletariat class become

the basis of the institutional forms that are created. That is to suggest that the institutional forms of the past become the basis for the institutional forms of the future. Past institutional forms will be the genesis of the structural dynamic of the future. This insight places *history* at the center of *theory*. In this sense, the historical circumstances are not merely academic questions but have both a present and practical significance.

#### **3.1.4. The Fairly Familiar Institutional Factors**

In spite of the general historical neglect, several institutional factors "are fairly familiar. The disbanding of feudal retainers, the dissolution of the monasteries, the enclosures of land for sheep farming and changes in methods of tillage each played its part" in the dual process of primitive accumulation (namely, on the one hand, the concentration of wealth of one class of a *few*, and on the other, the disposition of wealth of another class of *many*) (Dobb 1946:224). In time, these institutional factors, along with a growing population, gave rise to a general tendency during the sixteenth and seventeenth century of "a substantial, if still minor [in quantity], portion of the cultivated land of the country ... in the



direction of supplanting many small holdings by a few much larger ones" (Dobb 1946:226).

Although a "semiproletariat" class existed during the sixteenth and seventeenth centuries, their presence did not constitute any significant change in the function of the feudal mode of production. As I have shown, the "semiproletariat," or "freemen," were very much an element of the feudal internal articulation. During this period, the numbers of the semiproletariat "remained small" and, as documented by various pieces of political legislation, such as the 1563 Statue of Artificers, the vast majority of the semiproletariat "retained" at least a precarious "attachment to the land." Thus, both legislatively and institutionally, the semiproletariat was recognized in the implicit constitution of feudal society.

The (institutionally) precarious "attachment to the land" meant that the mobility of the semiproletariat "was restricted" (Dobb 1946:230). Thus, although there had emerged a quantitative augmentation of both yeomen (or independent, richer farmers) and semiproletariat, Dobb would contend that it was not large enough to summon a *qualitative change* in the feudal mode of production itself (Dobb 1946:126).

Dobb does not offer penetrating details of the historical processes involved from the "fairly familiar" institutional causes of class differentiation during this period. Seemingly, the details and effects of the enclosures, the dissolution of the monasteries, and the disbanding of feudal retainers can be found elsewhere.<sup>102</sup> The lack of details offered on these institutional causes is not meant to minimize the effect each had upon the feudal order and in the creation of an English proletariat class. Rather, it was Dobb's intention to note several other institutional factors that had significant influence on the formation of a disposed proletariat class, which were less "fairly familiar."

### **3.1.5. Less Familiar Institutional Factors Giving Rise to the Formation of an Industrial Working Class**

Coinciding with the occurrence of the "fairly familiar" institutional modifications was a rise in the restrictive-entrance requirements, hence, exclusiveness, of the craft guilds, whereby the chances of a man without means rising beyond the status of "journeyman" became more remote (Dobb 1946:229). Although as I have shown, this

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<sup>102</sup> Dobb cites several sources for such institutional causes throughout Chapter 6 of *Studies*. However, it is worthy of mention that he does not specifically note any source for the "changes in methods of tillage." This would become significant during the transition debate between Dobb and Paul Sweezy (see Hilton 1976:3-6).

semimonopolization of the craft-guilds would impede the growth of capital industry, it had the effect of "swelling the ranks of those whose condition made them pliable to a master's will" (Dobb 1946:229). If lucky, a member of this semiproletariat would find employment "as a hired servant," under the will of a master and, if not, would be "haunted by the cruelties of the Tudor Poor Laws" (Dobb 1946:125). Tudor legislation made work compulsory, along with providing the compulsory employment, fixed *maximum* wages, "as well as making unemployment an offence punishable with characteristic brutality" (Dobb 1946:233). In sum, the semimonopolization of the craft guilds and the political legislation of the Tudor period played a significant (although unintended) part in the creation of (an English) proletariat class.

Dobb further argued that the emphasis placed on the Tudor monetary factors<sup>103</sup> (i.e., price-inflation), although significant, has been overestimated. Dobb indeed provided historical evidence that throughout Europe "the effects of monetary inflation were far from uniform" (Dobb 1946:237). Consequently, Dobb maintained that the diversity of the influence of price-inflation suggested that the

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<sup>103</sup> The contemporary authorities which Dobb cites are Earl J. Hamilton and J. M. Keynes, and the main historical authority cited on the matter Sombart (Dobb 1946:235ff).

institutional forms must have been decisive for the impact and outcome of monetary inflation. In short, where institutional modifications had generated a semiproletariat, vagabonds, paupers, and criminal types (such as was the case in England), the price-inflation had a more devastating social impact than in areas (such as Spain) where the feudal establishment or institutions had not undergone such modifications. The devastating social impact is with respect to feudalism; otherwise, the effects in England were to aid in the formation of the conditions necessary for the rise of capitalist industrial production.<sup>104</sup>

Dobb (1946:23, no. 1) summarizes his position on the monetary factors in a footnote:

Monetary inflation *per se* no doubt had an effect in *facilitating* a fall in real wages, which might of otherwise have been tardier and smaller. What we are claiming here is simply that (a) such effect as monetary change had was principally *via* its effect on real wages, which depended on the condition of the labour market, and (b) that probably *most* of the fall in real wages which took place would have occurred in the absence of monetary inflation.

It should be added that the "condition of the labour market" itself depended on (1) the modifications of the

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<sup>104</sup> Although he says it "seems an overstatement" Dobb cites the authority of Schumpeter as supporting the thesis that the industrial achievements of England could have been accomplished without any price-inflation and that the price-inflation in Spain was to actually impede the transition to capitalism (Dobb 1946:238 no. 1).

feudal institutions (that had taken place prior to monetary inflation) and (2) the policies of the state, which were the real culprits of the social devastation on the peasantry and the downward movement in the real-wage.

Nevertheless, Dobb contended that monetary inflation indeed had social significance. However, "what gave the Tudor price-inflation its special significance was the influence it had either upon the relative incomes of different classes or upon the value of property" (Dobb 1946:236). These two effects quickened the social class differentiation that was already taking place in the processes of English history due to various institutional modifications.

However, with the restrictions on the mobility of labor, in conjunction with the "precarious" attachment of the semiproletariat to the land and despite the monetary inflation, capitalist industry would not reach full maturity until the eighteenth century. It would be in the eighteenth century that further institutional modification would take place to finally uproot and *completely* alienate the semiproletariat from even a "precarious" attachment to land; thus would be removed "the obstacles to labour mobility from village to town" (Dobb 1946:231).

It is in the eighteenth century that the pace of both accumulation and dispossession quickens and becomes even more institutionally significant. The simultaneous rise of both well-to-do peasants, or *kulak*-like people, accumulating wealth, and the growing numbers of the poorest of small peasant landholders meant that "the 'middle peasantry' had become relatively insignificant" by the late seventeenth and early eighteenth century (Dobb 1946:228, no. 3).

Rising from within the dissolution of the middle peasantry was a class of semiproletariat, along with a class fully dependent on wage employment. The rising English industrial undertakers enriched themselves from this newly instituted wage-dependent class.

Besides the methods of social class differentiation mentioned above, Dobb outlines a further historical process that also tended to widen the differentiation of social class during the feudal period. "The chief factors in this differentiation are differences that arise in the course of time in the quality or quantity of land-holding and differences in instruments of tillage and of draught animals" (Dobb 1946:242), in short, the access to social resources, or the means of production.

Dobb attempted to attack the reductionism of demographic explanations for the rise of a proletariat class. Most broadly, Dobb maintained that institutional factors had not been adequately accounted for and analyzed by social-economic historians in the process of historical proletarianization. In spite of highly limited historical evidence, Dobb gestured toward several institutional factors that demanded more rigorous historical scrutiny. First were the various institutional forms and historical processes that manifest significant social differentiation. Second were the institutional forms and historical processes of monopolization<sup>105</sup> of social resources, or means of production. Third were the institutional forms and historical processes that limited access to social resources.

Dobb outlines two separate historical examples to illustrate the historical method by which "a proletariat may come into being." He discusses (1) various English free-mining communities (Dobb 1946:243ff) and (2) Russian<sup>106</sup> agrarian peasant communities (Dobb 1946:251-3, also see Dobb 1948:34-60, 208-10).

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<sup>105</sup> Dobb dedicated a full chapter of *Studies* (i.e., Chapter 5) to the monopolization of social resources.

<sup>106</sup> Dobb suggests that a parallel historical process is "likely" to have occurred in English peasant communities, although currently (i.e., in 1946) remains a "largely unrecorded [historical] story" (Dobb 1946:251).

### 3.1.6. English Mining Communities as an Illustration

The charters of several of the English mining districts allowed for "free-mining," whereby anyone was "free to engage in operations, provided that room for new claims remained unoccupied" (Dobb 1946:244). Moreover, several egalitarian regulations (such as the small size of claims) were in place to assure "the maximum stability to such communities of small producers and to preserve the rights of the small man" (Dobb 1946:242). Nevertheless, there was a tendency for inequalities and a certain degree of social differentiation to emerge between members of the mining communities, for example, (a) first comer's advantage (to stake the more promising claims), (b) luck, and (c) personal initiative, etc. However, as long as digging remained free, these "differential advantages," "could hardly have formed the basis for class differentiation." Even though a "small *kulak*" class emerged, it hardly would have changed the "homogenous" character of these communities had it not been for the implementation of the "external" "disrupting influence" of the "'cost agreement' system."

Under the "cost agreement system," an associate of the mining community "could be excused from actual labor in



return for monetary payment" (Dobb 1946:244). In time, it seems this system gave way to a system of tribute and finally to "tut-work," where the mine owner would simply auction the working of his claim to the lowest wage-bidder.

There were two further heavy burdens on the backs of the miners: (1) monopoly merchants and (2) usury. The presence of monopoly merchants was for the sale of metal. Such monopolies might initially be chartered to protect the price the miner received; however, this was not always the outcome. Struggles between monopoly merchants and miners would eventually end in the complete subordination of producer-miner to capital by the seventeenth century (Dobb 1946:247).

The usurer proved to be yet another burden on the backs of the miners. This subordination of the producer-miner to the usurer was twofold. First, the monopoly merchant would advance credit to a tin-master, dealers, or smelter, siphoning off something like 60 percent profit, and then the tin-master, and others would advance money to the tributer or tut-worker and commonly enjoy a profit-margin of 80 or 90 percent (Dobb 1946:247). With the heavy presence of usury, something very close to a wage-system began to evolve and was finally instituted in the once

"free" (and democratic) mining communities<sup>107</sup> (Dobb 1925:280, Dobb 1946:248).

### **3.1.7. Russian Agrarian Peasant Communities as an Illustration**

In the historical process of the creation of a proletariat class in the Russian agrarian communes (or *mir*), the story begins with the "lowness" in the average standard of life in Tsarist Russia, due to the *low productivity* of its agriculture, upon which four fifths of Russian livelihoods depended (Dobb 1948:39). The low productivity was a function of both climate and lack of capital and technique (Dobb 1948:34-37). In spite of the egalitarian distribution of land, and periodic "redistribution"<sup>108</sup> of land to avoid large differentials in yields, class differentiation would tend to manifest (Dobb 1948:43ff, Dobb 1946:252). "In this development,"

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<sup>107</sup> A comparative study of Dobb's illustrative example and the peasant histories of Hilton have not yet been performed. However, the influence of Dobb must have been decisive, in that Hilton often emphasizes the historical processes of social differentiation of peasants, monopolization of social resources, and the limited access manifest to the social resources. These historical processes drastically affected both the economic constitution and politics of these communities.

<sup>108</sup> The redistribution was in the main based on two key factors: (a) family size and (b) ability to work the land. Thus, during the redistribution, land allotments were often given to those with capital implements and draught animals to work them. A third key factor was (c) the political influence that a *kulak* peasant may have in his village to secure special privilege to the land.

according to Dobb (1946:251), "usury [...] appears to have played a leading rôle" in various forms.<sup>109</sup>

A relatively small number of peasants by means of luck of distribution (or redistribution), personal initiative, or good management rose into a *kulak* class. Nonetheless, the differences were far from substantial, save for the *kulak* class's ability to practice various forms of usury on their relatively poorer neighbors. Indeed, it was the *kulak*'s practice of usury that gave rise to substantial class differentiation.

Their relatively higher yields and capital advantages could allow them to loan land, capital, or cash to their poorer neighbors (Dobb 1948:43-4, Dobb 1946:251). The most usurious practice, however, was the loaning of seed-corn.

Most of the poor peasants, being in urgent need for cash after the [fall] harvest, were apt to glut the market with their grain during the post-harvest months; with the result that the peasant with capital to spare could buy up the grain at low prices and hold it until the spring when prices were higher, and when the very peasants who had parted with it the previous autumn were often forced into the market again as buyers to tide them over the period of sowing and harvesting; taking back produce at a higher price (in money or in their own labour or on some kind of loan contract secured on their future labour time) than the price at which they had sold grain six months before. This fluctuation of prices on local markets between autumn and spring was frequently as much as 30-50 per cent (Dobb 1948:44).

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<sup>109</sup> "Among the Russian peasants, as in most other such communities, it is the money-lender who is the demon of the story" (Dobb 1925:284).

Thus, even though (in 1914) 50 percent of Russian exports were cereals and other foodstuffs (Dobb 1948:37), only 30-40 percent of this amount was from the rural agrarian communities, and "by far the greater part of this came from the upper layer of well-to-do *kulak* farms" (Dobb 1948:42).<sup>110</sup> It was the usurious practices of the *kulaks* that forced the "hunger renting" of capital and land by their poorer neighbors (Dobb 1946:251, Dobb 1948:53). As such, it was the *kulaks* who were able to market produce, "while the middling and poorer peasantry were primarily subsistence farmers" (Dobb 1948:42). Of these "middle peasants" or "subsistence" farmers, "the majority," due to heavy taxation and the usurious practices of the *kulaks*, were unable to maintain their "family above the subsistence level" (Dobb 1948:45). "Middle" peasantry would tend to "seek additional earnings, either by working for wages or by undertaking domestic handicraft industry" (Dobb 1948:44). In this way, the "middle" peasantry, burdened by taxation and usury, "tended to sink progressively into dependence" (Dobb 1946:253). Their dependence was especially on the (ruthlessly usurious) *kulak* class. "This relationship of dependence held a cumulative tendency, the

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<sup>110</sup> With respect to grain products, "while the estates accounted for barely one eighth of total production, they supplied nearly one half of the marketed surplus (Dobb 1948:43).

end of which was apt to be the final alienation of the peasant holding in favour of the [*kulak*] creditor" (Dobb 1946:252).

Whole families were turned into semiproletariat, or became fully dependent on wage-employment. "For rising industry and a *kulak* class to feed upon [it], this rural semi-proletariat represented a rich potential reserve" (Dobb 1948:45).

The Russian peasant emancipation of 1861 proved only to quicken the class differentiation of previous decades in many regions and village communes (*mir*) of the country. The ability for the village commune to equalize land allotments weakened considerably during the last three decades of the century (1948:54). The *Narodnics*, or agrarian socialists, had looked to the *mir* for peasant protection. The *Narodnics* advocated loans to the *mir* to protect the peasant farmers. The state provided the *Narodnic*-advocated loans. Instead of protecting the peasant farmers, the loans proved only to further enrich the *kulak* class and "actually deepened the class cleavage" (Dobb 1925:285, Dobb 1948:61ff).

At the same time, the sale of land by peasant landlords had increased considerably. It was the richer peasants who were the chief beneficiaries of these land

sales, "and it is clear that this transfer of ownership was a factor in accelerating the development of a *kulak* class" and further deepening the social class differentiation (Dobb 1948:53).

Of course, centralization of land ownership in *fewer* hands also meant the disposition of land of the *many* and characteristically "middle" peasants. The amount of peasant land per family decreased during the last three decades of the century by roughly one fifth. Simultaneously, there was an increase in the number of peasant families unable to eke out a subsistence living from the land (Dobb 1948:54), thus augmenting the numbers recruited to the ranks of the semiproletariat and also those fully dependent upon wage-employment. It was the resistance of the rural peasantry toward these tendencies and social conditions that constituted the rise of the movement toward revolutionary action in 1905.

### **3.1.8. Lessons from Dobb's Illustrations**

From these (Dobbian) illustrations of potential and actual transitional historical processes to a system of wage-dependence of the masses, seven important lessons can be drawn. Lesson (1) is that the monopolization of land in general, or the English enclosures in particular, is only

one of several ways by which a dependent wage-earning class is created and maintained. As the English mining communities and Russian *mir* examples illustrate, monopolization of livestock or means of production, along with an aggressive system of usury, are just as effective for the disposition of the masses. The particular historical means of disposition is contingent, but legislation and institutional forms that allow for significant social differentiation are necessary for the emergence (and perhaps the reproduction) of capitalist social relations.

In lesson (2), Dobb demonstrates the Ricardian differential advantage of fertility and position of land, generating ever-increasing rents in favor of a nonproducing class and against a producing class, is brilliantly exemplified by the history of the Russian *mir*. Further, Dobb demonstrates similarities between Russian history and the English mining towns as historical processes of class differentiation and income inequality, leading *potentially* to the creation of political power delineation (Dobb 1925:286).

The existence of such differential advantages in these cases may have "as much influence in the rise of the capitalist undertaker as the complexity of the division of

labor, on which Professor Usher [and Adam Smith] lays emphasis" (Dobb 1955:9).

Given these differential advantages, along with production for a distant market, the result can be highly destabilizing to a community of small producers (or agrarian farmers) unless special institutional and legislative measures "are taken to give [the community] protection and in particular, to give protection to its poorer and weaker members" (Dobb 1946:253-4). For example, the "middle" classes may need protection from aggressive and impoverishing usury. In absence of such protective measures, Dobb (1955:9) claims these differential advantages

placed one [*small*] class of the community in a position where the assumption of risk and the organisation of commerce were relatively easy; while another [*large*] class, lacking those advantages, was placed in a position of relative dependence.

Lesson (3) Dobb demonstrates economic inequalities manifest from the aforementioned differential advantages do *not necessarily* create any substantial class differentiation. Hence, economic inequality by itself cannot account for the emergence of an enriched employing master class of *kulak* on the one hand and a class who is dependent upon wage-employment on the other. Rather, the emergence of a *kulak* or capitalist class, along with the



disposition of a wage-dependent class, requires that "access to the means of production" is significantly restricted, such that "a substantial section of the community" is barred from (any social) ownership.

In this sense, it is not enough that accumulation of capital takes place for the emergence of capitalism; two other factors also must exist. First, the disposition of the social resources from the hands of the masses must take place. Second, special and specific institutional forms must be erected to limit access to the social resources from the producing class.

Lesson(4) suggest that the origins and historical brutality of monopoly profits and usury interest/rent are demonstrated to enrich one class of a *few* at the expense of the disposition of the *many*.

In the epoch of primitive accumulation usury always has two faces: the one turned towards the old ruling class [...] whose financial embarrassments drive him in search of cash at any cost; and the other face turned towards the defenceless victim of the two, the needy small producer (Dobb 1946:254).

Whether the old aristocratic rulers or small producers, usurers enriched themselves by feeding on those who exhibited the characteristics of being poor, weak, and/or desperate.

There is a significant point of (historical) difference between the "two faces" of usury. The first face of usury was merely a transfer of wealth and productive resources from the old landed aristocracy toward the usurious bourgeoisie and perhaps its main source of personal enrichment. The second face, although perhaps not as personally lucrative for individual usurers, serves toward the formation of a semiproletariat and then fully dependent wage-earning class upon which rising industry can feed (Dobb 1948:45).

This class, once it is begotten, has a very convenient quality which gives it an important advantage, as a permanent object of investment, over others. The endowments of Nature are limited; mineral resources are exhaustible; usury, like leeches, is apt to bleed the source on which it feeds; even slave populations appear to have a tendency to die out. But a proletariat has the valuable quality, not merely of reproducing itself each generation, but (unless the present age prove an exception) of reproducing itself on an ever-expanding scale (Dobb 1946:254).

For lesson (5), Dobb heeds warning that in light of the evidence of the historical brutality, the historian must reinterpret the scorn of usury expressed by the contemporaries of the Medieval period, for example, by the Scholastics and other social thinkers.

With the triumph of classical economy the opinion of usury which was held by Church and feudal writers of the Middle Ages was rejected and scorned. It has mainly become the habit to treat such theories as the quibbles of those who misunderstood a new state of

affairs, and sentimentally condemned as immoral what was merely an economic price for a much-needed factor of production. This very largely they no doubt were: but at the same time it would be wise not to miss a certain truth which underlay those opinions of the Schoolmen (Dobb 1925:287).

Usury suffered scorn both because it lacked ideological justification and the institutional arrangement was such that the usurer preyed on the desperate, poor, and weak. Speculative production for the market was not in any sense well developed, nor could it be further developed until a class was created by the processes of history and the development of particular institutional forms, which could exploit in different ways than feudal exploitation.

In lesson (6) the historical picture drawn by Dobb "bears little resemblance" to the historical view represented by "liberalism" (Dobb 1946:25, also see Dobb 1925:334, 394-5). The liberal view (for example, Milton Friedman<sup>111</sup> 1962 and more recently Francis Fukuyama 1992) holds that "capitalism" is "constantly striving towards economic freedom," and that only in the absence of regulation and state control can the *best* conditions favorable to economic expansion be achieved. In the liberal view, capitalism is seen as "the historical enemy of legal restraint and monopoly," whereby the manifestation

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<sup>111</sup> Friedman states: "Political freedom [...] clearly came along with the free market and the development of capitalist institutions" (1962:9-10).

of monopoly is believed to be "the product of illegitimate intrusion of the State into the economic domain, in pursuit of power instead of plenty or of social stability at the cost of commercial prosperity" (Dobb 1946:25).

The Dobbian view not only challenges the liberal view on the specifics and accuracy of the actual historical development of a wage-dependency system in particular and capitalism more generally, but it also has relevance for theories of economic development, and hence contemporary developing countries. The relevance of the Dobbian view has special significance for the developing countries whose production is based on a "peasantry class."

The Dobbian historical view questions in which ways capitalist development has been emancipatory and a begetter of freedom and in which ways capitalist development has tended to exploit and alienate human beings, waste resources, and destabilize societies.

Finally, in lesson (7) the cases of transition to a wage-system give evidence to the influence and effect that social institutions and political legislation have "on economic development and the distribution of income" (Dobb 1925:286-7). Social institutions can either facilitate or impede class differentiation, likewise (non)egalitarian distribution of social wealth. Moreover, a particular

dialectic of unintended consequences of political legislation is revealed. Historically, laws and social programs meant to protect the weaker, poorer constituency often have proven to enrich the stronger and wealthier members of the community and further impoverish the weaker and poorer.

With respect to the influence of social institutions more generally, Dobb concludes that "suprahistorical" economic principles cannot be formulated independent from "particular institutional conditions" (Dobb 1946:27). To do so is to perform a particular theoretical violence which is likely to create historical distortions.<sup>112</sup> To avoid such distortions, the study of economics generally, and economic history specifically, should be "reintegrated with those factors (for so long dismissed as extra-economic, 'sociological' factors) which constitute the material basis of society: its property institutions, its production relations and productive forces" i.e. a society's institutional forms (Dobb 1955:116).

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<sup>112</sup> The specifics here have to do with methodology and the *process of abstraction*. In brief, for Dobb, to understand the dynamic movement and internal articulation of a system, the "qualities peculiar to a system [i.e., particular social institutions] are more important than the qualities it may have in common with other systems" (Dobb 1946:27). To focus on commonalties characteristic of all systems is universalism, or the *process of abstraction by generalization*. When these *generalizations* are applied to historical analysis, the generalizations are thus *suprahistorical*.

### 3.1.9. The Dobbian Notion of Agency

A paradox here confronts the economic historian sympathetic to Dobb's argument. It is one of Dobb's main strengths in both his historical analysis and theoretical analysis that a robust sense of human agency is defended. In short, for Dobb, individuals have the power to create the circumstances of their own existence. However, they do not create those circumstances from historical conditions of their own choosing;<sup>113</sup> it is nevertheless the actions and beliefs of especially the "middle" and "lower" classes that ultimately determine the direction of politico-historical economic development.

Although Dobb rarely speaks of the agency of any particular individual, the role of class conflict is paramount in his approach to both historical and theoretical analysis. The essential ingredient to manifest class conflict, according to Dobb, is inequality of opportunity.<sup>114</sup> In his illustrations of the English "free mining" communities and Russian *mir*, the reader clearly is confronted with the historical manifestation of "inequality of opportunity." However, after presenting the historical

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<sup>113</sup> Dobb writes: "conditions of life exercised a strongly selective and formative influence over the ideas which were dominant at a particular period" (Dobb 1955:228).

<sup>114</sup> In an article written in 1937 Dobb writes: "inequality of opportunity is an essential ingredient of the situation from which class conflict is born" (reprinted in Dobb 1955:96).

manifestation of situations involving "inequality of opportunity," Dobb does not mention class conflict, nor any resistance on behalf of those at a disadvantage. Rather, the reader is left with the portrayal of the "middle" and "lower" classes as mere "victims" of the actions of their financial and political superiors.

This is not characteristic of a Dobbian analysis. For the historians Dobb influenced this notion of *agency* returns with a vengeance. From Hilton's peasants, to Hill's "middling sorts," onto Hobsbawm's "rebels," and Thompson's working class, forms of resistance from all of these "lower" economic classes have shaped the institutional evolution of social being. In Dobb's writings from 1937 forward, class struggle analysis and "lower" economic class *agency* are central to his historical investigations and constitute his chief methodological orientation. As such, *agency* of the 'middle' and 'lower' classes becomes the Dobbian paradigm. In *Studies*, his analysis of feudalism exemplifies this sense of lower-class *agency*.

Throughout Chapters 2-6, Dobb emphasized the democratic spirit and temper of the 'middle' and 'lower' English classes (e.g., Dobb 1946:174). In pre-fourteenth century European feudalism, serfs were argued to have

emancipated themselves, at least in some degree, from servitude.

In the fifteenth century with "a revival of the old system" of servitude (Dobb 1946:39), 'would-be' serfs were shown to have significant *forms of resistance* toward their rulers (Dobb 1946:51ff). This peasant/serf *resistance* was demonstrated to have achieved relative success in regions where there was a return to serfdom (following decades of emancipation) and in regions where serfdom intensified. The peasants' and serfs' *forms of resistance* included the ability to increase their productivity, take to political protest (Dobb 1946:82), or escape to townships (Dobb 1946:46).

Citizens of townships were shown to have carried out significant struggles against the feudal aristocracy (Dobb 1946:81). Guilds fought battles against monopoly merchants and were shown to have won a political "reassertion" of their "privileges" (Dobb 1946:155). Small producers not only won battles against the ruling aristocracy (Dobb 1946:109) but were further argued to be the very revolutionary begetters of capitalist production relations (Dobb 1946:123, 134ff).



### **3.1.10. Methodological Considerations of Dobb's Notion of Agency**

It also should be pointed out in the context of this chapter that Dobbian agency is necessarily nonantagonistic toward structuralism, institutionalism, and stage theory analysis. In fact, the four methodological moments constitute his approach to social theory and social being. As illustrated in his two examples above, institutional factors provide the boundary conditions for individual action. The methodological motifs of a Dobbian analysis will be outlined in the final section of this dissertation.

Before modeling Dobb's implicit methodological (and ontological) insights, the following sections attempt to illustrate that in his historical and theoretical work, Dobb saw no antagonism between his radical notion of agency, institutional analysis and structuralist approaches to the dynamics of political economy and, more generally, social theory and history. More emphatically, for Dobb, it was both a methodological and ontological necessity that his radical notion of agency (which especially influenced E. P. Thompson and his students) was simultaneously employed with a rigorous (historical) institutional analysis (which especially influenced Eric Hobsbawm, Eugene Genovese, and their students) balanced with structuralist

dynamics of the economy and society (Dobb's structuralist commitments especially influenced the work of Rodney Hilton, Robert Benner, and their students).

The Dobbian position and analysis of the transition from feudalism to capitalism underscored both Dobb's institutionalist emphasis and his structural analysis. Dobb's socioeconomic historical analysis is structuralist at its core. More specifically, for Dobb, it was the relationship between the primary producers and their immediate supervisors which determined the dynamic or structural tendencies of society. However, a more concrete analysis always requires an articulation of the institutional physiology of society. In other words, the structural tendencies always can remain inactive, counteractive, or active, depending on the institutional arrangement of a society.

Dobb's *Studies* and the debate concerning the transition from feudalism to capitalism articulate the importance of an institutional analysis. For Dobb, institutional analysis was indispensable for understanding the crises of feudalism and the transition to capitalism. In addition, Dobb's notion of radical agency of the lower (financial, political, and social) classes is mediated by and depends upon the particular institutional forms. In

addition to the transition of feudalism to capitalism, Dobb's analysis of the so-called 'industrial revolution' methodologically underscores and ontologically pivots on an indomitable historical reconstruction of institutional forms. The section that follows outlines Dobb's historical analysis of the so-called 'industrial revolution' and illustrates his strong institutional approach to history and theory.

Theoretically arrayed with an acute institutional historical reconstruction of late eighteenth and early nineteenth century England, Dobb is able to radically reinterpret the significance of the notorious era. Even before Rostow's work and the ensuing debates, Dobb claimed that the 'industrial revolution' was a misnomer. Similar to Rostow, Dobb always would maintain that the period was not necessarily an industrial or technological revolution per se. However, contrary to Rostow and many other political economic theorists and historians, Dobb maintained that the period was nonetheless a *revolutionary* era.

The revolution was in the social relation of production which then formed to support institutional forms of capitalism. The transformation in the institutional forms during this forty-year period was merely a "prelude" to the real revolutionary changes that would take hold

decades later, directly within the social relations of production.

If Dobb's analysis of the transition from feudalism to capitalism and of the period of the so-called 'industrial revolution' can be said to underscore his emphasis on institutionalism, it is Dobb's analysis of the socioeconomic crisis that emphasizes his theoretical use of structuralist theory. Socioeconomic crises constitute the basis of a Dobbian political economy.

Structuralism would become the most influential social scientific paradigm of the 1960s and 1970s. In social science the paradigm concept of *structure* has long held a pivotal position (Bottomore and Nisbet 1978, ch. 14). Jean Piaget (1968) has demonstrated its force and influence in the fields of mathematics, biology, psychology, linguistics, anthropology, history, and economics and more generally within philosophy. Structuralism has also had an important affinity with Marxism. Structuralists have often considered Marx an important influence, even as a point of departure (Godelier, 1973; Levi-Strauss, 1963; Althusser, 1965; Foucault, 1970).

Within Marxism, it is often asserted that structuralism is necessarily opposed to a 'history from the bottom, up' (Perry 2002:109; Thompson 1978:7-10, 38-9).

Marx himself theorized the connection between structure and agency (or in more Hegelian language, necessity of action versus freedom of action) in a complex ontological way. As such, Marx's theoretical work is liable to be a one-sided interpretation posing structure over and against agency (as exemplified in the work of Althusser, and specially Hindess and Hirst 1975). Likewise, Marx also is liable to an equally one-sided interpretation that poses agency over and against structure (e.g., the rational choice Marxism of Jon Elster 1985, 1986). Moreover, social reality, and consequently the study of social being itself, is subject to the parallel liability.

Dobb's theoretical work was always conscious of this liability. Dobb's historical and theoretical analyses demonstrate a rigorous effort to avoid the conflation of agency to structure (the ontological mistake of structuralism) and, likewise, the reduction of structure to agency (the ontological mistake of rational choice theory).

Dobb would not reject the traditional definition of structure as an organized body of mutually connected parts. In social structure, the parts are relationships between persons or social agents. The relationships should not be conflated with the persons themselves. Thus what mediated the structure/agency nexus for Dobb were the relationships

between social agents and institutions. This meditation resists conflation of agency to structure and the reduction of structure to agency. Rather, for Dobb, both structure and agency are given ontological command, and in the study of history, methodological priority is placed on the constitution of human relations and institutional forms.

The methodological priority on human relations and institutional forms is exemplified in Dobb's historical analysis of the so-called industrial revolution. Dobb's methodological priority upon human relations and institutional forms is also exemplified in his more theoretical (and less historical) work on political economy proper. In the next section, Dobb's historical analysis of the industrial revolution will be scrutinized. Then in the subsequent section, Dobb's more theoretical political economy will be outlined. In both sections, the methodological priority of human relations and institutional forms will be underscored.

### **3.2. A Prelude to the Industrial Revolution**

In the traditional account of the industrial revolution, there are two interrelated tendencies in the analysis. The first tendency is to focus on the economic factors that are quantifiable, such as changes in total

output, trade patterns, investment ratio, employment level, size of industrial operations, etc. Second, there is a tendency to *abstract* away from property relations and the variations in the wage-labor/capital nexus. With these two tendencies taken together, the analysis of the traditional account of the industrial revolution suffers from a type of *reductionism* whereby the internal articulation of and historical processes responsible for this stage of historical development are reduced to mere statistical series. Often, these quantifiable economic elements take on a life of their own, necessarily denying the importance and even the relevance of institutional modifications and changes within the social relations of production (Dobb 1967:17-8).<sup>115</sup>

Dobb suggested that this *reductionist* tendency in the traditional account of the industrial revolution is a methodological error. The *process of abstraction* is of an illicit type because essential elements of the historical process during this stage of economic development are neglected, hence (implicitly) ontologically denied.

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<sup>115</sup> The traditional account is a historical tendency, especially prior to the work of Rostow. However, the more causal academic references to the industrial revolution continue today, either explicitly or implicitly, to evoke the traditional account. In this sense, the "traditional account" is being used as Dobb himself employed the term, but also toward a contemporary tendency to describe the industrial revolution.

### 3.2.1. The 'Qualitative' Revolution

Alternatively, Dobb insists that the industrial revolution *cannot* be properly understood while neglecting the institutional milieu and the changes that occurred in the social relations of production. Furthermore, to understand the significance of these changes and to place the industrial revolution itself into historical context, Dobb proposes that analysis should follow Marx's lead (1976:876, 1981:442-55, also see 1976:1025-34). Dobb later suggested that subsequent historical "research leaves little doubt" of the importance of a more *qualitative* analysis for understanding the significance of the industrial revolution. Moreover, a qualitative emphasis also "leaves little doubt" of the correctness of Marx's initial dating of the *formal* emergence of capitalism in sixteenth-century England (Dobb 1967:19). Nonetheless, it would be a mistake, as Dobb emphasizes in the transition debate, to characterize the sixteenth, seventeenth, or even the eighteenth century as capitalist.

Without denying the significance of this stage of development on the industrial revolution, it must be emphasized that the socioeconomic events of the sixteenth century and the political revolution of the seventeenth century were, according to Dobb, merely a *prelude* to the



transition to a new epoch. Nevertheless, the events which preceded the actual "industrial revolution" created the institutional changes that laid the basis for the eighteenth-century (Rostowian) "take-off." In other words, the "revolution" did not consist of the quantifiable elements traditionally emphasized, but of the qualitative elements usually neglected by traditional and mainstream accounts. Therefore, if historical analysis is to focus on the quantitative element, that analysis is liable to conclude that *no revolution* occurred.<sup>116</sup>

### **3.2.2. The Monopoly Merchant and the Mercantile Element**

Dobb began his own qualitative analysis of the internal articulation of feudalism and its dissolution with the role played by the monopoly merchants. To anticipate, the dissolution of feudal relations of production was the revolutionary moment and the basis for the industrial "take-off" of the eighteenth and nineteenth century. Dobb maintained that in the sixteenth century, monopoly merchants were a dominant social class and an essential institutional element regarding factors that affected production (Dobb 1946:129ff). Generally speaking, craft

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<sup>116</sup> For example, D.C. Coleman in an article in *Economic History Review* (1983, 36:435-448) concludes that the notion of an industrial revolution is "a concept too many."

guilds and town craftsmen were in subordination to this mercantile element. Prices that craftsmen or craft guilds could demand were often strictly regulated, directly or indirectly, by rules that limited the persons to whom the craftsmen were able to sell their products (Dobb 1946:126).

Monopoly merchants were jealous to protect their 'rights' to secure "exploitation through trade" (Dobb 1946:128). Their chief means of securing this advantage was through (political) legislation and (sociopolitical) rules of trade that created excess supply in the market of wholesale purchase and excess demand in the market of retail sale, with the position of the monopoly merchant in the "bottleneck" in-between (Dobb 1946:127).

It was also during the sixteenth century that there was an increase in the attempt of the politically enriched mercantile element to further subordinate the craftsmen and craft guilds to the (economic) will of the advantageously placed merchant. The mercantile element had by now gained semicontrol of production itself.

The control was of a limited character in that it was based on (phase one of) the "putting-out" system.<sup>117</sup> Although the control of production was limited, the

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<sup>117</sup> Engels makes comment on this first phase of the putting-out system in his "Supplement to Volume III of *Capital*" (in Marx 1981:1042-5).

extensiveness of the organization of production on such a putting-out basis was significant (Dobb 1946:152). As Eric Hobsbawm insisted in his 1954 article, "The Crisis of the Seventeenth Century," it was during "the later sixteenth century" that "as a general rule the transformation of crafts into "putting-out industries began seriously" and by the seventeenth century "such systems established themselves decisively" (Hill 1965:40).

In phase one of the putting-out system, the monopoly merchant would furnish the guild and/or independent craftsmen with the particular raw materials needed for the production of their specific product. A fee would then be paid by the merchant to the guild and/or craftsmen to work the raw material into the final product (Dobb 1946:138).

Böhm-Bawark's theory of the "degree of *roundaboutness* of production" captures the essence of the institutional structure of the sixteenth century putting-out system. Böhm-Bawark's theory underscores the multiple intermediate stages in the production of commodities, as was, for example, the case in sixteenth century weaving (see Dobb 1946:144). During the sixteenth century, the intermediate stages were augmented by the proliferation of middlemen at various junctures of the production process. The most

important middleman was the monopoly mercantile element (Miskimin 1977:91-2).

The mercantile element, by putting-out, accomplished more than becoming middlemen in the production process because they had "broke[n] through the traditional barriers of production" (Engels, in Marx 1981:142-3). The mercantile element had gained partial control of the price they had to pay for the final product by means of negotiating the fee paid to the craftsmen or guild.

Nonetheless, as mentioned above, the mercantile element exercised very little control over the production process itself. The mercantile element mediated but did *not* control the process of production. Foremost, the mercantile element did not have property rights for the means of production on any sort of wide scale. For this reason, in the first phase of the putting-out system and during the entirety of the sixteenth and seventeenth century, the feudal system remained characteristically a "petty-mode of production."

### **3.2.3. The Petty-Mode of Production**

Petty-mode of production refers to the organization of production that is characteristically centered around and dominated by *small* production units (Dobb 1946:85-6, 138).

Even though the production sometimes could be characterized by large-scale manufactories, such as in weaving, mining, etc. (Dobb 1946:139-42), these cases were quite rare. Moreover, they were not run by "captains of industry," or those solely motivated by minimization of costs, but "largely captained by aristocratic patentees, whose enterprise was fostered by special grants of privilege from the Crown" (Dobb 1946:142). Thus, although the evidence is far from clear, it is likely that many of these manufactories were ruled by relationships characteristic of the "domestic system" or phase one of the putting-out system (Dobb 1946:146).

When the mercantile element was not able to establish itself on a putting-out basis, the political alignments of the crafts guild and mercantile element were of an antagonistic nature. The mercantile element would attempt to escape the restrictive powers of the crafts guild by means of putting-out raw material to (more rural) independent craftsmen. These independent craftsmen were necessarily out of the jurisdiction of the township and guild. This was a socioeconomic means of bypassing feudal restrictions; otherwise, the mercantile element as a class would have to fight the sociopolitical legislation head on.

It is in this sense that the dynamic between the mercantile element and the craft guilds was antagonistic. The mercantile element would tend to favor political aims to fight against restrictive legislation on production, whereas the guild fought to (re)enforce productive restrictions. For the most part, the historical evidence suggests that the mercantile element was relatively unsuccessful in penetrating the production process of the guild system. When the mercantile element achieved a degree of success in penetrating the production process, that success did not necessarily manifest any sort of revolutionary change in the system or the social relations of production. Rather, the merchant turned producer would exploit the advantages of controlling trade and prices, with little reform to the petty mode of production.

#### **3.2.4. Craftsmen as the "Really Revolutionary" Force**

According to Dobb, the historical evidence suggested that the mercantile element was far from revolutionary toward the social relations of production. In spite of the antagonistic sociopolitical aspect involved between merchants and guilds, the historical record of merchants is one of compromise with the craft guild system and the

petty-mode of production. *The revolutionary force came from a different class.*

Dobb's historical conclusion was that a section of the craftsmen class would sometimes become interested in augmenting the level of production. This was even more likely when the craftsmen could penetrate the sociopolitical restriction by entering into merchant activity. When the craftsmen were able to invade the arena of merchant activity, there was an increased incentive to evade the traditional guild restrictions that formed the legislative basis of the petty-mode of production. Politically, it was easier for the craftsmen or guild to attack or evade guild restrictions than it was for the merchant. In England, this evasion occurred on a relatively significant scale "[b]y the middle of the seventeenth century [..., and] a section of the crafts themselves had become interested in the extension of industry and in evasion of the traditional guild restrictions" (Dobb 1946:134).

The political goals of this section of craftsmen took two main forms: (a) to challenge for the (semi-)governance of the mercantile element or (b) to secure independence from the mercantile element, with a new status as a separate incorporation of their own (Dobb 1946:135). With

the emergence of this new political force of craftsman, it was not long that the mercantile element favored enforcement of the "old regulations" of production, which they had formerly opposed (Dobb 1946:138).

### 3.2.5. A Dobbian Paradox

Before pursuing the important role that the independent section of craftsmen played in the Dobbian *prelude* to the transition to capitalism, mention must be made of a certain tension in Chapter 4 of *Studies*. The tension is Dobb's assertion that the mercantile-controlled putting-out system of the thirteenth to fifteenth centuries was actually an immature *capitalism*. Dobb's final verdict is that this early capitalism is prevented from maturing until seventeenth century England. Nonetheless, it is paradoxical, given Dobb's definition of capitalism, that he is able to identify this definition with phase one of the putting-out system.

In a ten-page section (1946:151-61), heavily influenced by Pirenne (who is cited no less than eight times), Dobb describes the struggle within townships for (a) town governance, (b) regulations of guilds, (c) control of domestic markets, and (d) control of exports. Dobb illustrates that during the period from the thirteenth to



fifteenth centuries, power had passed in many European townships "to a small bourgeois oligarchy" (Dobb 1946:153). The bourgeoisie typically was dominated by merchants and those who benefited from the political interests of that class.

These small bourgeois oligarchies were generally composed of the mercantile element, "the name of 'the patriciate' came to be given" (Dobb 1946:152). Having obtained power, the patriciate passed legislation in favor of itself as *the* town mercantile element. During this stage of development, this mercantile bias in town governance was characteristic of various, although not all (see Dobb 1946:153), regions throughout Western Europe (Dobb 1946:151ff).

The patriciate, once established, was quick to loosen the regulations of guild production to their advantage. Especially significant was the repealing of the strict restrictions on the number of apprentices a guild master could command. It was this latter policy, according to Dobb, that allowed for "a fairly extensive *capitalist-controlled* 'putting-out' system" in various industries "in the early part of the fourteenth century" (emphasis added, Dobb 1946:157).

However, in towns where the patriciate were able to establish power, rarely did it go unchallenged. The main challenge seems to have come from the craft guilds, where often the old guild privileges would be reasserted (Dobb 1946:154, 155, 157, 159 for examples). "But the growth of *Capitalism*, while it was retarded by this reassertion of guild privileges, was far from being completely smothered" (Dobb 1946:155).

This identification of the mercantile-controlled putting-out system with Dobb's definition of capitalism as a mode of production is both remarkable and paradoxical. Dobb makes clear in the first chapter of *Studies* that capitalism, defined as a mode of production, refers "to the way in which the means of production were owned and to the social relations between men which resulted from their connections with the process of production" (Dobb 1946:7).

It is highly ambiguous that phase one of the putting-out system would meet the qualifications of being capitalist in this sense. Moreover, Dobb insists that his definition of capitalism does not simply mean a system of production for the market, "but a system under which labour-power had 'itself become a commodity' and was bought and sold on the market like any other object of exchange" (Dobb 1946:7). In no way does the putting-out system

during the period of the thirteenth to fifteenth centuries meet this latter criterion. Even Dobb contends that rural and town serfs alike maintained attachment to the land (Dobb 1967:22). Elsewhere, Dobb insisted that the stage of economic development in Europe throughout the fourteenth and sixteenth centuries remained feudalistic (Dobb 1946:19-20). It is precisely this latter point on which Dobb insists in his debate with Paul Sweezy (Hilton 1976:63, 99). Sweezy did not charge Dobb with this paradox, or as even being the basis of his own questioning of how to characterize the period between the thirteenth and fifteenth centuries. However, it certainly could be suggested that this paradoxical characterization of the thirteenth to fifteenth centuries could have been the basis for Sweezy's questioning of how to characterize the period.

I have shown that in the transition debate Dobb (and Hilton both) steadfastly maintained that the period at hand was unquestionably feudalistic. Hence, it is a curiosity that such a blatant paradox exists within *Studies*. It is an indication of how difficult it is to avoid inappropriately importing categories from one society to the analysis of another society.

This paradox seems to be an example of the complaint lodged against Dobb's *Studies* by Karl Polanyi in his very

critical six-paragraph review of the book in the *Journal of Economic History*, 1948. Polanyi asserts that Dobb's view of the mechanisms of feudal *exploitation* illicitly imports a concept of a "labor market" into a nonmarket economy. "Such a thesis amounts to a reversal of the view that no supply-demand-price mechanism can be effective outside of a market system" (Polanyi 1948).

It is not clear that the culprit in the paradox identified earlier is Dobb's conception of feudal exploitation, but it certainly seems clear that Dobb illicitly imports a concept of labor markets when there is none. Furthermore, these crucial pages seem to be an example of Dobb applying supply-demand-price analysis at the neglect of his own insistence on the importance of institutional analysis. It may have been Dobb's overreliance on Pirenne<sup>118</sup> in those crucial pages that have him mistakenly identify the putting-out system with capitalism proper.

Indeed, Pirenne defines capitalism as merely commodity production; hence Pirenne is consistent with his own definition. Dobb, however, specifically rejects this definition as being too *general* and "insufficiently

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<sup>118</sup> There is no other passage in *Studies* in which Dobb relied as heavily on Pirenne's historical analysis as he does in these crucial ten pages under scrutiny.

restrictive to confine the term to any one epoch of history" (Dobb 1946:8). In his ensuing debate with Sweezy, Dobb reasserts his rejection of Pirenne's definition (Hilton 1976:61). Nevertheless, it had slipped into Dobb's own historical analysis. Although Sweezy does not cite this Dobbian paradox, it may have been these pages specifically that gave rise to Sweezy's questions about how to define and characterize the period from the thirteenth century to the fifteenth century.

### **3.2.6. Dissolution of Feudalism: The "Really Revolutionary Way"**

Despite the presence of a supply-demand-price analysis in Dobb's own historical analyses, his stronger line of argument regards the dissolution of the feudal mode of production in Western Europe. It is this stronger line of argument that is the basis of Chapter 4 in *Studies*. In this line of argument Dobb remains committed to the essentially parasite-like existence of the mercantile element on the feudal order and the generally conservative and change-resisting political attitudes of merchants toward feudalism as a mode of production (Dobb 1946:121-2).

This stronger line of argument develops the historical picture of what Marx called the "really revolutionary way" (Marx 1981:452, also Dobb 1946:123, 134, 161), whereby a

section of craftsmen free themselves from feudal obligation with regard to production, emerging as independent craftsmen. Next, or simultaneously, a number of these independent craftsmen take to trade activity or become merchants.

The mercantile element that had control of phase one of the putting-out system played an important role in the historical process of these independent craftsmen becoming a revolutionary force. It was *not*, however, that the putting-out system, upon which their activity depended, was capitalist. Rather, it was the fact that they aided in the loosening of the hold guilds had on the feudal process of production. Of special significance in the political activity of the mercantile element was the abatement of the number of apprentices that any one guild master could command. This was a direct attack on the institutional arrangement that constituted the petty-mode production as characteristically small scale units of production.

Even with this loosening of the guilds' hold, the putting-out system allowed for merchants to remain parasitic on the feudal order and highly protective of the feudal privileges won during their struggle over the governance of townships. This point is in concert with comments made by Marx (1981:452) when he writes,

the merchant may take direct control of production himself. But however frequently this occurs as a historical transition [...] it cannot bring about the overthrow of the old mode of production by itself, but rather preserves and retains it as its own precondition.

Historical evidence has more or less supported this claim by Marx; however, it should be recognized that the mercantile element was often an important political force in loosening the feudal regulations on production. The qualification to this statement is that the mercantile element's political activity was highly limited unless allied with a section of the craftsmen or guilds.

The monopoly merchants,<sup>119</sup> allied with a section of craftsmen, were able to undermine the guild control over feudal regulations of production and, further, were able to break down the "urban colonialism" that ruled feudal Europe prior to fourteenth century (see Dobb 1946:95ff, 161, 128). This is the first essential step in the dissolution of the feudal mode of production. However, since the mercantile element remained a highly conservative force,<sup>120</sup> a second essential condition for the dissolution of feudalism was

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<sup>119</sup> Dobb adds that the mercantile element who fought to undermine guild restrictions were not the "grand merchants," but a "newer generation of merchant[s]" (Dobb 1946:162). This "newer generation" of merchants generally found themselves shut out from the feudal privileges and sought protection by means of loosening the restrictions of production.

<sup>120</sup> Dobb (1946:80) himself writes "the influence of commerce as a dissolvent of feudal relationships was considerable, merchant capital remained nevertheless in large measure parasite on the old order, and its conscious role, when it had passed its adolescence, was conservative and not revolutionary."

the emancipation of a section of independent craftsmen "from the monopolies in the sphere of trade in which merchant capital is already entrenched" (Dobb 1946:161). For the independent section of craftsmen, this was a long, slow battle that spanned several centuries.

The requirements for royal charters were beyond the financial means of the craftsman of "humble social origins." Furthermore, a royal charter required favorable approval from the court. Here again, the craftsman of "humble social origins" would find it too difficult to obtain favorable court approval (Dobb 1946:166). It seems that the struggle of the craftsmen fighting against the ubiquitous presence and hegemonic economic power of the monopoly mercantile element and its Royal privileges proves decisive.

In this stage of development in the petty-mode of production, dominated by monopoly merchants, independent craftsmen and those from the guilds, along with independent small merchants, politically *reacted* against the economic hegemony of the royal privileges granted to the mercantile element (Dobb 1946:133). Nonetheless, the success of the craftsmen's political reactions was of a limited nature, and the antimonopoly legislation that was enacted in the early seventeenth century did not seem to slow down the



pace of Royal privileges granted to the mercantile element (Dobb 1946:168). In short and with emphasis, this would manifest into the retention of feudalism, not its dissolution.

### **3.2.7. Social Differentiation as the Begetter of Capitalism**

The revolutionary effect of the craftsmen's political activity was not necessarily their intended goal, but rather the unintended consequence of their activity. The essential effect was that it gave rise to a particular and significant degree of *social differentiation* among the craftsmen themselves (Dobb 1946:133). This social differentiation gave rise to the emergence of small, well-to-do craftsmen oligarchies (Dobb 1946:124). These small oligarchies would hire out their poorer brethren, resulting in the latter's subordination to the former (Dobb 1946:149, 125, 134-5).

As a result of this process of social differentiation, Dobb claimed there seemed to have been a shift in the center of gravity by the beginning of the seventeenth century when these small independent craftsmen-oligarchies rose to predominance (Dobb 1946:134). This was also the "watershed moment" in that there had emerged a certain loss

of control of production process by all but the oligarchic, or well-to-do section of the craftsmen (Dobb 1946:143).

A third essential condition, "deserving to rank with the other two," is the favorable presence and encouragement of investment of capital in agriculture (Dobb 1946:161). It was Dobb's (p. 164) contention that both the mercantile element and the Crown obstructed, rather than encouraged, capital investment in agriculture.

However, there seems to have been an analogous process of *social differentiation*, which occurred in the case of the craftsmen as detailed above, within the ranks of rural farming (Dobb 1946:125-6). It was the rise of a well-to-do independent section of yeomen that helped to encourage investment of capital in the agricultural sector (Dobb 1946:161), and further it was by the yeomen farmers "that most of the improvements in methods of cultivation seem to have been pioneered" (Dobb 1946:125).

The rise of this *kulak*-like class of well-to-do yeomen further impoverished the poorer rural element and quickened the pace of enclosures (Dobb 1946:173). "The victim of the enclosure was generally the smaller cultivator, who now dispossessed was doomed to swell the ranks of the rural proletariat or semi-proletariat" (Dobb 1946:125).

### 3.2.8. Internal or Domestic Markets Emerge in England

In addition to creating and swelling the ranks of the (semi)proletariat, these developments were "also a crucial factor in creating an internal market for the products of manufacture" (Dobb 1946:162). This latter point was emphasized by Eric Hobsbawm as the *differentia specifica* of English capitalist development (see Hill 1967:50). There had existed restricted *luxury* domestic markets in most regions of Europe, but at the time, there was no region that had any significant domestic market for *staple* goods. As Dobb points out, Hobsbawm attributed "the absence of the latter [...] to the fact that peasant production in agriculture remained predominantly *subsistence* farming" (Dobb 1967:25). What agricultural products were sold were mainly intended to generate money to pay rent, leaving very little margin, if any, for products of manufactory.

The developments within the agricultural sector generally, and in particular the historical process of *class differentiation* within agriculture, gave rise to a strong domestic market (see Hobsbawm, in Hill ed. 1967:35ff; Dobb 1967:26). For Dobb, this underscored the dual nature of transformation in the social relations that occur from the significant *class differentiation*. "The

importance of this process viewed in one aspect appears as the growth of an internal market, in another aspect as the growth of supply of wage-labour" (Dobb 1967:26).

This further highlighted another of Dobb's emphases on the notion of primitive accumulation as conceived by Marx. Dobb emphasized that it is an error to think of primitive accumulation in a Smithian sense as a mere piling up of commodities, means of production, or wealth. In addition to the accumulation of wealth, there occurs a transfer of wealth, or the capitalist accumulation of the few implies the disposition of the many. Hence, once again, the underscored emphasis for Dobb was placed upon the institutional transformation within the social relations of production.

The craftsmen, as the radical social element, were needed to bring about the bourgeois revolution. Their intentions were not to bring forth capitalism nor necessarily to attack the economic institutions and social relations of feudalism as a mode of production. Although the notion of "free trade" was invoked by the craftsmen revolutionaries, it was not any sort of general free trade movement.

The free trade that was sought was conditional and limited free trade conceived, not as a general principle, as was to be the case in the nineteenth

century, but as *ad hoc* proposals to remove certain specific restrictions that bore down upon the complainants (Dobb 1946:164).

### **3.2.9. Democratic Aims and Revolutionary Social Results**

According to Dobb, the historical evidence suggests that the craftsmen's intentions were less economic than political. Namely, the craftsmen desired a more democratic decision-making process with respect to economic concerns. It was during the mid-seventeenth century in London and many other provincial cities that

the working craftsmen, the apprentices, the journeymen [... had] an extraordinary development of a democratic temper. [...] We find a marked increase in the number of democratic movements among the Yeomanry of the Livery Companies, some of which, like the Feltnakers, were successful in securing incorporation, thereby freeing themselves from the dominance of the merchant element (Dobb 1946:174).

Many of the democratic achievements of the seventeenth century disappeared with the Commonwealth, but the (necessarily unintentional) damage to the social relations of production had been done. It would not have been known at the time, but the conditions had been created for capital to become king (Dobb 1946:176). The disposition of the masses was far from complete, but the institutional conditions allowed for independent craftsmen to penetrate merchant activity. It was the creation of these

institutional conditions that constituted the revolutionary result of the epoch.

### **3.2.10. Dobbian Conclusions: A Revolution of Social Relations**

The radicalization of the traditional account of the bourgeois revolution by the Dobbian perspective is twofold. First, the revolution was not created by the bourgeois or mercantile element itself. Rather, the revolution was brought forth by the impetus of the more politically radical craftsmen.

Thus we have displayed with remarkable clearness that contradictory feature that we find in every bourgeois revolution: while this revolution requires the impetus of its most radical elements to carry through its emancipating mission to the end, the movement is destined to shed large sections of the bourgeoisie as soon as these radical elements appear, precisely because the latter represent the small man or the dispossessed whose very claims call in question the rights of large-scale property (Dobb 1946:172).

The bourgeois and mercantile elements were very politically active, but otherwise highly conservative with respect to feudalism. The bourgeois and mercantile elements not only did not initiate the bourgeois revolution, but when the radical element had been recruited, the bourgeois and mercantile, remarkably, were opposed to it.

Second, the revolutionary aspect was the transformation that took place in the sphere of the social

relations of production. That is to say, the transformation in more qualitative elements is where the real revolutionary changes appear (Dobb 1946:128), which is to further suggest that focus on the quantifiable elements is liable to lead to the conclusion that no revolution occurred (Dobb 1967:17).

The importance of the revolutionary changes being manifest in the social relations of production in Dobbian perspective means that the industrial revolution is "a concept too many." Industrially, there was something less than a revolution and something much more like a "take-off." Nonetheless, a type of revolution occurred, or perhaps more accurately, a realization of an earlier revolution in the social relations of production was obtained.

Dobb's position on these points corresponds to Marx's distinction between the formal subsumption of labor to capital versus the real subsumption of labor to capital (see Marx 1976:1019-38). This means that the industrial revolution of the late eighteenth and early nineteenth century cannot be understood apart from the bourgeois revolution of the seventeenth century.

Dobb charged Rostow with this type of neglect. Rostow employed a stage-theory analysis reminiscent of Dobb's.

However, it was the intention of Rostow to demonstrate that, with respect to economic growth, "there is a universal sequence of stages in economic development quite independent of institutional differences and social structures" (Dobb 1967:18). This absence of an account of the institutional arrangement is, according to Dobb, an illicit move by Rostow on both ontological and methodological grounds: ontologically illicit because it misrepresents the society in question and methodologically illicit in that stage-theory analysis is predisposed to reification when it is unconnected to institutional analysis and a sense of agency.

Dobb accepts that Rostow's talk of an industrial "take-off," as opposed to a "revolution," is appropriate. However, Dobb did not deny, rather he insisted, that a revolutionary transformation had taken place in human history and social being. Dobb's analysis further illustrates that revolutionary transformation cannot be reduced to the (industrial) moments of the late eighteenth and early nineteenth century.

The revolution took several decades, and arguably more than a century. Nonetheless, the result, and what the so-called "industrial take-off" realized, was that the social structure of Europe (and eventually the world) had been



transformed in a revolutionary manner. More specifically, given Dobb's definition of a mode of production – the primary relationship between the direct producers and their immediate rulers – society had been transformed. This meant that new institutions would be created to support the new structure. The new institutions would be not only economic but also necessarily political, social, cultural, and ideological. Moreover, the social actions of human beings, or human *agency*, would be, necessarily, radically revolutionized. In others words, the ways in which the social structure both *constrains* and *enables* individual agents would be radically new, and social actions would have to be modified in order to navigate 'successfully' and survive within it.

Importantly, this meant that with the social structure revolutionized and the institutional arrangement (and with it human *agency*) radically transformed, stages of economic development, growth, and crisis would be transformed in a revolutionary magnitude. Classical political economy had theoretically grasped the significance in the stages of development and growth. However, it was Marx who understood best the nature of the transformation for the new causes and transformed characteristics of socio-economic crises.

### 3.2.11. Dobb's Real Intentions of *Studies*

In spite of the tremendous attention that the transition from feudalism to capitalism received following the publication of *Studies*, it was not Dobb's primary concern for writing the book. Without exaggeration, it was the *main* intention of Dobb's *Studies* to understand the stages of economic development, growth, and crisis of capitalism. To do so, Dobb believed that he first needed to understand the transition that took place. First, in a contrastive (or scientific) sense, the structural dynamic of capitalism could be analyzed from and compared with the differences of the structural dynamic of feudalism. Second, Dobb believed that *history is always present*. The idea of history always being present refers to the fact that social structure, modes of production, and institutions always evolve from those of the past. Contemporary institutions are always rooted in previous institutions and, in part, constitute them.

For Dobb, history is a necessary endeavor to understand contemporary social being. Also, it was necessary to understand the institutions, the evolutionary development, and the contemporary forms of social being. Dobb's approach to contemporary social being was not only *historical* but also *structural, institutional*, divided in

*stages* (of development) and orientated around the concept of *agency*. Dobb's notion of social *class* includes all these methodological motifs.

Social class is structural in that it is determined and defined by the mode of production. Social class is institutional in that it is mediated by the institutional forms. Stages of economic development (contingently) modify social class (and sociopolitical alliances). Finally, social class is the predominant aspect that determines political motives and social action. It is in this sense, that for Dobb social class is the primary category for understanding the reproduction of any social arrangement or mode of production. The social class of an individual determines the ways in which a person flourishes in (or is enabled by) and suffers in (or is constrained by) a society.

Dobb not only turned to history to help understand contemporary social class and social being, but he also believed that a return to classical political economy, and especially the work of Karl Marx, was of the utmost importance. The return to Marx was important for Dobb in that it was Marx who first emphasized *both* class-struggle analysis and socioeconomic crisis for understanding social being. Moreover, Marx was not only the first to rigorously

and systematically theorize these aspects of social being, but he had theorized these aspects of social being further than Dobb's own contemporaries.

Dobb's return to Marx pivots on the reproduction schemas constructed in volume II of *Capital*. Although these reproduction schemas are highly incomplete, they offer the basis for understanding the *impossibility* of crisis-free development in capitalist social relations. It is in this sense that the reproduction schema is consistent with Dobb's 'primacy of the pathological.'

The achievements of Dobb are multiple. However, what is striking, and at this point needs emphasis, is that Dobb arrives at a methodological position that sustains a radical sense of agency and an ontological notion of structure, mediated by institutions and history. This methodological position will be developed more formally in a later chapter.

Currently, what is important is to recognize that Dobb's methodological position allows him to develop a unique political economy. It is a political economy that underscores four concepts: historical institutional totality, self-regulation, transformation, and radical agency. Dobb's particular focus is upon the moments of social being in which self-regulation and reproduction fall

short. That is to say, Dobb is interested in the moments of crisis. Crises, however, *do not* explain transformation. Radical agency is the basis of all transformation. Crises produce the opportunity for transformation, but only the actual historical agents can do the transforming. Crises have an additional importance to social science, which Dobb was anxious to exploit. Methodologically, crises allow a theorist analytical access to the ways a system is either reproduced or transformed, by means of understanding the historical episodes a system fails to reproduce itself.

It is indeed striking to discover that Dobb's main aim in *Studies* was to develop a theory for the self-regulation and reproduction of a capitalist political economy. For Dobb to understand the political economy of twentieth century capitalism, it was necessary to understand its institutions and history and historical emergence. It was to this aim that the historical chapters of *Studies* concerning feudalism and precapitalism were intended. What is remarkable is that these chapters contributed to the degree that they did for understanding feudalism and its mode of self-regulation, reproduction, and eventual transformation.

Dobb applies his historical reflections on the roots of capitalist institutes to the analysis and theoretical

construction of twentieth-century capitalism. The section below outlines Dobb's political economy, with continuing emphasis on the institutional structure. Unlike the previous section, however, the interest in the institutional structure is not for its historical roots but its current mode of self-regulation, enlightened by historical insights.

Dobb always insisted on making a distinction between stages of historical development and historical transformation. In both cases, there is a failure for the system to successfully self-regulate and reproduce. In the former case, modes of behavior and institutions may change and transform, but the main relationship between the direct producers and their immediate supervisors remains relatively stable. In the case of historical transformation, modes, behavior, and institutions are transformed and so is the relationship between direct producers and their immediate supervisors.

Dobb always was interested in the moments when self-regulation is interrupted. In his political economy, Dobb emphasized the institutional arrangement or internal articulation of the particular stage of development. The following section outlines Dobb's political economy and its emphasis on theoretical construction of Western capitalist

internal articulation and the necessary modes of agency. In the subsequent sections, Dobb's reliance on Marx's insights from his reproduction schemas is underscored; and finally, Dobb's application of these insights or his theory of crisis is developed and scrutinized.

### **3.3. Dobb's Historical and Methodological Achievement**

Maurice Dobb is perhaps best known as a (Marxian) economic historian as especially exemplified in his *Studies* (1946) and *Soviet Economic Development Since 1917* (1948). Virtually all the attention *Studies* received focused on the more historical sections, especially those concerning the transition from feudalism to capitalism and the Dobbian conception of the internal articulation of feudalism. As a theoretician of political economy, Dobb's contributions are considerable and possibly may prove to be among his most substantial and enduring academic efforts.

In this section, the theoretical contribution of Maurice Dobb toward political economy will be developed and scrutinized. In Chapter 2 of this dissertation Dobb's influence upon economic historians in particular and the study of economic history more generally was shown to be direct and considerable. More specifically, Dobb's influence upon economic history helped change the *questions*

historians posed to the past and, consequently, the *facts* that history reveals to the present.<sup>121</sup> A Dobbian interpretation of Marx helped to facilitate the rejuvenation of historical materialism as a viable and fruitful orientation toward historical questions. Moreover, Dobbian insights were a movement away from and theoretical overcoming of two major tendencies in interpreting Marxian historical materialism. On the one hand, Dobbian insights avoided the reductionist tendencies of technological determinist interpretations of Marxian

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<sup>121</sup> The idea being alluded to in this sentence is of great importance. (Historical social) facts have a dual existence. On the one hand, (historical social) facts preexist their 'discovery.' In this sense, they are previously *produced* (historical social) phenomena; therefore facts have an ontological basis, or an intransitive dimension. On the other hand, (historical social) "facts are social products" (Bhaskar 1993:222). That is to say, in their *reproduction* (and possible *transformation* or reinterpretation) facts as social products are 'discovered' on an epistemological basis. Their 'discovery' pivots upon the conceptual schema or paradigms that govern our inquiries; so, too, do the interpretations of and significance given to (historical social) facts depend upon the conceptual schema or paradigm judging a 'discovered' (historical social) fact. In this sense, they are *reproduced* (historical social) phenomena; facts then also have a transitive dimension.

Therefore, it can be said that (historical social) facts are never *created*, since they were previously *produced*. (Historical social) facts can be *potentially* revealed or *reproduced* by a conceptual schema or paradigm. Thus, they are *potentialities* of particular conceptual schemes or paradigms (Bhaskar 1986:281). Moreover, as a possibility, (historical social) facts can be *transformed* by cognitive structures or reinterpreted by alternative theories. In this context, we can better understand Dobb's historical achievements. Armed with a Dobbian interpretation of Marxian historical materialism, Dobb's historical probing revealed, or *reproduced* 'new' facts and in turn challenged, and helped to *transform* the interpretation of previously 'discovered' facts. Dobb's ability to demonstrate the fruitfulness of a Dobbian version of Marxian historical materialism for revealing or *reproducing* new facts led to the formation of a new historical tradition (as discussed in the previous section of this dissertation). His ability to demonstrate the transformation or reinterpretation of reified facts had influence upon the entire discipline of socioeconomic history.



historical materialism. On the other hand, Dobbian insights avoided the conflationist interpretations of Marxian historical materialism, which in turn tend to reify Marxian categories and promote a strong form of dogmatism in Marxian accounts of history.

It would be difficult to exaggerate the impact and influence Dobb had on the development of historical materialism. Further, Dobb's interpretation of Marx and Marxian historical materialism transformed Marxian historical analysis. It is no exaggeration to state that Dobb and the historians he influenced helped transform the landscape of economic historical analysis. In addition Dobb facilitated the strengthening and deepening of Marxian historical analysis. These methodological and historical achievements of Dobb are the subject of Chapter 4 of this dissertation. For the moment these achievements are highlighted, in part, to suggest that the magnitude of the Dobbian methodological and historical achievements should not distract attention from Dobbian theoretical achievements.

In other words, the Dobb's influence on the discipline of economic history has been (relatively) widely recognized and appreciated. On the historical account alone, *Studies* will remain a classical text for the understanding of the

historical development of capitalism. The methodological achievement of Dobb's has been recognized, if not yet fully scrutinized.

### **3.3.1. Dobb's Theoretical Achievement**

Ironically, it was not the historical content or the methodological form that most interested Dobb. Rather, Dobb's intentions in *Studies* were actually driven by his aspirations to develop and construct a theory of modern capitalist development. The irony is that these primary Dobbian aspirations have been underappreciated. Nonetheless three key aspects of Dobb's theoretical work have been well recognized. For example, Tony Lawson (1997) has praised Dobb for his theoretical efforts toward (social scientific) methodology in general and upon the process of abstraction in particular. Second, many economic theorists have been influenced by Dobb's theoretical work on (a) economic development and (b) economic planning. Finally, Dobb's critique of "modern trends" in economic theory, and within the neoclassicist tradition, has been widely celebrated and built upon.

A less recognized influence of Dobb upon economic theory is his analysis of contemporary capitalism and its structural dynamic. Moreover, a Dobbian theory of

capitalism appreciates and *ontologically* insists upon the changing nature of the capitalist mode of production and the institutions that support and constitute its dynamic development. It is in this sense that a Dobbian political economy is reminiscent of the approach of David Gordon et al., or social structures of accumulation theory (SSAT).

The theoretical pedigree of SSAT is, in fact, very Dobbian. The aim of Gordon et al., in their groundbreaking work *Segmented Work, Divided Workers: The Historical Transformation of Labour in the United States* (1982) was to critique, develop, and synthesize three radical interpretations of U.S. labor history. The three traditions were (1) J. R. Commons and the so-called Wisconsin school of labor history, (2) Harry Braverman's twentieth-century labor theory as expounded in his *Labor and Monopoly Capital* (1975), and (3) the new labor and social history of the United States as exemplified in the work of Herbert Gutman.<sup>122</sup>

Gutman, among other "new" labor historians of the United States, was highly influenced by, along with intellectually and methodologically developing directly from, the Dobbian-inspired economic historians (especially

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<sup>122</sup> For examples of Gutman's work, see his *Work, Culture & Society* (1977) and *The Black Family in Slavery and Freedom* (1977). Also for a critical introduction see David Montgomery's 1978 article "Gutman's Nineteenth-Century America."

E.P. Thompson and Eric Hobsbawm) underscored in Chapter 2 above (see Gutman 1975:11, no. 8). Thus, the intellectual pedigree from Dobb to SSAT is rather direct, with respect to a methodological approach to interpreting social history.

SSAT theorists initially set out to explain capitalist *long-waves*. Although Dobb never stated that a theory of *long-waves* was his theoretical intention, he did insist on the changing institutional nature of the capitalist mode of production. Moreover, Dobb maintained that as the institutional physiology of capitalism was transformed, the social alignments between individuals and classes also were potentially transformed. Such a transformation could take place without necessarily transforming the essential defining relationship between the direct producers and their immediate supervisors. In other words, institutions could be transformed such that the mode of production itself was not transformed but rather (at least temporarily) strengthened. Thus, Dobb distinguished between the mode of production and its (changing) stages of historical development. The latter refers to the particular institutional arrangements within the mode production.

Thus, according to Dobb, capitalism has a malleable ontological existence, i.e., it has a nature to change; consequently, capitalism is ontologically very liable to institutional modification. As a result, categories to interpret the capitalist mode of production must be malleable. One of Dobb's most important ontological insights is that the changing nature of capitalism, i.e., the modifications of the institutions that support the mode of production, not *only* transforms social alliances but has significant effects on individual agents and their motives. Thus, as shown in Dobb's historical analysis, a particular class may be politically and economically progressive and revolutionary in their motive in one stage of development, whereas in the next stage of development, the same class becomes politically and economically conservative and reactionary in their motive.

Although *Studies* is certainly historical in its presentation, its aim is theoretically driven. Dobb's primary intention in *Studies* was to deepen and develop a theoretical understanding of contemporary capitalism. Namely, Dobb wanted to understand (1) the transformations between modes of production and (2) the (institutional) transformations within a mode of production. Where (1) refers a process-in-product formulation, (2) refers to a

product-in-process formulation (see Bhaskar 1993:39, 220-3).

In spite of the overwhelming amount of attention on the conception of feudalism and subsequent *transition* (i.e., product-in-process), nearly one half of *Studies* is explicitly dedicated to the analysis of contemporary capitalism (i.e., process-in-product). Moreover, it seems Dobb's initial intention for the historical chapters in *Studies* concerning the internal articulation of feudalism and the *transition* from feudalism to capitalism was to construct a better theoretical conception of the role of institutions in historically determining and shaping contemporary circumstances, i.e., the presence of the past in the present and for the determination of the possible future.

### **3.3.2. The Role of History in a System's Internal Articulation**

With emphasis, Dobb would maintain that the lack of an historical understanding of social institutions contributed to the "mystification about the essential nature of capitalist society" (Dobb 1946:32). In Dobb's first two publications, *Capitalist Enterprise and Social Progress* (1925) (hereafter *CESP*) and *Wages* (1928), the theoretical focal point is the role of social institutions in

determining and shaping the motivations and beliefs of individuals, along with political struggles and the direction of economic development.

The overarching theme of *CESP* is that the dynamic of capitalism as a mode of production, i.e., its internal articulation, is a function of the specific institutional arrangement. More narrowly, Dobb was specifically interested in the *institutional* function of the entrepreneur.<sup>123</sup>

According to Dobb the institutional function of the entrepreneur, though necessary, can vary in form. Dobb (1925:42) argued the "Entrepreneur Function, which any differentiated society will need, could conceivably be fulfilled in a variety of ways" (Dobb 1925:42). One way in which the entrepreneur's function is fulfilled is an economic system controlled by "capitalist undertaking." A further area of theoretical interest in *CESP* is the specific institutional role of the capitalist undertaker in performing the function of the entrepreneur.

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<sup>123</sup> Dobb uses the French term entrepreneur to refer to the *function* in the *abstract*, while the term "undertaker" is a particular *concrete* historical form of a capitalistic (i.e., individually profit motivated) agent that fulfills this function.

### 3.3.3. The Role of the Capitalist Undertaker as a Historical Agent

The *conventional wisdom* of entrepreneurship, as represented by Adam Smith (Dobb 1925:15-20) and A. P. Usher (Dobb 1925:9-12), is that the capitalist undertaker is *naturally* manifest and necessitated by both the increasing complexity of production and the widening of the division of labor.

In concert with this conventional wisdom, Dobb accepts that the rise of the capitalist undertaker is historically correlated with the increasing complexity of production and widening of the division of labor. However, so is the rise of the capitalist undertaker correlated to and "essentially connected with" the economic historical dominance of various forms of monopolies and the formation of (new) social classes (Dobb 1925:13). In this sense, Dobb maintains that the rise of the capitalist undertaker is *not* an inexplicable natural manifestation as suggested by conventional wisdom. Rather, both the rise of and the contemporary ubiquitous presence and economic dominance of the capitalist undertaker are a function of complex social forces, "generated largely by businessmen themselves, who operate within the framework of certain social



institutions; and institutions which man has made, man may also take away" (Dobb 1925:6).

The entrepreneur function is indeed fulfilled by the capitalist undertaker. In this sense, the undertaker must be "credited with his virtues in fulfilling an indispensable economic function." However, "the capitalist undertaker may have to be debited with some of the results of monopoly on which his existence is based" (Dobb 1925:13).

Because the existence of the capitalist undertaker is based on forms of monopoly, the undertaker has an incentive to create and protect such monopoly privileges. In short, the "possession of money and privileges makes easier the acquisition of more money and further privileges" (Dobb [1924]1955:10). The significance of this otherwise very simple observation is that the mercantile system of the seventeenth and eighteenth century was *not* necessarily the senseless and socially harmful imposition in its entirety. According to Dobb, "Mercantilism and its elaborate system of state-controlled monopoly played in its time a definitely constructive *rôle*" (Dobb 1925:268).

Dobb concludes that mercantilism was a necessary precondition for the growth and development of capitalist

undertaking institutions (Dobb 1955[1924]:10). Without mercantilism,

the preconditions for the revolutionary development of capitalist undertaking in the nineteenth century would scarcely have been prepared. Without the careful protection of monopoly it is doubtful whether any but the abnormally courageous spirits could have borne the uncertainty of adventuring abroad. Not only did the protected companies give the strength which comes from unity and combination; they were ensured by their monopoly of sufficient profits to make the large risks of foreign commerce worth while. Without the differential gains of the upper class the large capitals would not have been available to finance the huge enterprises of two centuries later. Without the new vision which was given of the possibilities of undertaking it is doubtful whether the spirit of enterprise would have been sufficiently matured to effect the sweeping changes of the industrial revolution. Criticism of Mercantilism would, perhaps, be juster, if it were concentrated on the imperfections of senility and the untimely postponement of the system's death (Dobb 1925:268-9).

This conception of the "constructive" role of mercantilism underscores a primary theme within Dobb's political economy of capitalism. Namely, any mode of production develops in a series of *stages*. Each *stage* is "characterized by different levels of maturity and each of them recognizable by fairly distinctive traits" and particular institutions (Dobb 1946:17).

#### **3.3.4. Undertaking and Stages of Historical Development**

A *stage* of historical development refers to a particular institutional complex. The role of any

particular class can be progressive in one *stage* of historical development and conservative in another *stage* of historical development. Briefly, the progressive or conservative (political) role of any particular class in a mode of production depends upon the *stage* of historical development and the particular institutional complex.

In *CESP*, Dobb suggests that the capitalist undertaker may have been (politically) progressive in the eighteenth and nineteenth century, whereas later in the twentieth century, capitalist undertakers as a class become a (politically) conservative force. Dobb writes (1925:14),

the capitalist undertaker is the product of monopoly, he can be regarded *a priori* neither as invariably beneficent and necessary as the Liberals tend to claim, nor as invariably maleficent and superfluous, as the Socialists so often contend. He may be a Jason in youth and an Æetes in old age, or wild oats of inexperience may give place to the mellow fruits of later years.

As a mode of production develops, modifications in the institutional complex take place. In turn, these modifications in the institutional complex change the position and political praxis of individuals and classes. Dobb maintained that the political (institutional) position and praxis of the capitalist undertaking class had been politically progressive during the seventeenth through the nineteenth century but had become a conservative political

force by the latter half of the nineteenth century and into the twentieth century.

On the one hand, Dobb's interpretation of this period developed and deepened from 1925 (*CESP*) to 1946 (*Studies*). On the other hand, Dobb's focus on the (1) institutional modifications, (2) monopolization of social resources, and (3) the historical processes of class differentiation did not change from *CESP* to *Studies*. With respect to what did change, Dobb prioritizes the central role of Marx's "really revolutionary way" in both the emergence and development of capitalism (see Dobb 1946:134, 161; also Hilton 1976). It is here that a distinction of crucial importance must be made. For Dobb, there is great importance in the distinction between the mercantile feudal entrepreneur and the independent capitalistic entrepreneur.<sup>124</sup> Also, in Marx's really revolutionary way there is a specific distinction which is implicitly imported between the mercantile entrepreneur and the independent entrepreneur.

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<sup>124</sup> In *CESP* Dobb distinguishes between merchant undertaking, industrial undertaking, and finance undertaking. This does *not*, however, underscore the point being made here. The distinction in *CESP* refers to various forms of undertaking significant to the institutions in the stage of capitalist development characteristic of the early-twentieth-century. The distinction being made with respect to Marx's "really revolutionary way" underscores the fact that the mercantile element was (politically) committed to and social embedded within feudal institutions, while the independent freeman was not. In other words, while the various forms of undertaking in capitalism share particular political interests with respect to the mode of production, the mercantile and independent freeman did not necessarily share any similar political interests.

That is to say, the mercantile entrepreneur was socially entrenched in the feudal mode of production with monopoly privileges along with other feudal political prerogatives. The independent freeman lacked any monopoly privileges and further had no ties to, hence did not necessarily benefit from, feudalism's serf-labor.

Dobb is also more careful in *Studies* than he was in *CESP* to designate the period from the fourteenth century to the seventeenth century as feudal. Once again, the influence of Marx seems here to be decisive. In *Studies*, Dobb is much more at pains to focus his attention on the *differentia specifica* between modes of production, namely, the relationship between the most predominant direct producers and their relationship with their most immediate ruler. Dobb is here following the ontological and methodological hints of Marx, as suggested by comments in *Capital* volume III (see Marx 1981:927).

### **3.3.5. Agency, Social Laws, and Internal Articulation**

These Marxian ontological and methodological influences seem to have strengthened Dobb's insistence that the internal articulation or institutional complex determines political praxis and class alliance. Consequently, economic laws are relative to the mode of

production and its specific stage of historical development. In other words, an economic law is applicable only within the parameters of a specific institutional complex. In this context, Dobb (1955[1924]:11) writes that

an economic law stated in terms of a certain value relation can be either of two things: (a) it can be regarded as a law which exists in the realm of pure theory, but can only become a law of applied economics where there is economic equality; (b) it can be regarded as a law of the real world; but since it is a statement of a 'subjective-price' relation, it must be regarded as entirely relative to a certain distribution of wealth.

The distribution of social wealth depends on the particular institutional complex of society, i.e., the mode of production and the stage of historical economic development. Moreover, of special importance is *how* and *which* members of society fulfill necessary economic functions (e.g., entrepreneurship).

An illustration of the historical (institutional) relativity of economic laws may be informative here. The *law of supply* may seem to be a universal (i.e., non-relative) economic law. The *law of supply* simply states that as the price of a commodity rises, the supply of that commodity will increase. In a society where the capitalist undertaker predominates and fulfills the role of the entrepreneur function, the *law of supply* tends to be applicable.

However, the predominance of capitalist undertaking presupposes a particular relationship between the direct producers and their immediate superiors. It presupposes the presence of a wage-system. In turn, the wage-system presupposes ownership of social productive resources (or what Marx called the *means of production*). A wage-system presupposes that one class of society legally possesses the social productive resources, while another class lacks legal access to the social productive resources. In such a society (depending upon the stage historical economic development), the *law of supply* should be applicable. Or in short, when the price of commodity rises, the supply of that commodity should be expected to increase.

If the institutional complex is not presupposed, the *law of supply* is not necessarily applicable. In feudalism, for example, the relationship between the direct producers and their immediate rulers is not wage-laborer/capitalist, but rather serf/overlord. The ownership of the means of production in feudalism is not directly in the hands of a capitalist class but is directly in the hands of the serf class. The predominant economic motive is not profit maximization but rent maximization. That is to say, the overlord does not maximize profits but attempts to get the rent of land as high as possible.

If it is further assumed that commutation takes the monetary form (as opposed to direct-labor service or payment in *kind* or product). Then with rent fixed at a particular level, the serf-laborer will plan on a certain level of production to enable him to sell his commodity and pay rent to his overlord. Now if the market conditions are more favorable than the serf had anticipated, i.e., the price he can command for his commodity is higher than initially expected, then in such a situation, the *law of supply* suggests that the supply of the commodity should increase in the next production period. However, Dobb alternatively suggested that in feudalism it was not uncommon in such a situation for the supply of the commodity to actually *fall* in the next production period. The explanation for such a counter-intuitive result pivots on the recognition of the institutional arrangement.

In feudalism, the overlord could raise rent; this constituted the form of exploitation in the feudal mode of production. If the exchange of a commodity became more favorable and therefore the serf was able to command an increased amount of social wealth, the overlord could simply raise the amount of rent. Anticipating this exploitation, the serf did not necessarily have an incentive to increase production but may instead choose to



decrease production, hence decreasing his own personal toil in the next production period.

In brief, it can then be said that when the profit motive predominates, this presupposes a particular institutional complex, i.e., a particular mode of production (namely capitalism) at a specific stage of historical economic development, whereby the *law of supply* is applicable. However, when the rent motive predominates, this presupposes a different institutional complex and the *law of supply* is not necessarily applicable. Likewise, it can be said that when the profit motive predominates (or in more Marxian language, the real subsumption of labor to capital), the market becomes a ubiquitous, coercive force on the motives of individuals within the institutional, or market, arrangement. When the profit motive does not predominate (or there is only formal subsumption of labor to capital), the market does not become a ubiquitous, coercive force.

### **3.3.6. Capitalistic Undertaking and the Entrepreneurial Function**

What is decisive for the applicability of any socioeconomic law is the institutional arrangement. Moreover, it is Dobb's contention that due to *contingent*

historical circumstances, capitalist undertakers emerged as a class to fulfill the role of the entrepreneur function.

The (a) deepening of the division of labor and (b) the increased complexity of economic society necessitated (1) the *entrepreneur function*, while (various historical processes of) (c) class differentiation and (d) monopolization of particular social resources allowed for (2) the capitalist undertaker to fulfill the entrepreneur function for society.

In this sense, it can be said that while the entrepreneur function is historically necessitated by (a) and (b) above, the capitalist undertaker fulfilling this function is not necessitated but rather socially and historically contingent. In other words, the entrepreneur function can be fulfilled in a variety of ways (Dobb 1925:42).

Dobb (1925:48, 42ff) mentions four social systems of enterprise with four different ways of fulfilling the entrepreneur function:

1. Classless Individualism
2. Communism
3. Capitalist Undertaking
4. State Capitalism

Private property exists in the first system, and the profit motive is the dominant force of economic life. The

entrepreneur function is fulfilled by independent and individual craftsmen. However, special *institutions* would have prevented class differentiation and prohibited the monopolization of social resources.

In the second system, special institutions must also prevent class differentiation and prohibit monopolization of social resources. However, control of the entrepreneur function is not in the hands of individual agents; rather it is performed by 'agents of community.' These communal agents would be public servants, of sorts, and part of a collective or semiautonomous (production) body reminiscent of mediaeval collective bodies.<sup>125</sup> Perhaps such semiautonomous bodies could be described as the fiscal analogue to the Federal Reserve System or various contemporary monetary authorities.

In the third system, much like the first system, private individuals would fulfill the role of the entrepreneur function. However, unlike both the first and second systems, no special institutions would have prevented class differentiation nor necessarily prohibited the monopolization of social resources. Hence, significant

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<sup>125</sup> Curiously this is how Keynes describes his notion of "semi-autonomous bodies" in his 1926 article "The End of Laissez-Faire" (reprinted in Keynes 1963:312-22).

class divisions exist, and monopolization of (at least) some of the society's resources has occurred.

The class differentiation allows for the rise of a particular differential advantage of the richer to "claim a larger share of the income of the community than their fellows" (Dobb 1925:125). The *inequality of income* disrupts the index of utility by which both undertaking and socioeconomic adjustments are regulated. When there are competing demands for social resources to be directed toward either luxuries for the rich or necessities for the poor, while luxuries are at the same time more profitable, social resources will be directed toward the production of luxuries.

Therefore, with the entrepreneurial function dominated by capitalist undertaking, there emerges a simultaneous falsification in the index of production. The falsification is cumulative. Every financial gain of an individual undertaker increases his or her differential advantage over his or her brethren. At the same time, his or her financial gain lowers the marginal utility of money to him or her. Hence, it becomes easier for him or her to face the risk and uncertainty that both accompany the entrepreneur function and discourage others with a higher marginal utility for money from taking on the risk and

uncertainty of entrepreneurship. Therefore, "the rich tend to get richer, and the poor conversely to get poorer" (Dobb 1955[1924]:13).

Finally, in the fourth system of state capitalism, there is not necessarily any special *institution* to prevent class differentiation; hence this system has both class division and significant inequalities of income and distribution. With respect to the entrepreneurial function, in some industries, individual capitalist undertakers would dominate, and the profit motive would prevail as the regulator of production. However, in state capitalism a large sphere of industry is operated "not by individual undertakers, but by the State" (Dobb 1925:49).

In that the state functions as a *collective body* for public service, there are certain affinities regarding socioeconomic management between state capitalism and communism (i.e., systems 2 and 4 above). However, the social inequality present in state capitalism gives rise to "dangers" of economic management that are not necessarily present in communism. One such danger emerges from "the inequality of income" which "may preclude the raising of prices in time of shortage for fear of throwing the major burden on the poor" (Dobb 1925:371-2).

There is also an ideological "danger" in state capitalism with respect to what industries should be managed by the state and which industries should be regulated by individual capitalist undertakers. Even with this ideological "danger" subdued, there is always the danger of the state management "crowding-out" private enterprise. With consideration of these "dangers" and several others (Dobb 1925:372-374), "*laissez-faire*" advocates "decry all attempts by control or by subsidies to interfere with the unconscious operations of the market" (Dobb 1925:374-5).<sup>126</sup>

### **3.3.7. Dobb's Ideological Critique of the Entrepreneur Myth**

Dobb does not necessarily advocate any *one* of these four (ideal) systems. Rather, Dobb intends to attack what he calls the "Entrepreneur Myth" (Dobb 1925:400, 3-5, Dobb

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<sup>126</sup> Similar inequalities can exist in vulgar communism where class differentiation is not curtailed. "There has been considerable confusion among economic writers over this whole matter, largely due to an incomplete theory of the undertaker. [...] The confusion is most marked in the habitual usage of the terms Socialism and Communism. Socialism has been used to denote both systems 2 and 4 [i.e., Communism and State Capitalism]. Communism, however, has been made to refer, as a rule, to an economic system which does not use the device of money and price. [...] This may describe the doctrines of Anarchist Communism, but it does not seem to correspond to anything that is or is likely to be a serious political reality. The writer has accordingly reserved the word 'Socialism' to describe a general trend of political doctrine, and has used the term 'Communism,' as above, with the distinctive feature of absence of class division" (Dobb 1925:49, no. 1).

1955[1924])). Dobb's (1955[1924]:8) entrepreneur myth maintains that

because the capitalist undertaker arose historically as the co-ordinating force in a complex world, therefore in some absolute sense this was the 'necessary' and only possible method by which that integration could have taken place [in a complex society].

Dobb's criticism of the entrepreneur myth is that the historical rise of the capitalist undertaker is *not* historically 'necessary'. Instead, it is historically *contingent* upon particular social institutions that allow for and facilitate *differential advantages* via class differentiation and the monopolization of (certain) social resources. The latter social developments of differential advantages manifest social, income, and distribution inequalities. Further, the continuation of capitalist undertaking not only reproduces but also tends to augment these inequalities, unless special *institutions* are constructed to prevent this augmentation of inequalities (e.g., redistributive tax system or subsidies).

Dobb insists that there has tended to be a general neglect of the entrepreneurial function within mainstream neoclassicist theory. Moreover, the necessity of the capitalist undertaker to fulfill the social function of the entrepreneur has been assumed by the neoclassical

tradition. Neglect of rigorous analysis of the entrepreneurial function and the implicit assumption of the necessity for the capitalist undertaker to fulfill this function has tended to devalue the importance of differential advantages for the social predominant presence of capitalist undertakers in the (necessary) social role of the entrepreneurial function.

### **3.3.8. The Analytical Neglect of the Entrepreneurial Function**

According to Dobb, there are two main reasons for the general neglect of analyzing the entrepreneurial function. First, with respect to the historical interpretation, Dobb argued that there had been an overemphasis on the eighteenth-century (English) industrial revolution (with a simultaneous attack on mercantilism) as the genesis of capitalist undertaker. At the same time, there was a neglect of the role of social differentiation and monopoly privileges during the period from the sixteenth century to the eighteenth century in making the social conditions for the possibility of the industrial revolution (Dobb 1925:262ff, 306-8, Dobb 1955[1924]:10).

Second, Dobb maintained that the "pure theory" of neoclassicism abstracts away from the *institutional* arrangement; hence the class differentiation and monopoly



privileges of the actual world are not taken into account. Furthermore, when a divergence between pure theory and applied economics arise, the "exceptions" tend to be "swept aside under [the category of] 'economic friction.'" At the same time, "the ideal entrepreneur of pure theory" is "hedged and guarded with *ceteris paribus*" clauses. Consequently, "The extent of the divergence of the real from the ideal has not been sufficiently examined" but instead tacitly abstracted away from it by means of *ceteris paribus*; "nor has sufficient attention been given to the conditions which may tend to make this divergence so great that any identification of the two becomes, not only unprofitable, but absurd" (Dobb 1955[1924]:8).

In short, Dobb complains of the neglect of institutional analysis and the specific role of institutions in the reproduction and (past and future) historical development of the socioeconomic conditions. This neglect of institutional analysis is further tacitly encouraged by the overly *abstract* theory of neoclassicism.

Dobb aimed to fulfill this neglect in *CESP* by means of a critical attack on the entrepreneur myth and by carrying forth an historical institutional analysis of the entrepreneurial function itself. As I have shown, his

results pivot on institutional insights into the entrepreneurial function of society.

### **3.3.9. The Entrepreneurial Function: The Immanence of Crisis**

These Dobbian results included the proposition that capitalist undertaking developed, is conditioned, and depends upon (1) (historical) differential socioeconomic advantages and (2) the inequality of income and distribution. However, in a society where individual capitalist undertakers fulfill the role of the entrepreneur function, a third problem manifests, (a contingent) immanence for (3) socioeconomic miscalculation and maladjustment, or *crisis*.

Understanding the immanence of crisis begins with the simple observation that each individual and independent capitalist undertaker must estimate the quantity of the supply that he or she is able to market. The estimate in quantity supplied to the market by the individual capitalist undertaker depends on two main calculations.

First, the state of consumer demand must be determined (the market price will offer the first estimation of consumer demand). The second calculation is the quantity of supply *likely* to be marketed by competitors. Although the calculation of consumer demand has a degree of

uncertainty, it is otherwise rarely much of a culprit in a major (or social-sized) miscalculation. The same cannot be said for for the second calculation, however. "Short of a system of espionage or the frank publication of business secrets and intentions, one can know [regarding the quantity supplied by one's competitors] scarcely anything at all" (Dobb 1925:379). Thus, *uncertainty* of the production of one's competitors introduces *risk* to capitalist undertaking.

Dobb maintained that due to the uncertainty of the second factor, the liability of miscalculation on the part of capitalist undertakers is highly probable. Dobb writes, "There is abundant field for miscalculation; here, where basis for sound calculation is absent, emotional influences (business optimism, etc.) enter in" (Dobb 1955[1924]:14). Thus, more than a decade before Keynes's notion of "animal spirits," Dobb underscored the importance of emotional influences of the investing class for the determination of the level of employment, the level of national output, and the (mal)adjustment of society to miscalculations.

When miscalculations are universal and in the same direction, Say's law of markets can be said to hold. However, when the miscalculations are not universal nor in the same direction, "a sharp conflict between business

anticipations and the actual facts" arise (Dobb 1925:384). The sharp conflict will in turn manifest into "severe maladjustment and wastage will result--over-capitalisation and over-production in certain industries" (Dobb 1955[1924]:14), "in a word, a crisis" (Dobb 1925:384). Hence, in society where the social entrepreneurial function is in the control of independent and individual capitalist undertakers, Say's law of markets is not likely to hold, or crisis becomes *immanent*.

### **3.3.10. The Cradle of Crisis**

In *CESP*, the immanence of crisis is rooted in the fact that capitalism is characterized by *anarchy of production*. However, the anarchy of production is not necessarily the culprit of crisis. Rather, the culprit that causes the immanence for socioeconomic crisis is the emotional response of individual and independent capitalist undertakers to (objective) uncertainty and the tendency toward (subjective) miscalculations.

The effect of *risk, uncertainty, and ignorance* upon the class of capitalist undertakers becomes devastating to society. The crisis will transform any previous optimism among undertakers "to pessimism and timidity. [...] The sudden disappointment will sap the strength of the

capitalist spirit – destroy the undertaker's self-confidence and his incentive to brave uncertainty" (Dobb 1925:384).

Production will be curtailed and "undertakers will seek to turn away as many [productive] resources and as much labour as they can and 'the bonds which unite different enterprises will become channels through which the depression will spread to other enterprises'" (Dobb 1925:386). The inside quotes of this passage is the voice of W. Mitchell, demonstrating anticipation of both Dobb and Mitchell for the theory of *effective demand*, and the *multiplier effect* that would be emphasized a decade later in Keynes' *General Theory*.

### **3.3.11. Oversupply: The Failure of Say's Law**

Certainly, Dobb is here rejecting Say's law of markets; even though "*prima facie*, it would seem that these several errors of miscalculation would approximately cancel out and that" various miscalculations "would not be a burden felt by the whole market" (Dobb 1925:379). Dobb maintained that, in fact, it is probable that in an economy where the entrepreneurial function is dominated by capitalist undertakers, individual oversupply will tend to

manifest as a universal phenomena for the following reasons.

First, socioeconomic events occur such that expectations of all competing undertakers are in the same directions; hence calculations will tend to be in the same direction. A period of capitalist optimism "plays upon the existing uncertainty and tempts the undertaker to overestimate the chances of gain and to be a little blind to the chances of loss" (Dobb 1925:380).

Second, although the individual undertaker cannot predict the output of his competitors, competition itself is expected. The individual undertaker must aim to capture "some of the market from his rivals [...] and to this extent his miscalculations are likely to err on the side of excessive supply" (Dobb 1925:380).

Third, the individual undertaker does not have the luxury of refraining from oversupply. Whether the individual undertaker follows or refrains from his or her rivals' "ill-placed optimism," he or she will suffer from the fall in the commodity price. Best he or she errs on the side of excessive supply and hope to capture consumer demand by means of aggressive marketing and share in any prosperity while it might last, rather than leave a portion of any market prosperity to his or her rivals.

For these three reasons, according to Dobb, in a society where the entrepreneurial function is in the hands of independent and individual capitalist undertakers, there is a high probability of excessive miscalculation. Dobb, of course, attempts to explain the circumstances that both anticipate and describe the (Keynesian) multiplier effect. Of course, like the multiplier effect, the cumulative nature of the emotional response of individual undertakers functions similarly in a state of optimism as it does in a state of pessimism.

That is to say, if the mood of optimism fades and "an opposite mood of pessimism" becomes manifest, the reaction will then be "in the reverse direction." "Optimism and pessimism alike will act as rapidly spreading epidemic" upon the mood and spirit of each individual undertaker (Dobb 1925:380-1). Hence, boom and bust, in a word, *crisis* is *immanent* for society as a whole due to the nature and logic of the entrepreneurial function being in the hands of individual capitalist undertakers.

### **3.3.12. Explanation of Crisis Deepened**

It would be a mistake, however, to understand the Dobbian explanation of the nature of capitalist crisis purely in terms of the fickle mood of the capitalist

undertaker (or Keynesian 'animal spirits'). Clearly informed by Marx, Dobb's insistence on the immanence of crisis in a society where the entrepreneurial function is controlled by individual capitalist undertakers pivots on the relationship between "constructional goods" and non-constructional, or consumable goods of society (see Dobb 1925:382ff, Dobb 1955[1924]:14). This distinction clearly draws from Marx's division of respectively Department I and Department II commodities in volume II of *Capital*.<sup>127</sup>

Dobb maintained that the demand for constructional goods especially will fluctuate. Constructional goods are generally the more enduring products of industry, whereas the demand of constructional goods tends to be periodic. An increase in the production of consumable good will increase the demand of constructional goods. The actual need for new constructional goods during, for example, an industrial expansion or trade boom will further tend to magnify even more greatly the actual *production* of constructional goods. As A. C. Pigou pointed out,

the new additions to plant are only a fraction of the total stock of plant in use; and the need for a 10 per cent increase in the latter [i.e., the need of an industry for machinery] may involve an 80 per cent or

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<sup>127</sup> This is not to suggest that Dobb is necessarily exclusively drawing from Marxian ideas for his explanation of the immanence of crisis. In Chapter 23 of *CESP*, Dobb is also informed by the Cambridge economists A. Pigou, J. M. Keynes, D. H. Robertson, and the Institutionalists W. Mitchell, and T. Veblen.



100 per cent increase in the former [i.e., the actual new production of machinery] (Dobb 1925:283).

Thus, during an expansionary phase of industry the production of constructional goods will be especially magnified. Production in machinery will tend to (over) expand in response to an increase in the demand for consumable goods. As Dobb pointed out

after the completion of this batch of boom orders, the demand will probably fall off considerably, and the constructional trades will find themselves heavily over-capitalised and over-producing. The rise in price in this case will tend to be a *deceptive* index: it will not be a true index of the state of demand over the *average* of the ensuing years. Undertakers, however, will tend, not only to respond automatically to this index, but to respond in a greater proportion. [...] It will be better for *each* undertaker to expand during the boom demand, and to swell the eventual over-production, rather than to have none of the profits of the boom and to suffer just the same the losses of the over-production produced by his rivals' temerity. But what is better for *each* will not be better for *all* (Dobb 1955[1924]:14).

The conditions engendered by the particular dynamic of a society which is dominated by individual capitalist undertaking are of the nature of a socioeconomic *anarchy* of production. The instability of these conditions of socioeconomic anarchy is periodically, otherwise continually, illustrated by the "recurring condition of general over-supply beyond the point where goods can be sold at prices which yield anticipated profits" (Dobb 1925:383). In this sense, the first problem with

overproduction is that it is not relative to the capacity of the consumer demand, but rather relative to the profits of capitalist undertaking.

Second, the oversupply of commodities is uneven from industry to industry in that "prices and profits will rise unequally in different industries, and in response the fever of activity will rage at different temperatures" (Dobb 1925:385). The temperature will be especially high during an industrial expansion in the constructional goods sector. For this reason, the constructional goods sector will attract economic resources "to a point where their marginal usefulness is considerably below what it would be in other employments" (Dobb 1925:386).

The instability induced by the *risk* and *uncertainty* of individual capitalist undertaking will constitute a powerful impetus of encouragement for the individual undertakers to *combine* or collude, with the aim to gain some control of the conditions of economic *anarchy*. Moreover, it will provide an impulse for undertakers to expand their markets "so as to arrest the decline in prices and profits and capital values" (Dobb 1925:387). For the reasons alluded to above, the need for new markets will be of a special urgency for the industries producing constructional goods.

### 3.3.13. Imperialism

The latter point is of significance in that Dobb believed it to be the basis for the modern era of imperialism (see Dobb 1925:338–350, 387ff, also Dobb 1937). Imperialism is the first of three major institutional changes that provide reasons for the theorist to believe that there had been a politico-institutional shift away from both the political doctrine of *laissez-faire* and the economic doctrine of (old) liberalism.

The emergence of imperialism crowns the state to fulfill an essential role of encouragement for both finance and extending trade and a return to mercantilist aims (Dobb 1925:339). Moreover, “the evils which attached to Mercantilism in the eighteenth century seem to have attached themselves already to the new Imperialism” (Dobb 1925:349). In this sense, the “resemblance of the new Imperialism to the old Mercantilism is not” merely a “superficial [...] political doctrine of national trade,” but an economic desire to reduce *risk* and *uncertainty* and gain economic control (Dobb 1925:341).

### 3.3.14. Additional Institutional Developments

If Imperialism is an economic departure from the *laissez-faire* doctrine of the old liberalism, so are two

other institutional developments. "First [of these institutional developments] is the fact that the democratic tendency of the nineteenth century towards the diffusion of political power has received a definite check" (Dobb 1925:336). No longer is it clear whether the state is "a reflection of popular will" or "a political department of the larger capitalist undertakings" (Dobb 1925:336).

A second institutional development that emerges in the wake of the failures of both old liberalism and its *laissez-faire* policy is the "modern Labour movement" (Dobb 1925:350-351). The modern labor movement was the surrender of the Old Unionism (see Dobb 1928:162-5), which had tacitly accepted liberalism and merely sought to win a few privileges for a few privileged crafts. In its place arose New Unionism (see Dobb 1928:165-8), which began "for the first time a collective class interest" (Dobb 1925:352). New Unionism was a movement of collectivism against *laissez-faire*, often in support of large corporate enterprise and sometimes found to be partial to the new imperialism. The new labor movement was especially in favor of supplantation of individual undertaking "by State undertaking in all those cases where individual profit and social utility did not coincide" (Dobb 1925:352).

The method of New Unionism was to rise above sectarian tendencies of Old Unionism and instead be "as all-embracing as possible" (Dobb 1928:167). If some workers stood outside of the union "and were not included in collective bargaining," then the negotiated "standard rate" (in effect a type of minimum wage [Dobb 1928:180]) would not apply to all workers. Therefore, "the possibility still remained of the standard being undercut by the competition of other workers who offered their labour at a lower rate" (Dobb 1928:166).

It was not long before New Unionism became a political movement in its own right. In early twentieth-century England, the Labour Party was formed. Initially, the Labour Party was intent on securing the legislative "sanction for the right of collective bargaining" and for the legal right to "strike" (Dobb 1928:169). However, with the newly won political battles and a significant political presence, "the New Unionism had come to adopt a definite social philosophy." This new social philosophy "involved the acceptance of the main characteristics and institutions of the wage-system," and thus, it was a type of reformism (Dobb 1928:170).

This reformism also attempted to extend the hand of the state in the interference of the labor markets, both to

sanction collective bargaining and to implement minimum wage legislation so as to raise the standard of livelihood of the working class. Reformism, or New Unionism, is a movement away from revolutionary trade unionism. The latter aimed to overthrow the wage-system; the former aims to function within it, as an *institution* of and for collective bargaining. "The actual machinery of collective bargaining itself, as it develops, tends to merge by degrees into machinery which may be described as an elementary form of workers' control over industrial policy" (Dobb 1928:195).

The reformism of the New Unionism was "fertile soil for the Fabian seed." New Unionism or Labor Fabianism formed alliances with both the state and the middle class (Dobb 1925:352). Actions of employers and trade unions alike tended to be purely strategic, with little consideration for the general efficiency of production. Hence, the development of strong (Fabian) state-sponsored unionism made industry less fluid and rendered it sluggish.

Strong unionism tended to obstruct the very forces of rapid adjustment of resources upon which individual undertaking depends. "For instance, resistance to wage-reductions during a trade depression may hinder in certain industries the movement of labour to other places and

occupations, where it is less superfluous" (Dobb 1925:356 no. 1).

It was in consideration of trade union 'obstruction' that the advocate of *laissez-faire* policy criticized any interference with the unconscious mechanisms of market adjustment (Dobb 1925:374-5). It would be the marginal productivity theory<sup>128</sup> of Jevons and Marshall that would offer a theoretical justification for the denunciation of trade union activity in permanently raising wages. Dobb (1928:132) points out that in defending marginal productivity theory

Jevons devoted a large part of his inaugural lecture at Owens College, Manchester, to an attack on trade unions, and in a popular primer declared that "there is no reason whatever to think that trades unions have had any permanent effect in raising wages in the majority of trades."

Jevons was committed to a thesis of "natural laws" governing the distribution between profits and wages, hence the futility of the actions of trade unions, with the corollary that there is an essential harmony between capital and labor. Jevons declared that the worker in a

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<sup>128</sup> The normative policy aims of the marginal productivity theory of distribution are nearly identical with the wage-fund doctrine of classical political economy. The wage-fund doctrine "was principally used to demonstrate the unbending corollary that bargaining power or trade union action was impotent to alter the wage level as a whole, and that any measures which hindered the accumulation of capital (e.g. taxation of the rich to subsidize the poor) were bound to lower wages by depleting the wages-fund" (Dobb 1928:109).

*laissez-faire* market economy received "the due value of his produce," in that the worker's reward varied with his "productivity" (Dobb 1928:105).

The extreme version of the marginal productivity theory of distribution was, according to Dobb, one of its original exponents, namely, J.B. Clark's. In the Clarkian form, each factor of production received the equivalent of its contribution to the production process: "'the law itself', said Clark, 'is universal and hence natural'" (Dobb 1973:176). In addition to being universal, the "natural law" of distribution was in the Clarkian view "held" to be "true independently of time and place" (Dobb 1928:105).

### **3.3.15. Illicit Abstractions: Marginal Productivity Theory**

Therefore, in the extreme (Clarkian) version of marginal productivity theory of distribution, the institutional arrangement had no long-term effect on the level of wages (or upon the level of profits, interests, and rent). This extreme (Clarkian) position reveals a less extreme, hence much more commonly employed, methodological corollary. Namely, economic theory can justifiably be conducted at such a level that abstracts away from the particular and concrete institutional physiology of



society. Stanley Jevons most rigorously argued for this methodological position. The significance of this (Jevonian) methodological position is of the utmost importance, according to Dobb. In fact, so much so that Dobb dubs the 1870s developments in economic theory the "Jevonian Revolution" (Dobb 1973:166ff).

In addition to policy aims (see footnote 8), the marginal productivity theory of distribution has many similarities to the wage-fund doctrine of classical political economy.<sup>129</sup> More or less superficially, both theories argue that wages (and distribution more generally) are predominantly determined by the factors that affect the demand of labor. However, they differ in what factors are deemed to be most important. The wage-fund doctrine had emphasized the *supply of capital* as the main factor for the demand of labor (Dobb 1928:98), whereas marginal productivity theory underscores the *productivity of labor* as the chief factor in the demand for labor (Dobb 1928:103).

The more substantial similarity between these theories is the belief in a highly elastic (in the case of the wage-

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<sup>129</sup> Dobb (1973:188, n.) notes that "Professor Stigler, rather surprisingly, thinks that 'Jevons does not depart far from the classical theory. His conception of capital and its rate is basically the same as that incorporated in the wages-fund doctrine'; the main difference being 'that the classical doctrine assumes a fixed period of production (one year).'"

fund doctrine, sometimes perfectly elastic) demand for labor (Dobb 1955[1929]:24-5). In this sense, the corollary of the futility of trade union action and state interference was strengthened with the marginal productivity theory of distribution. That is to say, rather than being implicitly assumed, the elasticity of the demand for labor was made explicit in the theory of distribution of marginal productivity analysis. Moreover, it was more consciously understood that the elasticity of labor demand was decisive for the results obtained.

Dobb (1928:103) insists that according to the marginal productivity theory of distribution,

if the demand for labour was elastic, interference to raise wages above their 'natural level' (unless it was coupled with increased productivity) would have the more damaging result of causing an actual shrinkage in the funds devoted to the employment of labour, instead of merely leaving this fund unchanged.

Given the supply of natural resources and the supply of capital, along with technology and productivity held constant, and in concrete with an elastic demand for labor, the level of wages at full-employment would be "rigidly determined." If the level of wages were to be "artificially" increased above this "natural" level, whether by 'successful' trade union activity or state policy, unemployment was the result. The level of

abstraction was such that, as stated above, this doctrine was believed to be *universal*, hence independent of any particular politico-economic institutional arrangement. Dobb maintained that such a high level of abstraction imported illicit assumptions and misguided conclusions.

Upon closer scrutiny, marginal productivity theory of distribution depends on three important assumptions: (1) The supply labor must be given or is necessarily deterministic and thus predictable. (2) The supply of capital must also be given or is internally deterministic. (3) The factors that determine the supply of labor and the demand of labor must be independent of one another.

### **3.3.16. Dobb's Critique of Marginal Productivity Theory**

Dobb maintained that the marginal productivity theory of distribution is incomplete and suffers from the "fallacy of an ambiguous state" (Dobb 1955:16). First, the definition of the supply of labor is not entirely clear. It may refer to the *number of workers*, the number of *hours worked*, or the *intensity of work* (Dobb 1928:110).

More importantly, marginal productivity theory relates the supply of labor to the disutility involved in work (Dobb 1955[1929]:24). Dobb suggested that this element of labor theory is *not* universal, but rather the supply of

labor is itself institutionally determined. Most generally, the higher the opportunity costs of not working, the lower the wage. For example, if workers are in control of their means of production, then the less likely it is that they hire themselves out for wages (Dobb 1928:5-9). This was at issue during the feudal era with the predominance of serf labor and also a phenomenon characteristic of many developing nations, where there is *free(r)* access to social resources (e.g., in sixteenth century to eighteenth century North America).

Moreover, whether or not there is a positive correlation between the wage-level and the amount of work performed depends on a number of factors and so cannot merely be assumed (Dobb 1928:54). Dobb is here referring to the cases in which a supply-curve of labor is backwards-bending or negatively sloped.

However, for Dobb, the backwards-bending supply-curve does not only apply to relative high levels of income or disagreeable work. More generally, Dobb suggests that the "poorer is the wage-earning class, and the smaller any reserve that workers have to fall back upon, the cheaper the price at which they are willing to sell their labour-power; and *vice versa*" (Dobb 1928:110).

The culprit in the presupposition of a deterministic supply of labor is a further assumption that the marginal utility of income for the seller is (relatively) constant (Dobb 1955[1929]:25). However, the marginal utility of income is itself a function of the amount of income. "The lower the income which people have, the higher the valuation they put on each additional shilling; or the more they are willing to do in order to obtain an extra shilling" (Dobb 1928:111).

Since the laborer is otherwise propertyless, the sale of labor-power will be the sole source of income. As such, the terms of the sale of a laborer's labor-power will be the principal determinant in her valuation of her utility of income. In this sense, the institutional complex and relative strength of organized labor (versus that of organized industry) will be a significant determinant in the valuation of a laborer's subjective *utility of income*.

Dobb argued that an actual change in the price of labor, whether it is an increase or decrease, will manifest in a change in the subjective supply-price of labor and therefore creates "a tendency for any fall in wages to become cumulative, as in the classic case of sweated trades." In the Post-Keynesian spirit that develops later, Dobb suggested that *if* there is to be any notion of

"equilibrium" at all, it is one characterized *not* by stability, but rather instability (Dobb 1955[1929]:25).

### **3.3.17. The Instability of Labor Markets**

The main determinant in the relative instability of labor market equilibrium is the relative instability and enduring characteristics of the *institutional physiology* of society and the relative strength and bargaining position of organized labor versus organized industry.

In short, the level of income received will itself determine the "marginal utility of income." It seems to be for a very similar reason that warrant is found for David Ricardo's and classical political economy's insistence on the determination of distribution prior to both a theory and production and theory exchange (see Dobb 1973:84-5, Dobb 1955[1929]:31, also see Dobb 1937:37ff).

For Dobb, the distribution of income is itself primarily a function of various socioeconomic institutions, the particularity of their arrangement, and political legislation. The stability of institutions and legislation can offer the appearance of stability of the subjective "marginal utility of income" of workers. The instability of institutions and legislation will suggest to the economic theorists either to employ a backwards-bending

supply-curve or abandon (any rigidity in) the notion of (labor-market) equilibrium. Dobb (1928:111 no.1) writes:

It is a matter of convenience, rather than any principle, whether this [instability in the marginal utility of income] is expressed in the form of a single supply-curve which slopes *back*, or in a series of movements of the whole supply-curve to new positions as the marginal utility of income changes. For purposes of statistical study of concrete data the former is the more serviceable; but for purposes of analysing the separate causes of change, the latter is the more convenient, and the distinction implied by it between the two kinds of movement of supply is important.

### **3.3.18. The Indeterminacy of the Supply of Capital**

Dobb further maintained the marginal production theory of distribution leaves many things ambiguous with respect to the determination of the supply of capital (Dobb 1928:106). Dobb's concern here harks back to *CESP* and the relative *risk* and *uncertainty* involved in the process of entrepreneurship.

An increase in the relative strength of labor will tend to have a positive effect on the relative level of *risk* and *uncertainty* involved in the entrepreneurial function of the capitalist undertaker (Dobb 1925:356). Marginal productivity theory predicts that an increase in the level of wages and a simultaneous fall in the level of profits will generally discourage the capitalist

undertakers in fulfilling their role of entrepreneurial function. A failure to fulfill their social role necessarily leads to a decrease of investment, hence, a fall in the supply of capital and the level of employment.

However, Dobb suggests that a decrease in the income of the capitalist undertaking class may actually stimulate investment (Dobb 1928:126ff). For this argument, Veblen's influence upon Dobb seems decisive (Dobb 1955[1929]:28). Dobb suggests that before one can understand the effect of a decrease in the incomes of the capitalist undertaking class, the consumption habits and the role of "*conventional standards*" upon the consumption patterns of the investing class must first be understood (Dobb 1955[1929]:27).

Dobb considered the relation between the investing class's income and their consumption patterns to be of great importance. Dobb maintained that if the wage-level is increased and the investing class is not able to pass on this increase in their costs of production to the *rentier* class, then the capitalist undertaking class must decrease either (a) their personal consumption, (b) the amount of money dedicated to investment, or (c) both.

Dobb suggested that even though the income of the undertaking class has fallen, whereby they have become relatively poorer, this does not lead, necessarily, to a



decrease in investment of new capital. Rather, since their present income has fallen and, further, it is probable that their future income will be adversely affected, it may be the case that individual capitalist undertakers become *encouraged* or *induced* to invest a larger proportion of their income (Dobb 1928:126-7).

This means that in the short-run, their present consumption of goods would decrease; however, if their investments are successful, they can return to a 'higher standard' of consumption in the future. Thus, an increase in the wage-level may actually manifest not in a decrease but rather an *increase* in capital investment.

This result is rendered even more probable, according to Dobb, by the fact that the expenditures of the rich are largely conventional or Veblenian (Dobb 1955[1929]:28). Although the relationship between marginal utility of income is normally inversely related to the amount of income possessed, in the case of the wealthy capitalist undertaker, this is not necessarily the case. For the wealthy, who are most often the investing class, habit and conventional standards rule the consumption of luxuries and the *utility* received from their consumption. Dobb (1955[1929]:28) argues:

Our need for afternoon tea is mainly because others drink it; our desire for a tailored suit is chiefly because it is customary and carries a certain social prestige; the zeal for filling bookshelves with first editions and sideboards with hall-marked silver would undoubtedly be much smaller if social prestige did not enter into the matter. If we take all such conventional standards as given parameters in our equations, no formal difficulty arises, and to this extent the conception of an independent demand-curve for labour remains. The question here is one not of logical consistency, but of consistency with practice. In the case of our previous and more fundamental difficulty it was a case of the logical inconsistency of treating the marginal utility of income to the worker as constant when the income of the worker was implied in any assumption as to what the marginal utility of that income was. Here it is a practical question whether the assumption of conventional standards as independent of the income of the class in question is consistent or not with the actual facts.

If such an assumption is illegitimate, there is no warrant for concluding that the rise in the price of labour, decreasing the profits of the propertied class will necessarily cause a shrinkage in savings and hence in the wages fund. It may merely cause a revision of conventional standards, diminishing the intensity of desire for present income on the part of those who have a surplus to invest.

Dobb maintained the conventional aspect of the consumption patterns of the undertaking (leisure) class is likely to adjust according to any significant institutional (i.e., via trade union action or political legislation) rise in the wage-level, such that investment itself need not necessarily fall.

It becomes especially probable when the national income is expanding, and the effect of rising wages may be to cause capitalists' income, and hence their acquisitions of more lavish class-standards of

expenditure, to grow more slowly than would otherwise have been the case (Dobb 1928:127).

### **3.3.19. Summary of Labor Supply and Capital Supply Determination**

At this point, a summary may be useful to pull together the first two strands of the argument, before moving on to the third. Dobb argued that for the supply of labor ((1) above), the institutional *physiology* of society will be decisive for the subjective evaluation of the marginal utility of money, hence, the decision to work. That is to say, the supply of labor is a function of the institutional arrangement or internal articulation of society. In this sense, Dobb's analysis is antagonistic to both the wage-fund doctrine and marginal productivity theory. Both these theories were, and are, pitched at a level of abstraction that has the determination of the wage-level independent of institutional forms. As such, they are theories that tend to illegitimately reduce wage-level determination to the subjective valuations of individual workers.

Since the subjective valuations are necessarily radically institutionally determined, marginal utility theory must first analyze the institutional complex. The subjective valuation is strictly contingent on the

institutional forms that either enable or constrain individual action; how the institutional complex is both enabling and constraining individual action is a question that must be answered prior to the determination of marginal utility of individuals and their decision to supply their labor. Hence, if realistic and practical theoretical results are desired, then abstraction from the institutional complex is methodologically illicit.

Therefore, according to Dobb, wage-level determination *cannot* be reduced to mere subjective valuations of individual workers. Second, consequently from a change in either institutional forms or political legislation or by means of trade union action, changes necessarily may change in the level of wages, even without a change in subjective valuations.

The second part of Dobb's argument concerns (2) the supply of capital, or the inducement to invest. Here Dobb argued that the consumption patterns of the wealthy (normally the investing class) are conventionally determined. As such, if the level of wages was to be increased via the means earlier suggested, the increase does *not* necessarily lead to a decrease in investment (or the supply of capital), but possibly an increase.

Pulling the arguments together, an increase in the wage-level could very well lead to an increase in the supply of capital if the wealthy class were to curtail their consumption of luxuries and increase their level of investment in an attempt to reclaim the "standard" of conventional or conspicuous consumption of luxuries. Dobb does not necessarily predict or suggest that this will be an inevitable occurrence. Rather, it is merely a possibility. Nonetheless, even the possibility of such a reaction by the investing class implies that the supply of capital is itself influenced by the institutional forms or the institutional *physiology* of society. Hence, once again, the supply of capital cannot be reduced entirely to the subjective valuation of the capitalist undertaking class's propensity to invest.

The Dobbian argument, in short, is that neither (1) the supply of labor nor (2) the supply of capital can necessarily be *deterministically* obtained based on the subjective marginal propensity of individual action. Rather, both (1) and (2) depend on the institutional *physiology* of society. If the institutional physiology of society is itself stable, then it will manifest the illusion that both (1) and (2) are relatively stable. In turn, such stability may suggest to political economy

theorists that (1) and (2) are perhaps even independent of the institutional physiology of society. However, this is either illusory or a neglect of a longer institutional observation. In other words, a neglect of institutional *history* allows for the development of impoverished and misleading analytical theory.

### **3.3.20. The Interdependence of Supply and Demand of Labor**

The third part of Dobb's argument concerns the assumption of *independence* between the factors that determine the supply of labor and the factors that determine the supply of capital. This is of some importance; the supply of capital is what determines the demand of labor. Thus, if the supply of labor is not independent from the supply of capital, then the determination of the supply and demand of labor are interdependent. Interdependence of the supply and demand curve makes the notion of equilibrium inappropriate, if not nonsensical.

According to Dobb, the independence of supply and demand of labor is merely an assumption, and an illicit assumption at that. "If this crucial [illicit] assumption of independence does not hold, then exchange in the labour

market ceases to be subject to a determinate equilibrium" (Dobb 1955[1929]:25).

Dobb's argument against this "assumed" independence is twofold. The first part of the argument is that, similar to a barter economy which is dependent upon the 'double coincidence of wants,' the initial terms upon which exchange takes place will affect the marginal utility of the goods being bartered by the respective sellers. As Marshall observed, only when goods are exchanged against money, increasing the alternative of objects, will this indeterminateness of barter be overcome. "Similarly in our case of labour an equilibrium cannot be postulated because labour is not one among many alternative objects of sale and purchase, but is the sole object of exchange in this particular sphere" (Dobb 1955[1929]:26).

The second and more substantial part of Dobb's argument for the lack of independence between the supply and demand of labor pivots on the institutional and political influence on the determination of the supply of labor and supply of capital.

As argued earlier, when labor is being sold, the marginal utility of income is *not* constant. Rather, it is dependent upon the price of labor itself. If the sale of an individual's labor constitutes his or her only source of

income, "the terms of this sale will virtually affect his [or her] whole position, and will be the principal determinant of the labourer's subjective valuation of his [or her] own labour in terms of the income which he secures in return" (Dobb 1955[1929]:25).

Likewise, due to the Veblenistic consumption desires, the marginal utility of income for the employer also can not necessarily be taken as constant. The marginal utility of income, for both the suppliers of labor and those who demand labor, has a prior dependence on the price of labor. In turn, the terms, conditions, and power-relations of exchange are partly determined by the price of labor. That is to say, the institutional physiology of society and political legislation are determinants in both the supply and the demand for labor. Hence, the independence of supply and demand does not hold, and equilibrium is therefore indeterminate as purely a function of subjective valuations (Dobb 1955[1929]:26).

The indeterminacy of the supply and demand of labor is manifest from the inter-relatedness of the labor market, i.e., both the supply and demand conditions, upon the institutional physiology of society. Here a central Dobbian observation can be enunciated. Any notion of a "normal" level of wages always depends upon the



physiological "form of society and the prevailing social institutions" (Dobb 1928:123). Moreover, the conditions that manifest a "competitive" level of wages are highly unstable. This is because a low level of wages will decrease the supply price of labor and tend to perpetually lower the level of wages "and conversely with a rise in the wages" (Dobb 1928:125).

### **3.3.21. The Decisiveness of the Institutional Physiology**

The institutional physiology of a market society is decisive in the determination of the system dynamic. The wage-level of society is radically dependent on institutional, political, and power-relation factors. A competitive *laissez-faire* society is no exception to the decisiveness of the institutional physiology. The macroeconomic import of this result includes the Dobbian idea that trade union activity and political legislation (e.g., minimum wage) may very well increase the wage-level of society without *necessarily* decreasing the level of employment and output. Even more stunning, an institutionally or politically motivated increase in the wage-level may actually *increase* the production and the level of output.

It has already been argued that one of the reasons to expect an increase in the level of production and output following an increase in wages is a function of the consumption patterns of the investing class. A second reason, however, is that with a higher (national) wage-level, the physical and mental health of the working-class is improved; hence the ability to labor and produce is likewise improved (Dobb 1928:51-3).

Therefore, according to Dobb, the "confident pessimism" of the marginal productivity theory advocates the possibility of an institutionally and/or politically influenced increase in the wage-level lies shattered. Thus, the question becomes, if wages can be increased by means of political legislation and trade union activity, then how far can wages be lowered or raised? The former case is more easily answered than the latter. Regarding the lower limit, it is not likely that the wage-level can fall below the level of bare physical subsistence for any extended period of time<sup>130</sup> (Dobb 1928:134).

The upper limit of the wage-level proves to be extremely difficult to define. Given Dobb's arguments, he cannot simply suggest that the upper limit of the wage-

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<sup>130</sup> Dobb (1928:44-9) suggests that it is not uncommon for the wage-level to be close to the lower limit when the strength of labor is weak, or has not yet developed within a region.

level is that point at which the surplus produce of the capitalist undertaker is absorbed by wages because the surplus produce of the capitalist undertaking class goes into both investment spending and consumption spending. On the one hand, the consumption spending of the leisure class is a function of conventional standards. On the other hand, the investment spending is highly influenced by political and institutional factors. Thus, any definition of an upper limit to the level of wages "is probably much more a matter of politics and social psychology than it is a matter for economic theory" (Dobb 1928:136).

This is not to suggest that there is "no more pattern to the labour-market than a disordered tumble of warring forces" (Dobb 1928:134). Rather, it is to suggest that the upper limit cannot be defined, aside from the particular *stage* of economic development. It further depends on politics, power-relations, and the degree that institutional forms either antagonize or facilitate economic development.

In light of these considerations, the upper limit of the wage-level is somewhat variable. The most Dobb is willing to say of the upper limit to wages is that during a period of economic prosperity, when gross national output is expanding and wage-labor is strongly organized, workers

should be in a good position to increase both their relative and absolute share of the national product.

However, during a static state, where gross national output is stationary or during an economic downturn when output is falling, the ability of wage-labor to raise the level of wages is much more limited, even if labor is strongly organized. A strongly organized labor movement may nonetheless proceed with an attempt to increase wages during a stagnant state. The result in such circumstances may very well be that "instead of pruning their standards of consumption," the capitalist undertaking class may reduce investment. Dobb argues otherwise "firms may try to economize on labour to the maximum possible extent by substituting labour-saving machinery" (Dobb 1928:136).

This latter point is important, for this is the result of marginal productivity theory views on attempts of trade unions increasing wages. However, there is an extremely significant point of difference. For marginal productivity theory, this result is both inevitable and universal to 'successful' trade union action to increase the wage level. However, for Dobb, this result is contingent on the macroeconomic conditions and the particular institutional physiology of society.

Nevertheless, Dobb is conceding the point that trade unions can have a very counterproductive effect on the macroeconomy, and potentially result in no positive benefit for trade union members. Rather, the "successful" action of the trade union may, in such circumstances, deepen and elongate a socioeconomic contraction.

Furthermore, trade union action may be an *inducement* to substitute workers for machinery. It is here that something should be said of Dobb's analysis of the relationship between the demand of labor and industrial technique. Marx heavily influenced Dobb's analysis of this relationship. In opposition to Adam Smith and David Ricardo, Dobb, following Marx, maintains that it is a mistake to assume that capital accumulation necessarily leads to an increase in the demand for labor.

If labor is well-organized, capitalist undertakers may be encouraged to replace labor with machinery. Moreover, when there is an invention that enables machinery to be produced more cheaply or increases capital productivity, the effect will be to make investment in machinery more profitable. In a society with a predominance of individual capitalist undertakers fulfilling the entrepreneurial function, the result is clear. The technical development of more profitable machinery will encourage a "larger

proportion" of investment funds to go toward machinery and a *smaller* amount to employ labor (Dobb 1928:113).

Therefore, in concert with Chapter 25 of Marx's *Capital* volume I, the accumulation of capital corresponds to a less than proportionate increase in the demand for labor. Of course, if accumulation of capital is expanding, the demand for labor also will increase, however, at "a constantly diminishing ratio as compared with the increase of capital" (Marx, quoted in Dobb 1928:113).

Dobb does consider the possibility of "capital saving" technology but maintains the historical record is "that the influence of invention has been *preponderantly* in a 'labour saving' direction" (Dobb 1928:114-5). Thus, the result of technical change on the wage-level will tend to be negative. Moreover, technical change will be a devastating weapon for the capitalist undertaker against strong labor union activity.

Although technical change will tend toward a relative, or proportionate, decrease in wages, whether they will reduce *absolutely* is of considerable dispute. Dobb argued that the determination of distribution is not a function of any *natural* or *universal* law. Thus, Dobb was insisting that there is no warrant for an "iron law of wages."

Dobb maintained that the high level of abstraction of the marginal productivity theory of distribution generates *universal* results; however, the high level of abstraction makes the theory highly suspect. For Dobb, the institutional physiology of society and politics is decisive in the distribution of social wealth. With the institutional physiology of society and political legislation in place (or taken as "given" data), it is possible to make predictions. However, the Dobbian stage theory of economic development suggests that socioeconomic institutions and political legislation are never stable (nor can they necessarily be taken as "given" data). Further, Dobb's historical *Studies* substantiate his stage theory of economic development in a more empirical way. In addition, Dobb lodges a direct theoretical assault on the mainstream theory of the determination of wages.

Mainstream economists have maintained that there are two effects of labor-saving technology that assure wages do not fall absolutely. First is the compensation effect, the argument that new technique translates into cheaper goods. However, Dobb maintained that this implies that technological improvement is always related to the consumption pattern of the wage-earning class. Clearly,

this is not true; hence, the *effective extensiveness* of this compensation can be seriously doubted (Dobb 1928:116).

Second is the expansion effect. In this case, the technological change is said to (necessarily) lead to an expansion in production and output (Dobb 1928:115). Dobb questions the logic of the expansion effect. Dobb points out "that the elasticity of demand for goods in general (as distinct from individual commodities) cannot be very large as long as the total income of the mass of the population is constant" (Dobb 1928:117). Consequently, it is unlikely that the demand for goods will increase unless the income of the population first increases. If demand does not increase, neither will output increase; hence, the expansion effect may be nil.

Nonetheless, if an expansion takes place in the construction of new machinery, it will have a buoyant influence upon both output and employment. However, unless it induces an increase in the demand of goods, the increase in machinery production will be of a temporary nature. "In this sense it is a 'once-for-all' effect, and not necessarily a permanent effect. Once it is over, the fact remains that less labour is required to produce a given quantity of output than before" (Dobb 1928:117). Thus, even in this case of an expansion in the construction of



technically improved capital equipment, the ultimate outcome may still very much tend toward a decrease in the level of employment and a fall in the aggregate level of wages.

This last point harks back to Marx's distinction between wage goods and capital goods in volume II. Marx's reproduction schemas in volume II of *Capital* had an increasingly important influence on Dobb's political economy. In *CESP*, Dobb developed a theoretical grounding for the *immanence* of crisis. As shown above, Dobb anticipated J. M. Keynes and the Keynesian notion of the 'lack of animal spirits' as the basis for the immanence of crisis within a capitalist system.

Dobb was not as politically hopeful in circumventing the socioeconomic impact of capitalist crisis on the life of individuals living within the system. It seems that Dobb anticipated that Keynesian economic policy would usher in state capitalism, along with its multitude paradoxes and contradictions. Dobb predicted that the contradictions of state capitalism would be *both* economic and political. In short, the political predicament was that state management of industry, labor, and market activity manifests a type of

legitimatization crisis.<sup>131</sup> The question becomes: to whose advantage does the State manage the economy and market activity?

More importantly, Dobb would argue that state management and macroeconomic policy more generally would not and cannot overcome the *necessity* and *permanence* of the socioeconomic crisis within capitalist social relations of production. On the *necessity* and *permanence* of socioeconomic crises, Marx's influence would once again prove decisive for Dobb's theoretical work. However, with respect to a theory of crisis, Marx was far from complete. Moreover, since the time of Marx's own studies, the (Western) capitalist system had gone through significant socioeconomic metamorphoses or stages of economic development. In this sense, Marx could be used only as a guide for understanding the theoretical underpinnings of contemporary socioeconomic crises.

In spite of Marx's incompleteness and the socioeconomic metamorphoses that occurred since 1870, by carefully studying, scrutinizing, and developing Marx's schemas of reproduction as presented in volume II of

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<sup>131</sup> Jurgen Habermas rigorously develops the notion of a "legitimization crisis." The term is borrowed from Habermas and was not used by Dobb. Nonetheless, in a more or less rudimentary way Dobb anticipated the problems that would manifest from state management of industry, labor, and market activity.

*Capital*, Dobb is able to provide a theoretical foundation for and explanation of the *necessity* for crisis in a market society. Moreover, Dobb would argue that in capitalist social relations of production, crisis is necessarily *permanent* as a phenomenon to reproduce to the system.

In the section immediately following, Marx's reproduction schemas will be rehearsed. It bears repeating that these in Marx's volume II of *Capital* the reproduction schemas are highly incomplete; nevertheless, Dobb's interpretation of Marx is very consistent with the spirit of volume I of *Capital*.

After rehearsing Marx's schemas of reproduction, the ensuing section will develop Dobb's position on the *immanence* of, *necessity* for, and *permanence* toward socioeconomic crisis in capitalist production. It can be argued that the importance of the *immanence*, *necessity*, and *permanence* of crisis was Dobb's primary aim in writing *Studies*. Although the historical chapters of *Studies* and Dobb's analysis of the transformation from feudalism to capitalism by far received the most attention and acclaim, what seems to be Dobb's real thrust in *Studies* is to explain capitalist crisis in contemporary (post-Keynesian) society.

### 3.4. Paradigm of Reproduction

Marx's schemas of reproduction must be understood in a twofold sense. The schemas of reproduction were an effort to understand the (necessary) reproduction of social classes on one hand and the (necessary) reproduction of capital, goods, and services on the other hand. Most importantly, the schemas of reproduction were designed to demonstrate the *relationship between* the reproduction of social classes and the reproduction of capital, goods, and services. Dobb well understood the importance of this relationship of reproduction in his analysis of the capitalist undertaker as the social agent that fulfills the social act of the entrepreneurial function. According to Dobb, the reproduction of capital, and the avoidance of a pathological socioeconomic state, or crisis, radically depends upon the reproduction of the conditions desirable for the capitalist undertaking, or capital social investment.

To achieve the desired conditions for the capitalist undertakers, it is most important that the relationship between the working-class and their immediate supervisors be moderated to minimize various and numerous socioeconomic conflicts. These conflicts between class agents are

generated endogenously, and simultaneously, during the production process and distribution process.<sup>132</sup>

The historical moderation of these conflicts has taken many political forms, from regulating (finance) capital to "defeating" labor, along with various compromises of collective-bargaining. Dobb rejected interpretations of

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<sup>132</sup> For Dobb *class* remained a primary motivational moment for individuals living within the structure of capitalism. As such, Dobb viewed *class conflict* as an essential characteristic of capitalism. It is in this sense that for Dobb, like Marx before him, class conflict is to a large degree the chief determinant of socioeconomic development and change. According to Dobb "a class is to be defined in terms of a common source of income, which lays the basis of a common interest and probably also a common mode of life and common psychological traits" (Dobb 1955:95). Dobb pointed out that capitalist society is defined by private property rights, while the concentration of private capital is accumulated in relatively few hands. In such a society a basis is laid for "significant differences in the source of income of different sections of society" and for "inequality of opportunity," which together constitute the essential ingredients for class conflict (Dobb 1955:95-96). Dobb would emphasize that it would be remarkable in a society marked by differentiated sources of income and inequality of opportunity that class interest and class conflict *did not* play a pivotal role in the reproduction of the system.

Class, according to Dobb, helps to understand the motivation of human action. First because individuals are often unaware of their true motivations of action, the concept of class can illuminate some of these unconscious motives of action. Second, human will and action depend upon the relations between individuals, or between individual wills, and upon the total historical character of the objective situation that human actions aim to influence. Class is essential to understand antagonistic wills, and the objective historical conditions that individuals confront. Third "there is plenty of evidence that when one is dealing with large numbers – at the level of the group or class – there is much greater uniformity in the response of human beings to various situations and to various stimuli than can be noticed when one is observing individuals" (Dobb 1955:230-1). This is "because so much in the mode of life of man in society – his nurture, his habits and conventions, his prejudices and sense of values, his cultural opportunities and pursuits, and his relations with other members of society – is dependent on the source and nature of his income" (Dobb 1955:232). In short, the "more we study the world today, and the more we penetrate behind the reasons for which people say they act, or consciously think they are acting, to find the real motive forces which impel them, the less doubt, one might think, there could be about the importance of class conflict as a dominant feature of contemporary history" (Dobb 1955:97).

Marx that maintained class conflict would result from any sort of simple "revolutionary transformation into socialism." Likewise, Dobb emphasized in concert with Marx that the historical development of capitalism does not necessarily translate into "the So-Called 'Law of Increasing Misery'"<sup>133</sup> of the proletariat as a whole. Rather, for Dobb, the importance of the concepts of class and class conflict is that they offer a glimpse into the social motivation behind, and lay the basis for, "the famous schema of reproduction" (1967:536). Dobb emphasized that the reproduction schema of Volume II of *Capital* constitutes an essential moment for understanding socioeconomic crises (Dobb 1973:161-4).

#### **3.4.1. Distinguishing Between a Crisis and the Trade-Cycle**

For Dobb, periods of economic stagnation and the trade cycle are not necessarily crises. Whereas stagnation and trade cycles are short-term problems, implying both a downturn and recovery symmetrically related in the normal process of reproduction, crisis is a long-term movement, invoking a "break" or transformation in the normal process of reproduction. In this context, Dobb (1967:64-5) wrote:

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<sup>133</sup> See Dobb 1957 "Marx and the So-Called 'Law of Increasing Misery'" *Keizai Kenkyu* (Tokyo), VIII, I. And Dobb 1960 *Teoria economica e socialismo*, Roma, pp. 365-72.

I want [...] to draw attention to the link between this essentially short-term problem [i.e., the trade cycle] and the long-term problem of development in two main respects. Firstly, I want to suggest that the term 'crisis' may be more appropriate than the term 'cycle' to describe this crucial phenomenon of capitalist society; since 'crisis' implies a break or interruption in some more long-run movement, whereas cycle seems to imply an oscillation in which both turning-points – the downturn and the upturn – are symmetrical and slump can be regarded as 'producing' or 'leading to' a subsequent recovery and boom, as much as the boom can be regarded as 'leading to' the slump. On the other hand, if one views the short-term phenomenon of fluctuation against the background of the long-term movement, the crisis-phase, or break in the long-term movement, and the subsequent resumption of investment and activity do not appear as necessarily symmetrical, and each may have to be explained quite differently. Secondly, I would suggest that there is much to support the view that the long-term development of capital accumulation continued up to the First World War (and in America up to 1929), despite the interruption of periodic crises, only because of the operation of special factors favourable to a shortening of the depression-phase and to a resumed momentum of investment activity once again – factors which were in their nature transitory, and in a sense external to the process of capital accumulation.

According to Dobb, a crisis can be defined as the failure of a mode of production to reproduce the main social relations that define it. Trade cycles are the failure of the reproduction of capital, goods, and services. Likewise, crises are the failure of the reproduction of capital, goods, and services but, additionally, are the failure to reproduce stable relationships between capitalist undertakers and workers.

In this sense, trade cycles and crises are both characterized as economic downturns, but crises alone are further characterized as a period of social transformation, or structural shift.

Dobb will conclude, like Marx before him, that in a capitalistic economy, there emerges a *necessity* for crisis.

Dobb (1937:80) like

Marx clearly regarded crises, not as incidental departures from a predetermined equilibrium, not as fickle wanderings from an established path of development to which there would be a submissive return, but rather as themselves a dominant form of movement which forged and shaped the development of capitalist society.

A *necessity* for crisis emphasizes that crises are internally generated, without denying the possibility of external causation (i.e., natural disasters). The *necessity* of crisis was, for Marx, a direct theoretical attack on Ricardo and later Ricardians who attempted to politically institute free trade. The absence of free trade was the key element, according to liberal Ricardians, impeding capital accumulation and industrial growth. According to various liberal Ricardians, instituting liberal policies of free trade and the removal of the obstacles of capital accumulation would *stable* industrial growth and economic development would be assured. Against the liberal Ricardians, Marx maintained that capitalism was



characterized by *unstable* industrial growth and economic development, that "rested on certain contradictions, and that the very forces which operated to yield an equilibrium of its elements generated counter-forces which periodically disrupted that equilibrium" (as quoted in Dobb 1955:196).

### 3.4.2. The Unstable Development of Capitalism

Dobb (1937:79-126) illustrated the unstable development of capitalism by means of Marx's reproduction schema in part three (Chapters 18-21), volume II of *Capital*. Marx summarized much of part three of volume II in Chapter 23 of volume I of *Capital*. Marx's reproduction schemas concern the circulation of capital reminiscent of Quesnay's *tableau economique*.<sup>134</sup>

In Chapter 9 of volume I, Marx maintained that the total value of a commodity is a function of constant capital, plus variable capital, plus surplus value (or  $c + v + s$ ). In Chapter 20 of volume II, Marx maintained that all commodities (except labor-power) are either means of production or consumer goods (what Marx called "means of consumption"). As such, Marx maintained that all production in an economy correspondingly can be divided into two departments: Department I, which produces the

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<sup>134</sup> See Shigeto Tsuru, 1942, in Paul Sweezy 1942:365-74.

means of production, and Department II, which produces the means for consumption or consumption goods.

Hence, in the aggregate, the value of the means of production and the value of consumption goods can be summarized in the following schemas (see Marx 1978:473ff):

Production of means of production:

$$c_I + v_I + s_I = \text{value of means of production } (w_1)$$

Production of consumption goods:

$$c_{II} + v_{II} + s_{II} = \text{value of consumption goods } (w_2)$$

Aggregate Production:

$$C + V + S = W$$

### 3.4.3. Simple Reproduction

For the system to be reproduced without hindrance, a number of conditions *must* be fulfilled. The most basic of these conditions are those of "Simple Reproduction" where everything,  $c_I + v_I + s_I$  and  $c_{II} + v_{II} + s_{II}$ , is merely replaced exactly on the same scale, i.e., where it is assumed that there is zero growth and distribution between agents is unchanged. Simple reproduction requires not only that total supply must equal total demand, but that the output of the respective department is equal to the demand of the other department. That is to say, the constant capital ( $c$ ) used up in both departments equals the entire output of Department I, summarized as

$$(1) \quad c_I + c_{II} = c_I + v_I + s_I$$

Furthermore, the total or aggregate incomes of the economy<sup>135</sup> (workers and capitalists in both departments) must be equal to the entire output of Department II, summarized as:

$$(2) \quad v_I + s_I + v_{II} + s_{II} = c_{II} + v_{II} + s_{II}$$

Both conditions reduce to the simple equation:

$$(3) \quad c_{II} = v_I + s_I$$

The basic condition for simple reproduction is the value of constant capital (used to produce consumer goods) used up in Department II, must be equal to the income of capitalists and workers (who produced the means of production) in Department I. If this condition is satisfied, reproduction proceeds "hitchless"<sup>136</sup> and the

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<sup>135</sup> Simple reproduction assumes by definition that all income is consumed, whereby the economy is merely reproduced, otherwise unchanged.

<sup>136</sup> This term comes from Joseph Schumpeter in a discussion of Say's law and theories of crisis. Schumpeter suggests that economic models of capitalism that are committed to the idea that there exists *no* "inherent tendency to develop hitches (merely by the working normally and according to design), which then make [the economic system] stall or stop working normally and according to design" can be termed *hitchless*. Models that are committed to the existence of "inherent [...]" hitches as part of the "normal" functioning of capitalism as an economic system are dubbed by Schumpeter ("With apologies") as *hitchbound* (Schumpeter 1954:565ff).

economy is assumed to be reproduced on the same scale indefinitely.

By dividing equation (3) by  $v_{II}$ , it can be rewritten as

$$(4) \quad c_{II}/v_{II} = v_I/v_{II} + s_I/v_{II}$$

The expression  $c_{II}/v_{II}$  is the organic composition of capital in Department II. Now, factoring out on the right-hand side of the equation:

$$(5) \quad c_{II}/v_{II} = v_I/v_{II} (1 + s_I/v_I)$$

where  $s_I/v_I$  is the rate of surplus-value or the rate of exploitation. In simple reproduction, the rate of exploitation is equal in both departments by assumption. Rearranging, the equation is expressed as

$$(6) \quad v_I/v_{II} = (c_{II}/v_{II})/(1 + s_I/v_I)$$

Hence, for simple reproduction to proceed hitchless, the ratio of variable capital employed in the two departments must be strictly determined as an increasing function of the organic composition of capital in Department II and as a decreasing function of the rate of surplus value. To put it a bit differently, wages advanced in the respective departments must be of a specific ratio in correspondence with the organic composition of capital in Department II

and the rate of surplus value in Department I. However, because capitalist production is initiated by the profit motive there exists a particular "anarchy of production," whereby *ex ante* there is an absence of any production mechanism that ensures a balance. More emphatically, in capitalist development, balance between departments occurs only by miraculous *accident*. The price mechanism is formally capable of bringing about balanced *reproduction ex post*. In volume II of *Capital*, Marx assumes that the price mechanism is successful in achieving balanced reproduction.

The numerical example offered by Marx assumed balanced reproduction by means of various assumptions. Marx's numerical example of a balanced simple reproduction schema is as follows:

$$\begin{aligned} 4000c_I + 1000v_I + 1000s_I &= 6000w_1 \\ 2000c_{II} + 500v_{II} + 500s_{II} &= 3000w_2 \end{aligned}$$

Aggregate production:

$$6000C + 1500V + 1500S = 9000W$$

The balance condition of equation (3) is obtained:

$$2000c_{II} = 1000v_I + 1000s_I$$

Variable capital in the respective departments are of the "required" proportion as a function of the organic composition of capital and the rate of surplus value as demonstrated in equation (6):

$$1000v_I/500v_{II} = (2000c_{II}/500v_{II})/(1 + 1000s_I/1000v_I)$$

Marx (Chapter 20 of volume II) further divided the means of consumption, i.e., Department II, into necessary means of subsistence, Department IIa, and luxury goods Department IIb. Hence, in summary

Production of means of production:

$$c_I + v_I + s_I = \text{value of means of production } (w_1)$$

Production of necessary means of subsistence:

$$c_{IIa} + v_{IIa} + s_{IIa} = \text{value of necessary means of subsistence } (w_2)$$

Production of luxury goods:

$$c_{IIb} + v_{IIb} + s_{IIb} = \text{value of luxury goods } (w_3)$$

Aggregate production:

$$\Sigma c + \Sigma v + \Sigma s = \Sigma w$$

The equilibrium condition(s) become

$$\Sigma c = w_1$$

$$\Sigma v = w_2$$

$$\Sigma s = w_3$$

Incidentally,  $\Sigma c$  corresponds to what Adam Smith called "productive" consumption, and  $w_1$  is the portion of social product "capitalized."  $\Sigma v$  is the amount of social revenue that is realized in the form of wages (and salary), and  $w_2$

is the portion of social product consumed as necessary consumption by both workers and nonworkers. Finally,  $\Sigma s$  is the amount of social revenue of nonworkers, and  $w_3$  is the portion of social product consumed as (both necessary and) luxury goods, the latter of which include what Adam Smith called "unproductive" consumption. It should be noted, if the balance conditions are satisfied, then for Marx, there exists no "unproductive" consumption in the sense that Adam Smith used the term; rather all consumption becomes necessary for (simple) reproduction to proceed in a hitchless manner.

Moreover, as presented above (and as presented by Marx), if the conditions for balanced reproduction are not met there can indeed be sectoral overproduction. However, any overproduction in one sector or department will be offset by a corresponding underproduction in some other sector, whereby the aggregate ( $\Sigma c + \Sigma v + \Sigma s = \Sigma w$ ) condition will be obtained. It is *not* at all clear that any general overproduction would manifest or, for that matter, even be a possibility.

Marx's numerical example of a three-department simple reproduction schema is as follows:

$$\begin{aligned} 4000c_I + 1000v_I + 1000s_I &= 6000w_1 \\ 1600c_{IIa} + 400v_{IIa} + 400s_{IIa} &= 2400w_2 \end{aligned}$$

$$400c_{IIB} + 100v_{IIB} + 100s_{IIB} = 600w_3$$

Marx pointed out that workers producing luxury goods will only consume necessary goods, i.e., commodities from Department IIa. The capitalists will spend a portion of their income on necessary goods from Department IIa and a portion on luxury goods from department IIB. Marx arbitrarily assumed that capitalists spend 3/5 of their income on Department IIa commodities and 2/5 on Department IIB commodities. Hence, the three departmental equations become

$$\begin{aligned} 4000c_{I(1)} + 1000v_{I(2)} + 600s_{I(2)} + 400s_{I(3)} &= 6000w_1 \\ 1600c_{IIa(1)} + 400v_{IIa(2)} + 240s_{IIa(2)} + 160s_{IIa(3)} &= 2400w_2 \\ 400c_{IIB(1)} + 100v_{IIB(2)} + 60s_{IIB(2)} + 40s_{IIB(3)} &= 600w_3 \end{aligned}$$

where the numbers in the parentheses are the respective direction that circulation takes between departments. More specifically, for example,  $c_{I(1)}$  indicates the amount of constant capital used in the production process of Department I, and the exchanges necessary to reproduce this level of constant capital all take place within and between the capitalists of Department I (indicated by the subscript (1)). Likewise,  $v_{IIB(2)}$  indicates that workers producing luxury goods spend all of their income in Department IIa, or on necessary consumption goods, whereas  $s_{IIB(2)}$ ,  $s_{IIB(3)}$ ,



respectively, indicate that the profit incomes (rent, interest, etc.) of capitalists producing and investing in luxury goods, Department IIb, spend a portion of their revenue on necessary consumption goods, and also a portion on luxury goods.

Marx did not explain how the balance conditions are to be met; rather, he merely assumed it. Likewise, Marx does not indicate whether he believed that his assumptions were realistic. However, it can be imagined that the conditions for balanced reproduction could be met via centralized planning,<sup>137</sup> or via a liberal price mechanism.<sup>138</sup>

For Marx, the mechanism for balanced reproduction is incidental, given his high level of abstraction. Rather his purpose may be interpreted as merely to obtain abstractly the conditions that *formally* allow the achievement of balanced reproduction. Dobb steered away from interpretations of the simple reproduction schemas as an attempt to critique the possibility of the price mechanism as being capable of adjusting an economic system

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<sup>137</sup> In this sense, Marx's schemas provided the basis for G. Feldman's Soviet model of growth (see Domar 1957).

<sup>138</sup> If interpreted in this way Marx's schemas anticipated the work of Leon Walras and provide the basis of balanced economic growth reminiscent of later growth models of R. F. Harrod (1939) and R. M. Solow (1956).

toward balanced reproduction.<sup>139</sup> In fact, the schemas may offer a glimpse towards the sophistication of the price mechanism, and the advantage of the price mechanism as the organizational principle over centralized planning, simply on the grounds of the enormity of the task of centralized planning in coordinating the complexity of the system. With emphasis, throughout part three of volume II of *Capital*, Marx typically abstracted away from any hitchbound manifestations of capitalist reproduction.

With the above qualification, it can be observed that although beyond doubt, Marx's aim in Chapter 20 of volume II is to demonstrate the necessary conditions of balanced simple reproduction. The third department, in which luxury goods are produced, seems to be introduced for the purpose of later developing arguments for the manifestation of imbalances and disproportionalities between departments. It should be made clear that Marx does not develop these arguments in part three of volume II of *Capital* with any sort of rigor. However, he suggestively states that "Every crisis temporarily decreases luxury consumption; it delays and slows down the re-transformation of [variable capital

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<sup>139</sup> Tugan-Baranowski and Rosa Luxemburg interpreted the schemas in this sense. For Tugan-Baranowski the schemas could then function as a basis for a theory of underconsumption crisis. Luxemburg argued that the schemas could lay the basis for a theory of imperialism and colonialism.

from Department IIb] into money capital" (1978:486). Marx does not offer an explanation of why a partial imbalance would not immediately, or shortly thereafter, adjust via the price mechanism and avoid the manifestation of a general crisis.

Nonetheless, in the passage quoted above, Marx assumes a general crisis to have manifested, whereby there is an imbalance between sectors, such that only a portion of the luxury goods produced are sold or exchanged at their expected prices. With unexpected built-up inventories within the luxury sector, Marx (1978:486) maintains

a section of the luxury workers are thrown onto the streets: this leads in turn to a stagnation and restriction in the sale of necessary means of consumption [i.e., Department IIa commodities]. And this quite apart from the unproductive workers who are discharged at the same time, workers who receive for their services a part of the luxury expenditure of capitalists (they are themselves to this extent a luxury item), and who also participate very substantially in the consumption of necessary means of subsistence, etc.

Although Marx does not explain anywhere in part three of volume II of *Capital* why a general crisis manifests, clearly he believed crisis to be potential (even perhaps immanent). Further, in the quoted passage, Marx plainly demonstrates his knowledge and understanding of the multiplier effect when involuntary employment arises. In fact, in the same passage, Marx states that during a boom

phase, or a "phase of hyper-activity," prices of commodities rise above their values, including the commodity *labor-power*. In such a situation, the "working class also [...] takes a temporary share in the consumption of luxury articles" (Marx 1978:486).

A "phase of hyper-activity" necessarily implies that equation (3) above becomes *ex ante*:

$$(7) \quad c_{II} < v_I + s_I$$

and prices begin to rise, i.e., adjusting, whereby Marx is assuming nothing impedes the price mechanism.

Likewise, during a crisis, prices would be generally falling and equation (3) becomes *ex post*:

$$(8) \quad c_{II} < v_I + s_I$$

How either case arises, Marx does *not* elaborate in Chapter 20 of Volume II. Nevertheless, in case (7) Marx strikingly suggested that *not* only do wages rise during expanded reproduction, but workers also can share in the distribution of surplus value. Consistent with volume I of *Capital*, accumulation of capital leads to "a rise in the price of labor" (Marx 1976:769). This is not due to any rise in the value of labor, but instead is because workers are sharing in the distribution of surplus value (i.e.,  $s_i$ ).

Workers, therefore, "can extend the circle of their enjoyments [i.e., luxury goods from Department IIb], make additions to their consumption fund of clothes, furniture, etc., [i.e., necessary goods from Department IIa], and lay by a small reserve fund of money" [i.e., save] (Marx 1976:769).

In that Marx's intention throughout Chapter 20 has been merely to illuminate the necessary conditions of balanced simple reproduction, he does not elaborate on "circumstances" of "expanded reproduction," or on "circumstances" resulting "in an incomplete – defective – reproduction" (Marx 1978:471). Hence, it appears that he introduces the possibility of alternative circumstances to simple production to be able to make the point that "defective" reproduction (i.e., crisis) does not typically manifest directly from underconsumption, i.e., where "the working class receives too small a portion of its own product, and that the evil would be remedied if it received a bigger share, i.e. if its wages rose" (Marx 1978:486).

Thus, the preliminary conclusion can be made from Marx's comments in Chapter 20, Volume II, that for reproduction on an extended scale to take place, it is desirable, if not necessary, that an extensive redistribution of surplus value occurs. In Keynesian

language, this means that effective demand must be realized. Tugan-Baranowsky assumed that this redistribution would not take place, and an underconsumption crisis would ensue. Later writers, such as V. Lenin and R. Luxemburg, were to see the necessary growth of exports for sustaining capitalist growth. The ensuing desire to augment exports would tend to manifest into imperialism and colonialism.

The only thing that can be said with certainty is that Marx's notion of simple reproduction is, of course, an abstraction. Marx's simple reproduction is an analytical device to understand reproduction of a "hitchless" capitalist economy where all incomes are consumed. Most immediately, this fiction abstracts away from the ability of *both* workers and capitalists to save a portion of their incomes and from the *necessity* of capitalists to accumulate.<sup>140</sup> The "absence of any accumulation or reproduction on an expanded scale is an assumption foreign to the capitalist basis" (Marx 1978:470). After all,

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<sup>140</sup> Marx puts it as follows: "Simple reproduction on the same scale seems to be an abstraction, both in the sense that the absence of any accumulation or reproduction of expanded scale is an assumption foreign to the capitalist basis. [...] But since, when accumulation takes place, simple reproduction still remains a part of this, and is a real factor in accumulation, this can also be considered by itself" (Marx 1978:470-1).

"Accumulate, accumulate! That is Moses and the prophets" of the capitalist mode of production (Marx 1976:742).

#### **3.4.4. Expanded Reproduction**

Expanded reproduction is essentially the same as simple reproduction; in fact, simple reproduction is a *necessary* moment within expanded reproduction. The main difference between simple and expanded reproduction is that capitalists save a portion of their incomes and reinvest in additional variable and constant capital. Essentially it is an abstract model of a "hitchless" economy that exhibits growth, in which "Money is withdrawn from circulation and stored up as a hoard by the sale of commodities without subsequent purchase" (Marx 1978:567). Accumulation and hoard formation occur in both departments. Now, in extended reproduction, capitalists are not consuming all their income, but instead save (or hoard) to reinvest on an extended scale. In Marx's simplified example in volume II Chapter 21, he assumes that the rate of surplus value ( $S/V$ ) in the economy does not change (in Marx's example,  $S/V = 100\%$ ). Also unchanged are the respective organic compositions of capital ( $c_i/v_i$ ) in each department; in short, there is no technological improvement, but merely a "widening" of capital investment. Furthermore, Marx

assumes that capitalists in Department I save exactly one-half of all their income and re-invest it in constant (and variable) capital (see Howard and King 1985:183).

In the case of expanded reproduction, the abstract condition for simple reproduction:  $c_{II} = v_I + s_I$  no longer holds. With expanded reproduction, the values of the incomes in Department I are greater than the aggregate constant capital of the economy, or formally:  $c_{II} < v_I + s_I$ . This happens *ex ante*, before production; hoarding takes place whereby  $s_I$  begins to swell. In short, after capital replacement, income is greater in value than total value of consumer goods. This hoarded income is reinvested in productive capital, both constant ( $c_I$ ) and variable capital ( $v_I$ ), on an extended scale. To avoid excess supply or over-production, the capitalists in Department II simply would absorb the excess capital goods so as to clear the capital markets in Department II, automatically expanding the production of consumer goods and clearing the consumer goods markets.

In the case of expanded reproduction, the balance condition (*ex post*) becomes

$$(9) \quad c_I + c_{II} + \Delta c_I + \Delta c_{II} = c_I + v_I + s_I$$

This reduces to



$$(10) \quad c_{II} + \Delta c_I + \Delta c_{II} = v_I + s_I$$

Subtracting  $s_I$  from both sides, and rearranging

$$(11) \quad v_I = c_{II} + \Delta c_I + \Delta c_{II} - s_I$$

dividing through by  $v_{II}$ , and multiplying  $\Delta c_I/v_{II}$  by  $v_I c_I/v_I c_I$ , multiplying  $\Delta c_{II}/v_{II}$  by  $v_I c_{II}/v_I c_{II}$ , and multiplying  $s_I/v_{II}$  by  $v_I/v_I$ , then rearranging:

$$(12) \quad v_I/v_{II} = c_{II}/v_{II} + (\Delta c_I/c_I)(c_I/v_I)(v_I/v_{II}) + (\Delta c_{II}/c_{II})(c_{II}/v_{II}) - (s_I/v_I)(v_I/v_{II})$$

Finally

$$(13) \quad v_I/v_{II} = [ (c_{II}/v_{II})(1 + (\Delta c_{II}/c_{II})) ] / [ 1 + (s_I/v_I) - (\Delta c_I/c_I)(c_I/v_I) ]$$

The expression demonstrates that *balanced* growth requires that the ratio of variable capital or wages to be advanced must be of a particular ratio. This ratio is itself determined by, and for balanced growth must correspond specifically to, five particular economic elements: (1) the organic composition of capital in Department II, (2) the organic composition of capital in Department I, (3) the rate of growth of constant capital in Department II, (4)

the rate of growth of constant capital in Department I, and  
 (5) the rate of surplus value in Department I.

#### **3.4.5. Marx's Numerical Example of Expanded Reproduction**

With the above preliminary remarks, Marx's numerical example from Chapter 21 of volume II can be developed. Before proceeding, mention should be made of the fact that all of volume II is composed of various manuscripts by Marx that were compiled and edited by Engels after Marx's death in 1883. Chapter 21 is from manuscript VIII, written in 1878 (see Engels's preface to the second edition of volume II, written in 1893, printed in Marx 1978:104). Marx had written a preliminary sketch as early as 1870 (manuscript II), published as Chapter 17 of volume II. The articulation of expanded reproduction in this manuscript is important, especially in the direct context of the later 1878 manuscript. It must be kept in mind that manuscript II (1870) and manuscript VII (1878) are both merely "a provisional treatment of the subject" (Engels' preface to the first edition of volume II, written in 1884, printed in Marx 1978:86). Nowhere in all of volume II is the warrant of Engels' comment more obvious than Chapter 21 where the schema of expanded reproduction is developed.

Marx makes a first attempt at sketching a "schematic presentation of accumulation," or a schema of extended reproduction, which he labels (a) for the initial scheme where the *ex ante* condition  $c_{II} < v_I + s_I$  is in place, i.e., money has been hoarded. Then he presents a second schema (b) where the *ex ante* hoarded money condition is not yet in place. Marx makes a few preliminary remarks concerning the formation of *money hoards* for extended accumulation. In short, he suggests that hoard formation does not result from swindling. That is to say, in the aggregate, capitalists cannot swindle workers to form money hoards, nor in the aggregate can capitalists swindle one another to form money hoards.

Marx, however, stops short of explaining the source of money hoard formation: "How this [formation of money hoards] happens will be investigated at the close of the present chapter (section 4)" (Marx 1978:585). In section 4, "the close" of Chapter 21, Marx offers an obtuse eight-sentence paragraph which gestures toward the production of gold in Department I as a main source of the initial money hoard. Therefore, the matter of the formation of money hoards is, in part three of volume II, both unsatisfactory and misleading. The source of the hoard is to be found in his theory of surplus value (Chapters 6 and 7 of volume I);

the reason that money capital is hoarded rather than accumulated is the real question here, which Marx does not adequately address. Nonetheless, his schema of expanded reproduction has capitalists in both Departments I and II capable of forming money hoards and then investing these hoards toward accumulating additional capital.

Marx's numerical example of expanded reproduction schema assumes that the rate of surplus value is 100 percent throughout the entire economy. He further assumes a ratio of constant capital ( $c$ ) to variable ( $v$ ) to differ in Department I ( $c_I/v_I = 4$ ) from Department II ( $c_{II}/v_{II} = 2$ ), so that respectively  $c_I/(c_I+v_I) = 4/5$ ; and  $c_{II}/(c_{II}+v_{II}) = 2/3$ .

Table 1 has Marx's expanded reproduction. The total output of Department I is 6000; however total capital is 5500. Moreover, total value added  $V + S$  ( $= 3500$ ) is greater than total output of Department II ( $w_{II} = 3000$ ). Hence, in both cases  $c_{II} < v_I + s_I$ , whereby the system is not in the mode or schema of simple reproduction. In this case of revenue generated in production, capitalists are able to hoard a portion of their incomes. When these hoards are advanced toward more capital, then the system will exhibit growth, or extended reproduction.

In Marx's schema of extended reproduction, as demonstrated in Table 1, capitalists are not only

**Table 1** (amended from Desai 1974:79-80).

Department	$C_i$	$V_i$	$S_i$	$W_i$	Period
Department I	4000	1000	1000	6000	<i>Ex ante</i> <i>scheme</i> Period 1
Department II	1500	750	750	3000	
Social Product	5500	1750	1750	9000	
Department I	4400	1100	500	6000	<i>Ex post</i> <i>scheme</i> Period 1
Department II	1600	800	600	3000	
Social Product	6000	1900	1100	9000	
Department I	4400	1100	1100	6600	<i>Ex ante</i> <i>scheme</i> Period 2
Department II	1600	800	800	3200	
Social Product	6000	1900	1900	9800	
Department I	4840	1210	550	6600	<i>Ex post</i> <i>scheme</i> Period 2
Department II	1760	880	560	3200	
Social Product	6600	2090	1110	9800	
Department I	4840	1210	1210	7260	<i>Ex ante</i> <i>scheme</i> Period 3
Department II	1760	880	880	3520	
Social Product	6600	2090	2090	10780	
Department I	5324	1331	605	7260	<i>Ex post</i> <i>scheme</i> Period 3
Department II	1936	968	616	3520	
Social Product	7260	2299	1221	10780	
Department I	5324	1331	1331	7986	<i>Ex ante</i> <i>scheme</i> Period 4
Department II	1936	968	968	3872	
Social Product	7260	2299	2299	11858	
Department I	5856	1464	666	7986	<i>Ex post</i> <i>scheme</i> Period 4
Department II	2129	1065	677	3872	
Social Product	7985	2529	1344	11858	
Department I	5856	1464	1464	8784	<i>Ex ante</i> <i>scheme</i> Period 5
Department II	2129	1065	1065	4259	
Social Product	7985	2529	2529	13043	
Department I	6442	1610	732	8784	<i>Ex post</i> <i>scheme</i> Period 5
Department II	2342	1172	745	4259	
Social Product	8784	2782	1477	13043	
Department I	6442	1610	1610	9662	<i>Ex ante</i> <i>scheme</i> Period 6
Department II	2342	1172	1172	4686	
Social Product	8784	2782	2782	14348	

hoarding money, but they advance these hoards toward the accumulation of more capital. Capitalists in Department I accumulate according to the simple rule that one half their income (or surplus value) is reinvested. Because Marx assumed no technological progress, the simple rule of Department I accumulation will leave the ratio between constant and variable capital unchanged.

Given the arbitrary rule of Department I capitalists extending their capital accumulation by one half of their surplus value, a number of important features of the system are illuminated. First, the very presence of the initial hoards implies the dynamic potential toward internally generated growth. Second, the *ex ante* disequilibrium or disproportionality between departments will necessarily *close ex post*.

If capitalists in Department I hoard one half of their surplus value, there are three broad possibilities with respect to the direction these hoards will take to *close* the disproportionality. (1) Capitalists can expand their consumption pleasures, i.e., increase their demand for various consumption goods, simultaneously expanding old, and creating new markets for luxury goods, potentially leading to enormous growth in a third department, and consequently via the multiplier, the system as a whole.

(2) Capitalists can extend their accumulation of (constant) capital (and with  $c/v$  constant by assumption, consequently increase their demand for variable capital). Once again, the consequence is the growth of the system as a whole.

(3) Capitalists may leave the hoards idle, which is to say they may leave the hoard in monetary form. As long as this increase in monetary form is merely surplus value above and beyond that which is necessary for simple reproduction, the hoard formation can occur without any hitches, necessarily forming in the normal reproduction of the system.

Marx assumes that the capitalists of Department I accumulating constant and variable capital on an extended scale reabsorb all hoard formation into the system, whereby the *ex ante* disproportionality between  $C < w_I$  and  $S + V > w_{II}$  as shown in Table 1, Period 1, will be brought back to proportionality *ex post*, with the capitalists of Department I accumulating more capital. This is an arbitrary assumption: extended reproduction could proceed forward by increasing consumption, and simple reproduction could proceed by hoard formation, i.e., merely keeping the excess surplus value in monetary form. Or a combination of the three could achieve extended reproduction. For simplicity, Marx assumes that the propensity to hoard (denoted by  $\alpha_I$ ) in Department I is  $\alpha_I = \frac{1}{2}$ . With  $c/v$  assumed

unchanged, then one can denote the ratio of constant capital to total capital  $[c/(c + v)]$  by  $\kappa$  and the ratio of variable capital to total capital by  $\omega$ . Thus,  $\kappa_I = 4/5$  and  $\omega_I = 1/5$ . Finally, denoting the *ex ante* categories by keeping them in brackets [ ], then the simple arbitrary rules of capitalists accumulation within Department I for both constant and variable are given by the respective *ex post* formulas:

$$(14) \quad c_I = [c_I] + \alpha_I \kappa_I [s_I]$$

$$(15) \quad v_I = [v_I] + \alpha_I \omega_I [s_I]$$

In other words, *ex ante* the system exhibits  $c_{II} < v_I + s_I$ ; however, *ex post*  $c_{II} = v_I + s_I$ . How does this come about? *Ex ante* the planned investment of capitalists in Department II produced  $w_{II} = 3000$ . Workers in both departments and capitalists within Department II spend all of their income on consuming commodities from Department II, leaving a total product of 500 for Department I capitalists. Hence, Department I capitalists spend 500S of their 1000S on Department II commodities, leaving them with excess surplus-value. Marx's arbitrary rule then is that Department I capitalists use this excess surplus-value on extended production.



The *ex post* increase in labor ( $v_I$ ) will tend to increase demand for the means of consumption or Department II commodities, whereby prices for Department II commodities will increase, inducing capital accumulation within Department II. Department II accumulation of capital further increases the demand for the means of consumption, first, by means of an increase in  $v_{II}$ , and second, by means of the realization process, from the sale of capital equipment from Department I to Department II, or the realization of surplus value within Department I, given the propensity to consume half of the surplus value realized will be spent on commodities in Department I. When all these price adjustments take place, proportionality between departments is established *ex post*.

The increase of prices will induce capital accumulation; capitalists in Department II temporarily curtail consumption by approximately one third, or  $\alpha_{II} = \frac{1}{3}$ , and by the assumption of no technological change. The ratio between constant and variable in Department II remains unchanged at  $c_{II}/v_{II} = 2$ , whereby  $\kappa_{II} = \frac{2}{3}$  and  $\omega_{ii} = \frac{1}{3}$ . Given the arbitrary rule of Department I capitalists, Department II capitalists will be induced to accumulate constant and variable capital according to the respective formulas

$$(16) \ c_{II} = [c_{II}] + \alpha_{II} \kappa_{II} [s_{II}]$$

$$(17) \ v_{II} = [v_{II}] + \alpha_{II} \omega_{II} [s_{II}]$$

The accumulation of constant and variable capital takes on a *life* of its own after the production process disproportionality emerges once again. For example, in Period 2, capitalists in Department I advance  $4400c_I$  and  $1100v_I$ , a constant rate of exploitation of 100 percent;  $1100v_I$  will generate  $1100s_I$ , for a total product of  $6600w_I$ . Likewise, at the beginning of period 2, capitalists in Department II advance  $1600c_{II}$  and  $800v_{II}$ , generating  $800s_{II}$ . Hence, although the *ex post* actions of the economic agents resulted in *ex post* proportionality, after the production process has taken place, period 2 once again is *ex ante*, characterized by an imbalance between departments, or  $c_{II} < v_I + s_I$ . As long as capitalists in Department I continue to follow the arbitrary rule of accumulating or capitalizing one half of their surplus value, then the process of extended reproduction can formally proceed unhindered.

In the six periods illustrated in Marx's example, total social product  $\Sigma w$  increases from 9000 in the first period to 14,348 in the sixth period; this corresponds to a 10 percent growth rate in total output each period, except for the first period, where the rate of growth is 9

percent. With no technological improvement, the organic composition of capital is constant; hence the accumulation of constant capital is 10 percent. With the rate of exploitation unchanged, the change in investment of variable capital also is 10 percent. The expenditures of Department I capitalist on consumption and luxury commodities increase by 10 percent; however, expenditures of Department II capitalists on consumption and luxury commodities changes by -6 percent between the first and second period, and then increases by 10 percent each period. Finally, the value rate of profit ( $\pi$ ) is given by

$$(18) \quad \frac{S}{c + v}$$

The value rate of profit for each department differs; this is due to the different organic compositions of capital. The value rate of profit for Department I  $\pi_I = 20$  percent, for Department II  $\pi_{II} = 33$  percent, and the average value rate of profit is constant in each period at  $\pi = 24$  percent. This is an *ad hoc* assumption; it is not entirely clear why an equalization of the profit rate should not occur. This requires more explanation; however Marx offers no explanation.

In volume II, Chapter 21, Marx succeeded in demonstrating, by means of an analytical or numerical fiction, that *balanced* expanded reproduction was, in fact, *possible* in capitalism. However, as Dobb never tired of pointing out, there is no "actual tendency in capitalist society for these abstract conditions to be fulfilled — on the contrary, they were only observed 'by an accident'" (Dobb 1955:196, 1937:102, 1973:163).<sup>141</sup> As this comment stands, it is not at all clear what significance Dobb has in mind. Nor is it clear why the efficacy of the price mechanism is not capable of establishing proportionality between departments. This is especially perplexing in that Marx has demonstrated an example whereby it is possible.

The virtue of capitalism is an internal impetus for growth and expansion. This impetus is the combination of the spirit of free enterprise (i.e., private property) and competition. Profit as an award of entrepreneurship based on the amount of capital an entrepreneur has in the circulation process is the very basis of the dynamic of a

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<sup>141</sup> Dobb writes elsewhere (1967:56) "the dynamic impetus in a capitalist economy, where the decisions affecting development are in the hands of autonomous entrepreneurs, or firms, motivated by considerations of individual profit. I need hardly remind you that in such an economy development does not occur as the result of any thought-out and coordinated plan; it just happens — accidentally as it were — as the result of a large number of autonomous individual decisions each of them taken in ignorance of other and parallel decisions, on the basis of market data *plus* guesswork or 'expectations' as to future movements in that market data."

capitalist system. It is to Marx's credit that he recognized extended reproduction always involves simple reproduction. However, simple reproduction is not the driving aim of the individuals within such a system. In fact, Marx argued, "Accumulation of capital, i.e. genuine capitalist production, would be impossible in this way. The existence of capitalist accumulation accordingly excludes the possibility that  $c_{II}$  may be equal to  $v_I + s_I$ " (Marx 1978:596). The disproportionality between departments, expressed as  $c_{II} < v_I + s_I$ , is characteristic of the system at nearly all moments of reproduction. It would be miraculous for a balance to be achieved without price changes also having significant influence on the migration of both constant and variable capital. Such movements tend to cause *uncertainty* in future investment and entrepreneur projects. Competition between capitalists (along with other institutional forms) generates often enormous *risk*. The anarchic beginning of the production process is the source of *ignorance*.

These circumstances of capitalist undertakers create serious constraints upon their ability to fulfill the entrepreneurial function for society. J.M. Keynes would recognize these same constraints confronting capitalist

undertakers or the investment class. In concert with Dobb, Keynes (1963:317-8) wrote:

Many of the greatest economic evils of our time are fruits of risk, uncertainty, and ignorance. It is because particular individuals, fortunate in situation or in abilities, are able to take advantage of uncertainty and ignorance, and also because for the same reason big business is often a lottery, that great inequalities of wealth come about; and these same factors are also the cause of the Unemployment of Labour, or the disappointment of reasonable business expectations, and of the impairment of efficiency and production. Yet the cure lies outside the operations of individuals; it may even be to the interest of individuals to aggravate the disease.

Money, via the price mechanism, is needed to achieve proportionality between departments. However, social attributes of money also behold the potential to deepen the disproportionality. Each of these issues requires further investigation into the motives of individuals in a capitalist mode of production, or what Keynes called a "monetary economy of production."

It must be recognized that in volume II of *Capital*, Marx does not provide a satisfactory explanation of the immanent, necessary, and permanent contradictions involved in the capitalist mode of production. It is to this aim that Dobb developed a political economy of crisis. Marx's schemas of reproduction are the foundation of Dobb's theory. Dobb argued that various institutional forms constitute a perpetual degree of risk, uncertainty, and

ignorance with respect to the fulfillment of the entrepreneurial function in a capitalist society. The basis of capitalist crisis is the failure to fulfill the entrepreneurial function of society.

According to Dobb, Marx's schemas of reproduction were aimed at demonstrating the high improbability of balanced economic growth. It is in this sense that Dobb understood the schemas of reproduction as a basis for developing a general theory of capitalist crisis and theory of imperialism.

### **3.5. Crisis: Overproduction and Disproportionalities**

Dobb contended that "Undoubtedly for Marx the important application of his theory was in the analysis of the character of economic crises"<sup>142</sup> (Dobb 1937:79). Dobb pointed out (1937:89-90), and it is clear from Marx's

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<sup>142</sup> Simon Clarke (1994:5, no. 4) contends that "It is difficult to see how Dobb could substantiate [t]his bold assertion." Clarke claims that Marx did not develop a clear, coherent theory of crisis (Clarke 1994:274). Rather, Marx, at various moments, associates "crises with the tendency for the rate of profit to fall, with tendencies to overproduction, underconsumption, disproportionality, and over-accumulation with respect to labour, without ever clearly championing one or the other theory" (Clarke 1994:5). Nonetheless, it can be said that two social phenomena preoccupied Marx in his studies of political economy. First, the periodic crises that plagued Western European capitalist nations, and second, the disparity in the distribution of social wealth in an age when social wealth had increased immensely, while at the same time, for the vast majority of human beings living in capitalist social relations of production, their distribution of this social wealth had done little more than stay constant, and in some instances, even decreased (Dobb 1946; Mandel 1962:145ff). In this sense, Dobb's "bold" assertion is correct; however, this should not imply that Marx developed a complete and coherent theory crisis.

reproduction schemas, that crises are not necessarily manifest from wages being too low, or in other words, underconsumption based on a Ricardian-driven "Iron Law of Wages." Marx himself wrote:

It is purely a tautology to say that crises are caused by the scarcity of solvent customers or of paying consumption. [...] If any commodities are unsaleable it means that no solvent purchasers have been found for them, in other words, consumers (whether commodities are bought in the last instance for productive or individual consumption). But if one were to attempt to clothe this tautology with a semblance of a profounder justification by saying that the working class receive too small a portion of their own product, and the evil would be remedied by giving them a larger share of it, or raising their wages, we should reply that crises are precisely always preceded by a period in which wages rise generally and the working class actually get a larger share of the annual product intended for consumption (Marx 1978:486; also Dobb 1937:90 no. 3).

As I have shown, according to Marx in volume II of *Capital*, it is not at all clear what may cause a crisis. It is Dobb's aim both to interpret the implicit meaning of Marx in these unfinished manuscripts and to further develop a theory for capitalist economic crises.

For Dobb, a leading characteristic of capitalism is that the entrepreneurial function is in the hands of individual capitalist undertakers. The significance of this observation is that there is, first by definition and second by institutional design, "anarchy of production." This simply means that production decisions are made



'atomistically' and are coordinated by the mechanism of the market and its price-movements (Dobb 1962:30). For (neo)classical economists, capitalist commodity production and exchange operate without collective regulation as long as there is sufficient competition among producers (Dobb 1937:37).

The special virtue of the competitive market system is that the regulation of the system is maintained by the "rule of rationality" and by "automatic adjustment" of prices. The production decisions of individual capitalist undertakers are normally made in blindness of one another; hence the basis of the joint outcome that produces the "automatic adjustment" is the aggregation of individual *guesses* (Dobb 1937:275). The allocation-pattern of investment in a capitalist mode of production is "a product in the first instance of the guesses and expectations of a large number of independent decision-takers (*entrepreneurs*), in the long run revised by *ex post* movements of market prices" (Dobb 1960:5).

In addition, the production decisions or investment "guesses" must "be made some distance ahead of the market-events into which they mature." This necessarily implies that the corrective "price-movements may not occur for some time, perhaps for a period of many years. In the meantime,

guesses have to serve for knowledge, and mistaken decisions continue to be made and embodied in action" (Dobb 1937:275).

The "correctness" of investment "guesses" depends on four facts that individual undertakers in the anarchy of capitalist production are either partly or fully ignorant of. These are (1) parallel and rival acts of investment; (2) acts of investment that will or will not be made in complementary processes, for example, complementary products, transport or power facilities, etc.; (3) the aggregate amount that will be saved and/or invested throughout the economy as a whole; and (4) the course of capital investment in the future, which will in part determine the rate of interest on the economic life of the individual undertaker's current fixed capital investment (Dobb 1937:278).

The boom and bust phenomenon of capitalism, or the so-called business cycle, is very much a function of the *relative* ignorance of these four facts on behalf of the individual capitalist undertakers, who are, in turn, responsible for the fulfillment of the entrepreneurial function of society, i.e., investment decisions. In the capitalist mode of production, these independent and individual investment decisions are what produce the

particular characteristics and dynamic of the system. It is here that "there is abundant field for miscalculation" (Dobb 1955[1924]:14). The basic ignorance of these facts, coupled with the competitive nature of capitalism, produces a tendency towards overinvestment in certain industries, and consequently, overproduction.

As I have shown, the overproduction tendencies of capitalist production are "fairly familiar."

Examples consist in the chaotic duplication of railway facilities, the frequent overlapping of public utility services, the mushroom growth of shopping and entertainment facilities in new urban districts where (in respect to shops at least) the rate of mortality of business seems to be extraordinarily high (Dobb 1937:279).

An example of the familiarity of overproduction is provided by the Final Report of the Royal Commission in their analysis of the crisis of the late nineteenth century:

We think that [...] over-production has been one of the most prominent features of the course of trade during recent years; and that the depression under which we are now suffering may be partially explained by this fact. [...] The remarkable feature of the present situation, and that which in our opinion distinguishes it from all previous periods of depression, is the length of time during which this over-production has continued (quoted in Dobb 1946:307).

### **3.5.1. Underinvestment Tendency of Capitalist Social Relations**

Although overproduction is a prominent feature of capitalist industry (Dobb 1925:387-8), another less

recognized result of the individual undertakers' ignorance is, ironically, *underinvestment* (Dobb 1937:279). Dobb maintained that if such ignorance is sufficiently great, "it may so inhibit investment decisions as to arrest [economic] growth entirely" (Dobb 1960:8). Dobb suggests that it is especially the "complementary" investments that facilitate the manifestation of underinvestment.

Examples of underinvestment "are doubtless more important than we are generally aware since they are not brought to our notice as are the results of overinvestment, which force our attention" (Dobb 1937:279). In underdeveloped nations where the political commitment is toward *laissez-faire*, hence industry is ruled by 'anarchy of production,' *underinvestment* becomes especially significant. In economically underdeveloped nations, the ignorance and risk that face individual capitalist undertakers (both foreign and domestic entrepreneurs alike) may inhibit development of industries that require coordination of a large number of individual decisions (Dobb 1962:65).

### **3.5.2. Unstable Development: A Problem of Economic Organization**

Dobb argues that investment may not take place when it is needed most. Especially in cases where

investment at one point on the economic front is dependent upon a simultaneous act of investment at other points may prevent that investment from being made at all, however economically justified it might prove to be if the whole series of related moves could be made in unison (Dobb 1967:86).

However, as Dobb never tired of pointing out, "where [the] basis of sound calculation is absent, emotional influences (business optimism, etc.) enter in" (Dobb 1955[1924]:14). Even if investment could get underway, for example, by means of an impulse of unanimous optimism on the part of individual capitalist undertakers, development is by no means necessarily stable.

Unstable development may very well be what best characterizes the process of economic growth. Unstable development may manifest in that

the several parts of the pattern of development will lack co-ordination and will accordingly tend to be such as to involve subsequent maladjustments, frustrations and distortions, probably of a serious and costly character (Dobb 1955[1953]:76).

Such maladjustments and distortions "can only be subsequently corrected by jerks in development, and probably by jerks [which are in themselves] productive of fluctuations" (Dobb 1937:285).

It is in this sense that Dobb believed that the uncertainty of individual capitalistic undertaking may greatly narrow the range of practical investment and favor

more cautious investment against potentially more ambitious paths of development (Dobb 1967:86). "In other words, the type of mechanism whereby economic decisions are taken may be the crucial factor in determining the form and direction of development" (Dobb 1955[1953]:76). Consequently, Dobb argued that the real dilemma upon "industrialisation is essentially not a financial one, but a problem of *economic organisation*" (Dobb 1967:73).

When the organization of an economy is capitalistic, development, guided by the partial blindness of individual undertakers, will be characterized particularly by 'jerky' or unstable economic development. For Dobb, especially significant here is a simple historical observation that begs for an explanation. Dobb (1962:64-5) observes that, at least since the industrial revolution,

capitalism has shown striking unevenness of development, not only in the sense that different sectors and regions have grown at different rates, but in the sense that the system as a whole has shown a marked rhythm of fluctuation between alternating periods of expansion and retardation and contraction.

### **3.5.3. Capitalistic Contradictions: A Historical Materialist Interpretation**

It was the Dobb's contention that the "marked rhythm of fluctuation" in the historical development of capitalism pivots upon the contradictions that arise between the

*forces of production* and the *social relations of production*. It is the relationship between these two fundamental elements of society that most influences the expected profitability of a long-term investment.

There are two key concepts to the forces of production. First is Marx's separation of capital into "constant" and "variable" capital. The second is the Marxian emphasis on the concept of an "increase of relative surplus-value" (Dobb 1937:94).

Likewise, there are two key points to be emphasized with respect to the *social relations of production*. First, the very notion of social relations of production is meant to underscore "the way in which the means of production were owned and to the social relations between men which resulted from their connections with the process of production" (Dobb 1946:7). Namely, (a) capital is possessed individually, and the individual undertaker who is the possessor of (social) capital is expected to fulfill the entrepreneurial function for society as a whole; (b) another class of individuals possess no capital, save for their own labor-power. Hence this second class must sell their labor-power to a capitalist undertaker. Second, the monopolization of social resources and the inequality of opportunity that it generates is the basis of a particular

class antagonism between these two classes with respect to the distribution of wealth (Dobb 1955[1937]:95ff).

To further understand the contradictions that arise between the *forces of production* and *social relations of production*, Dobb followed Marx in his distinction between two main departments of industry (Dobb 1937:99, Dobb 1962:68). For Marx, industries of Department I produce *capital goods*, and industries of Department II produce *consumer goods*. Also in the "incomplete" and "fragmentary" manuscripts of volume II of *Capital*, Marx does not provide any explicit explanation for causes of economic crises. Moreover, Marx's schemas of reproduction are presented as being hitchless. At best, Marx's schemas only establish the potential of crisis. As such, a vulgar interpretation can maintain that Marx's schemas are a theoretical demonstration of even development and growth. With emphasis, Dobb rejects this interpretation. However, Marx indeed developed the conditions necessary for the successful (simple) reproduction of a capitalist society. He demonstrated the abstract possibility of production of an "expanded" scale of economic development. To extend Marx's schemas of production, it must be recognized that capitalism not only expands but expands on an *intensified* scale. In other words, Marx's assumption of a stable rate



of exploitation, or rate of relative surplus value, is not at all characteristic of capitalist production. Capitalist production continuously increases relative surplus value by means of technological innovations. Marx does not provide in volume II of *Capital* an example of an *intensified* scale of expanded reproduction.

#### **3.5.4. Intensified Capitalistic Production: The Feverish Scale**

It is Dobb's intention to outline some tendencies of capital accumulation on an *intensified* scale. That is to say, whereas Marx abstracted away from any "increases in relative surplus-value" (hence technology is held constant), and thus the ratio of "constant capital" and "variable capital" (C/V) remained fixed, Dobb instead drops this assumption. To anticipate, with the increases in relative surplus-value, crisis becomes *immanent* to the system of production. Moreover, with *intensified* capital accumulation, the ratio between constant capital and variable capital tends to increase, and *ceteris paribus* the rate of profit tends to fall.

In this sense, increases in relative surplus value modify, and potentially revolutionize, the forces of production. In turn, the constant modifications, and always-present potential for technological revolution, tend

to (1) heighten the *uncertainty* of investment, while the constant possibility of a fall in the rate of profit (2) augments the *risk* of investment. Increases in relative surplus value further tend to displace workers and create unemployment. Thus, a disruption is likely to occur in capital/labor nexus, in turn (3) aggravating class antagonisms.

Furthermore, if the rate of profit also falls, it seems more likely that the capitalist undertaking class fails to fulfill the entrepreneurial function for society. The failure to fulfill the social role and function of the entrepreneur is due to the decrease of reward and the increase of *risk*. However, the tendency for the rate of profit to fall is *not necessarily the cause* of crisis.

### **3.5.5. Disproportionality and the Drop in the Rate of Profit**

The issues of central importance in Dobb's conception of capitalist crisis are the contradictions that manifest between the *forces of production* and *social relations of production*. The "crux of the matter" concerns the relationship between the growing productive powers of society, on the one hand, and the relative (falling) profitability, on the other. However, Dobb is quick to discount the importance of the falling rate of profit for

the (concrete) manifestation of a socioeconomic crisis (Dobb 1937:108-10).

Of greater importance than whether the rate of profit is falling is the structural relationship and (dis)proportionality between the industries that produce *capital goods* (Department I) and those that produce *consumer goods* (Department II) (Dobb 1973:161-2, Dobb 1937:111, Dobb 1962:69). According to Dobb, a proportional balance between Department I and Department II (reminiscent of Marx's presentation of the reproduction schemas in volume II of *Capital*) are "unlikely to be achieved in reality save by 'an accident'" (Dobb 1973:163).

The emphasis upon the disproportionalities between Department I and Department II translates into a de-emphasis of underconsumptionist theories of crisis (Dobb 1937:87ff). Rather, for Dobb, underconsumption, or the "realization" difficulties underscored by Rosa Luxemburg,<sup>143</sup> are indeed "an important incident" in the total physiology of a crisis, but remain merely an incident. Likewise the conflict that arises between increases in productivity and (lack of) consumer demand is "one facet of crises and one element of the contradiction which found expression in a

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<sup>143</sup> Dobb reviewed a new addition of Luxemburg's *The Accumulation of Capital*, with an introduction by J. Robinson in 1952, and reprinted it in Dobb (1955:266-72).

periodic breakdown of the system." However, continues Dobb, it remains "only a facet" (Dobb 1937:121).

### **3.5.6. Structural Contradictions: Immanent, Necessary, Permanent**

Of more fundamental importance than the relationship between productivity and consumption are the contradictions within the sphere of production itself. Thus, for Dobb, the hierarchical importance of various structural relationships between entities for the understanding of socioeconomic crises can be listed as follows:

- (a) Institutional physiology of society
- (b) Productive forces and social relations of production
- (c) Growing productive powers and falling profitability
- (d) Industries of Department I and Department II
- (e) Capital & Wage-Labor Class
- (f) Sphere of production and sphere of consumption

What distinguishes a Marxian/Dobbian theory of crisis from other more mainstream theories of crisis is the *necessity* for, *immanence* of, and *permanent* structural tendencies toward crisis to stabilize and balance the sets of relationships between the various entities listed above.

For Dobb, the crisis tendencies of capitalism could not be overcome merely by economic policy concerning and

addressing market exchange and/or (re)distribution. If this latter point would prove to distinguish Dobb from (later) Keynesian developments, Dobb further distinguished his interpretation of Marx and theories of crisis from subsequent Marxists. What first distinguished Dobb from other Marxists was his rejection of underconsumptionism as the culprit of capitalist crisis. Second, Dobb's de-emphasis on the fall in the rate of profit in general, and rejection of the fall in the rate of profit as the *cause* of crisis further distinguished Dobb from other Marxists.

### **3.5.7. A Dobbian Theory of Crisis**

These distinctions in Dobb's interpretation of Marx and a Dobbian theory of crisis from other Marxian theories are of some significance. First, Dobb's rejection of underconsumptionism was in direct opposition to what (could be argued) had become Marxian orthodoxy during the first half of the twentieth century. Second, Dobb's rejection of the fall in the rate of profit anticipated (and rejected) the later reactionary response of various Marxists to defend underconsumption as the primary cause of crises. Namely, in the 1970s, several Marxian theories emerged which had promoted the tendency for a fall in the rate of profit as the *cause* of crisis.

For Dobb, the fall in the rate of profit is of itself of great importance but cannot in itself explain the *immanence* of, *necessity* for, and *permanence* of structural tendencies toward a socioeconomic crisis. In this sense, the historical demonstration (e.g., Dumenil, Glick, and Rangel 1987a, 1987b) of the tendency of the rate of profit to fall, although of some importance, is otherwise beside the point. For Dobb, the issue of importance is the nexus between the rate of profit and the disproportionality of Department I and II, along with the effect on various sectors and industries of the economy.

According to Dobb, as long as the rate of profit is positive, regardless of whether it is falling, constant, or rising, capitalist accumulation will necessarily proceed forward. However, a falling rate of profit may intensify competition between capitalist undertakers and sharpen class antagonisms with respect to issues of distribution. Nonetheless, a falling rate of profit is not *necessary* for the manifestation of a crisis.

Rather, crisis, according to Dobb, is immanent because the capitalist undertaker will attempt to avoid a fall in the rate of profit (often successfully) by mechanisms that increase relative surplus value, which in turn tend to develop the forces of production without limit (save for

the degree of centralization). Crisis is necessary, not because of a low or falling rate profit, but because of the disproportionalities that manifest. The disproportionality is directly related to the increases in surplus value (which tend to counteract a fall in the rate of profit) and the simultaneous displacement of workers and rise of unemployment.

The increase in relative surplus value may lower the value of labor-power but may be offset by a decrease in the price of commodities, or the real wage may *not* fall. However, if the increase in productivity is not in an industry that produces goods included in the basic consumption bundle of the working-class, the rise in unemployment itself may affect circumstances so as to diminish the value of labor-power. Thus, disproportionality emerges in that the proceeds of the increase in productivity go to the capitalist undertaking class, and the tendency for this class is to produce without regard to the limitation of the market.

It is examples of such disproportionalities in distribution that offer a degree of warrant to underconsumption theories of crisis. However, for Dobb, this is merely one of many potential disproportionalities

that may manifest in the contradictory dynamic of capitalist development.

Most broadly, it is the tendency of the productive forces in capitalism to develop beyond the limits of the market that is the basis for the immanence of and necessity for crisis. Overproduction, then, is the basis of capitalist crisis. Overproduction, however, is not necessarily the basis toward underconsumption, or respectively, the "opposite sides of the same coin" (Sweezy 1946:183). The basis of underconsumption is not dynamic and structural as much as it is static and institutional. That is to say, although they can, it is not always the 'laws of capitalist motion' that necessarily produce underconsumption. Rather, the legislative (e.g., property rights, regulation of capital mobility, labor regulations, etc.) and institutional factors (e.g., organization and relative strength of labor, etc.) are the main culprits in the manifestation of underconsumption.

Overproduction, unlike underconsumption, is dynamic and structural. Although overproduction is not necessarily the basis of underconsumption, it is the basis for the various forms and conditions of disproportionalities. Moreover, for Dobb, the incessant drive for surplus value of capitalist undertakers and the ensuing tendency toward



overaccumulation and overproduction are the causes and the central factors in the *permanence* of the structural tendencies toward socioeconomic crises (Dobb 1937:123-5, Dobb 1962:68-70).

Thus, in counter distinction to many mainstream theories, crisis for Dobb is not an abnormal occurrence to the normal functioning of capitalism. Instead, crisis is a necessary equilibrating force of the mode of production when the entrepreneurial function is in the control of independent and individual capitalist undertakers. Crisis tends to equilibrate the disproportionalities between departments and sectors.<sup>144</sup>

### **3.5.8. The Role and Influence of Tugan-Baranowsky**

By subscribing to a disproportionality theory of crisis, Dobb was in a precarious position as a Marxist (especially in 1937). The main source of disproportionality theory of crisis was a non-Marxist, Tugan-Baranowsky.

In 1893, drawing directly from Marx's 'reproduction schemes' of volume II of *Capital*, Tugan-Baranowsky critically developed an attack upon both the underconsumptionist theories of crisis and explaining crisis on the basis of the tendency for the rate of profit

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<sup>144</sup> Howard and King (1989:175) have also observed that "Dobb regarded overaccumulation as the principal element in Marxian crisis theory (without using the term)."

to fall (Sweezy 1946:159). At the same time, Tugan-Baranowsky constructively developed a disproportionality theory of crisis (Clarke 1994:33-9; Howard and King 1989:168-71; Sweezy 1946:158-62).

Tugan-Baranowsky was the first to understand the deep significance of Marx's 'reproduction schemas' (Howard and King 1989:168). Like Dobb, Tugan-Baranowsky insisted on the importance of two observations. First, increases in the relative surplus value were the norm for capital accumulation in capitalist relations. Second, production in capitalism is not necessarily socially motivated, but rather production is for profit (Dobb 1937:112 no. 1; Howard and King 1989:169-70).

With respect to underconsumptionism, Tugan-Baranowsky conceded that if industries producing the means of consumption expanded beyond the consumption demand of society, a crisis could arise. However, wages being too low or the limited consumption of the working class was *not* necessarily the cause of such a crisis. Rather, an overproduction of consumption goods was the culprit, giving rise to disproportionality between branches of production (Clarke 1994:34).

With emphasis, two observations are of great importance: (1) increases in relative surplus value are the

norm in capitalism, and (2) in capitalistic society production is strictly carried forth for profit. It was the fact that capital accumulation tended to expand on an *intensified* scale, i.e., increases in relative surplus value as the norm in capitalism that tended to push the production of the means of consumption beyond the societal consumer demand. The fact that production was for profit meant for Tugan-Baranowsky that a regime characterized by an anarchy of production would be the economic basis, while overproduction and disproportionality would be the manifest result. Nonetheless, Tugan-Baranowsky believed:

If social production were organized in accordance with a plan, if the directors of production had complete knowledge of demand and the power to direct labor and capital from one branch of production to another, then, *however low social consumption might be*, the supply of commodities could never outstrip the demand (quoted in Sweezy 1946:166).

Tugan-Baranowsky then is interpreting Marx's presentation of the reproduction schemas quite literally. More specifically, regardless of the how restrictive the market for consumption goods may be, capital expansion can proceed indefinitely as long as the means of production expand proportional to the means of consumption (Clarke 1994:35). However, Marx's manuscripts are highly "incomplete" and pitched at a very high level of

abstraction; therefore, this literal interpretation may be very misleading, i.e., a vulgar interpretation.

Marx's assumption of no increase in relative surplus-value meant that the organic composition of capital would remain constant, along with the rate of profit. Thus, when Tugan-Baranowsky drops this assumption, he must deal with the effect on the rate of profit. Tugan-Baranowsky argued that a rising organic composition of capital, far from leading to a decrease in the rate of profit, would lead to an *increase*. However, Tugan-Baranowsky's notion "that a raised organic composition must result in a *rise* in the rate of profit rests on a special assumption: namely, that the rate of surplus-value (in the example cited) is *doubled* as a result of the change" (Dobb 1937:112 no. 1). This is a purely arbitrary assumption that has often been regarded as invalid (see Sweezy 1946:159; Dobb 1937:113).

### **3.5.9. Dobb Supersedes Tugan-Baronowsky**

Dobb, in an attempt to defend a disproportionality theory of crisis, agrees with Tugan-Baranowsky that coordination by means of economic organization of entrepreneurial planning would help to avoid the manifestation of disproportionalities (Dobb 1967:86; Dobb 1955[1939]:53). However, in opposition to Tugan-

Baranowsky, this type of planning and economic organization *cannot* be on a profit motive basis because accumulation necessarily tends to decrease the rate of profit unless the rate of exploitation is increased. Here then is a simple, but crucial *contradiction*. If the rate of profit falls, there is likely to be a disruption in the social entrepreneurial function; if the rate of profit does not fall, this implies an increase in the rate of exploitation and, likely, an augmentation in class conflict.

For Dobb, the capitalist mode of production was necessarily embedded and entangled in a basic class antagonism. If the rate of profit was to rise, this necessarily implies an increase in the rate of exploitation, and a decrease in the rate of exploitation most often implies a decrease in the rate of profit. Thus, according to Dobb, an economic organization based on (investment) *planning* must be on a *social motive* basis and not a profit motive basis.

As indicated above, the main problem of individual and independent capitalist undertakers controlling the entrepreneurial function is that there are too many *uncertainties*, including the *incalculable element* of the amount of supply of one's competitors. The implication of the *uncertainty* facing individual capitalist undertakers is

a tendency towards overproduction; hence there arises the "possibility of serious maladjustment of resources and consequent damage both to business men and to the community" (Dobb 1925:379).

In Dobb's early writings, the tendencies toward overproduction and maladjustment of social resources were mainly due to *irrational* spirits of individual capitalist undertakers (e.g., Dobb 1925:380). Where there is an absence of a sound basis of calculation, an emotional element (e.g., business optimism or pessimism, etc.) must enter in (Dobb 1955[1924]:14) and "will act as a rapidly spreading epidemic" (Dobb 1925:381).

Dobb's early focus on the subjectivity of the individual capitalist undertaker tends to suggest that the undertaker's lust for profit is irrational and merely emotional. Dobb is not careful to establish an objective foundation for the tendency towards overproduction. Dobb's Marshallian<sup>145</sup> hangovers left key elements of the motion of capitalism un(der)analyzed. Although his early writings established the immanence of crisis, Dobb failed to establish the necessity for and permanence towards structural socioeconomic crisis.

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<sup>145</sup> Dobb himself says of *CESP*, that it was "an unsuccessful and jejune attempt to combine the notion of surplus-value and exploitation with the theory of Marshall" (Dobb 1978:117).

### 3.5.10. The Immanence, Necessity and Permanence of "Frictions"

In this sense, Dobb's early Marshallian-informed writings shared some affinity with bourgeois economics. As Simon Clarke has stated:

The whole sophisticated edifice of bourgeois economics rests on the fragile foundations of its assumption that capitalist production tends to adjust itself to the limits of the market, the failure of such an adjustment being treated as a superficial imperfection, resulting from the subjective ignorance, uncertainty or misjudgement of individual capitalists (Clarke 1994:88).

Although mainstream or bourgeois economists do not deny the possibility of crisis, if a crisis arises, it is necessarily due to the existence of barriers (e.g., especially social impediments to greater competition) to the proper functioning of the market.

These barriers to the proper functioning of the market were "usually referred to as 'frictions'" (Dobb 1937:186). In mainstream (or bourgeois) theory, "imperfections" which caused the market

to depart from the abstract ideal of competition were treated simply as frictions which either delayed the attainment of the equilibrium-position, without altering the nature of the position which would eventually be reached, or else introduced definite spatial differences in price – differences which were themselves a simple and direct function of the frictional element (Dobb 1937:187).

By 1937, Dobb was not merely acknowledging the presence of these frictions. He was arguing for the *permanence* of the presence of these frictions. In other words, neoliberal reforms to remove the rigidity of prices, monopoly powers, social institutions that protect privileges of imperfect competition (e.g., patents, licensing, etc.), easing capital mobility, restricting labor union activity, etc. would not completely absent the tendency toward socioeconomic crisis. Rather within capitalist social relations of production there is a permanence of "frictions."

The permanence of economic frictions allowed Dobb to theoretically establish that in capitalistic social relations of production, there is an *immanence* of, *necessity* for, and *permanence* toward structural crisis. Moreover, Dobb maintained that some frictions "were more than a friction" (Dobb 1937:187). Some "disturbing influences" are capable of causing not merely a more or less calculable quantitative change but a qualitative shift. The introduction of some "friction" or "new element" may have an emergent quality, or "chemical" effect. The mere presence of some friction or new element may alter "the very character and action of other elements and so transforms the whole composition" (Dobb 1937:189).



Thus, for Dobb, revolutionary transformation is an unremitting potential. Revolutionary transformation remains merely an unremitting potential, contingent upon the institutional arrangement and modes of a constraining and enabling agency. It can be argued that legislative and political action can limit the unremitting potential and constrain revolutionary agency. Nevertheless, the unremitting potential of revolutionary transformation remains.

#### **3.5.11. The Underanalyzed Role of Capitalist Competition**

The *immanence* of, *necessity* for, *permanence* toward structural crisis and unremitting *potential* of radical transformation had gone theoretically underappreciated because of a particular neglect of analysis. What had been un(der)analyzed is the nature of capitalist competition itself. With a deepened analysis of the competitive process, "the presence in the market of frictions, such as ignorance, inertia, or cost of movement, even in a small degree," can cause a shift of qualitative character. The presence of such frictions may not only cause the "normal price" level to diverge "by an amount equivalent to the size of the friction" but may further "cause the level of

'normal price' throughout the market to be different from what it would otherwise be" (Dobb 1937:191).

Simon Clarke has succinctly captured the problem of the un(der)analyzed nature of competition within mainstream theory. In concert with Dobb's critique of mainstream economics, Clarke (1990:451) writes:

The bourgeois analysis of competition is formal, idealist, circular, and internally contradictory. For the bourgeois economist the capitalist is a pure arbitrageur, moving capital instantly between branches of production in order to secure the uniformity of prices and of conditions of production within branches of production, and the uniformity of the rate of profit between branches of production, required to establish an equilibrium. The analysis is formal because it abstracts entirely from the social relations within which competition takes place. It is idealist because competition is an intellectual process of rational decision making. It is circular because it presupposes knowledge ("expectations") which anticipates the outcome of the process whose course it determines. It is contradictory because opportunities for profit only arise to the extent that the market fails to establish an equilibrium, so that the presumed tendency to equilibrium extinguishes the agents whose entrepreneurial activity underpins that tendency.

Dobb himself heeded the warning of the formalization of economic theory (Dobb 1937:128ff, 171ff, Dobb 1973:11-3).

With respect to idealism, Dobb had insisted upon the importance of the historical social relations in the context of the (concrete) stage of economic development, while simultaneously, he critiqued the *idealist* tendency to generalize beyond the historical social relations (Dobb

1946:5ff; Dobb 1955[1937]:93-103). Furthermore, because neoclassical theory of competition is idealist, Dobb questioned its practical relevance and theoretical accuracy (Dobb 1969:9-26, Dobb 1937:181-4).

Dobb was quite anxious to critique both the circularity and contradictoriness of the neoclassical theory of competition. Dobb concedes that the expectations of any single individual capitalist undertaker have "negligible influence on the total market situation"; hence the expectation of any individual is irrelevant to the final market outcome. However, when several individual capitalist undertakers are influenced by similar expectations, "the combined expectation of a collection of individuals" can significantly affect the total market outcome (Dobb 1937:204). Dobb reasoned that a "combined expectation of a collection of individual[s ...] will exert an influence in producing fluctuations — fluctuations which will be greater and their effects more lasting the more durable the form in which the decisions are embodied" (Dobb 1937:221).

Thus, in opposition to bourgeois economics, fluctuations are generated internally within the mode of production. Regarding intersectoral adjustments and the general price-level, "experience has shown that a free

market economy [...] is subject to great macro-instability" (Dobb 1969:141). Accordingly, fluctuations and crisis are "part of the essential nature of an individual economy, not an accidental derivative" (Dobb 1937:221).

Dobb insists that *risk*, *uncertainty*, and *ignorance* are factors within, and in part constitute, the competitive process. As such, expectations will "affect the process of adjustment and may indeed thwart it so far as attainment of any particular equilibrium is concerned" (Dobb 1969:122).

Therefore, Dobb believed that viewing risk, ignorance, and uncertainty as subjective factors is reductionist and should be avoided. Rather, *risk*, *ignorance*, and *uncertainty* are (at least in part) objective factors (Dobb 1962:8). If any one of these objective factors of competition is "sufficiently great, it may so inhibit investment decisions as to arrest growth entirely" (Dobb 1960:8). Thus, the presence of these objective factors implies that there is no necessary *uniqueness* in the market outcome of the competitive process. In this context, Dobb maintained that "no optimal quality attaches to the solutions achieved by a decentralised market system, however competitive it may be" (Dobb 1969:123).

Moreover, the constant shifting of these objective factors of competition may make the dynamic growth paths of

capitalism "highly unstable; [...] so-called adjustment processes may involve fluctuations which can even be cumulative, or at least self-perpetuating" (Dobb 1969:123). Dobb contended "We are confronted with [...] a] paradox" in the neoclassical theory of competition:

If the entrepreneur could foresee the actions of his rivals, he would not act in the manner in which the theory of competition assumes him to act, and the laws of Political Economy in their traditional form would cease to hold true (Dobb 1937:221).

It is only in virtue of the ignorance and the uncertainty of each as to the actions of all do the traditional laws of market rule; only by the appearance of freedom does economic necessity and automatism prevail; only by reason of the essential ignorance of each entrepreneur does the economist's power of forecasting the total situation emerge (Dobb 1937:222).

However, the ignorance and uncertainty of each as to the intentions of others is what gives rise to the influence and importance of *collective* expectations. At the same time, the influence of *collective* expectations is the basis for the immanence and "inevitability of economic fluctuations: fluctuations which generate an important modifying influence, as well as a potent motive force, shaping the future of the economic system" (Dobb 1937:222).

### **3.5.12. The Deficiencies of Neoliberal Policy**

According to Dobb, the neoclassical theory of competition lies shattered and is (at best) of practical

irrelevance (Dobb 1955[1953]:86-7). The practical significance of Dobb's view of competition is quite contrary to neoliberal policy. The neoliberal economic policy is to absent various market "frictions" and increase competition. In Dobb's view, neoliberal policy fails to remove such "frictions." More than that, if neoliberal policy were to be successful, it may cause fluctuations to sharpen (Dobb 1955[1924]:13-4, Dobb 1955[1949]:105).

Crises were not merely a transitional dislocation of the market schema of the capitalist mode of production, According to Dobb, they play a progressive role "in shaping the long-term trend of the system" (Dobb 1937:121-2). Collective expectations of profitability are the central element in the decision to invest in new capital equipment. Hence, it is "not the abstract limits to exchange, but the limits to investment and production at a certain rate of profit" (Dobb 1937:115).

### **3.5.13. The Rejection of Say's Law of Markets: Marx's Influence**

The key Marxian insight is the rejection of 'Say's law of markets' (Dobb 1973:164; Keynes 1979:81). According to Marx, it was a mistake to depict the circulation process exclusively as *C-M-C* (Commodities → Money → Commodities),

as did David Ricardo (Dobb 1937:43).<sup>146</sup> Ricardo's main argument was as follows:

No man produces, but with a view to consume or sell, and he never sells but with an intention to purchase some other commodity, which may be immediately useful to him, or which may contribute to future production. By producing, then, he necessarily becomes either the consumer of his own goods, or the purchaser and consumer of the goods of some other person. It is not to be supposed that he should, for any length of time be ill-informed of the commodities which he can most advantageously produce, to attain the object which he has in view, namely, the possession of other goods; and therefore, it is not probable that he will continuously produce a commodity for which there is no demand (Ricardo 1973:290; also quoted in Dobb 1973:92ff).

Marx's critique of the Ricardian pronouncement of Say's law of markets and the impossibility of a general crisis is threefold. First, Marx claimed that Ricardo had a tendency to overlook that fact that commodity production is not for the direct satisfaction of the producer.

To deny crisis they [the Ricardian economists] speak of unity where there is contrast and opposition. [...] All the objections made by Ricardo, etc., to over-production have the same basis: they regard bourgeois production as a mode of production wherein there is no distinction between purchase or sale (direct exchange), or they see *social* production, in which society divides its means of production and its productive resources according to a plan, in the

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<sup>146</sup> Marx's three circuits of social capital, which will be discussed, have often been interpreted as a formal rejection of Say's Law of Market (e.g., Dobb 1973:164; Foley 1986:146-8; Sweezy 1946:138ff). Robinson (1942:86) has suggested that Marx's presentation of the reproduction schemas is "Part of the time [...] accepting Say's Law and part rejecting it." Nonetheless, others have further argued that Marx's reproduction schemas clearly were intended to reject Say's law of markets (e.g., Dobb 1937:116; Morishima 1973:120-8; Catephores 1989:141).

proportions in which they are necessary to the satisfaction of different needs (Marx quoted in Dobb 1937:116).

In commodity production, when exchange-value is the aim, sale is separated from purchase and crisis becomes a possibility (Marx 1969:502). Elsewhere, Marx adds that in precapitalist commodity production, crisis is certainly a possibility but

no more than a possibility. For the development of this possibility into a reality a whole series of conditions is required, which do not yet even exist from the standpoint of simple circulation of commodities (Marx 1976:209).

Second, Marx says, due to the anarchy of capitalist production, sellers may be forced to sell at a loss, or be unable to sell at all:

A man who has produced does not have the choice of selling or not selling. He must sell. In the crisis there arises the very situation in which he cannot sell or can only sell below the cost price or must even sell at a positive loss. What difference does it make to him or us that he has produced in order to sell? The very question we want to solve is what has thwarted that good intention of his? (Marx 1969:503).

Marx elsewhere adds that "Nothing could be more foolish than the dogma that because every sale is a purchase, and every purchase a sale, the circulation of commodities necessarily implies an equilibrium between sales and purchases" (Marx 1976:208). It is true that "No one can sell unless someone else purchases. But no one



directly needs to purchase because he has just sold" (Marx 1976:208-9). Marx concluded that there is *internal* dependence between sale and purchase; however, there is *external* independence.

[T]hese two processes lack internal independence because they complement each other. Hence, if the assertion of their external independence proceeds to a certain critical point, their unity violently makes itself felt by producing – a crisis" (Marx 1976:209).

Finally, Marx clearly does not accept Ricardo's dictum that "no man sells but with an intention to purchase." Rather, Marx argued that it is especially during a crisis that the capitalist must sell in order to pay his creditors. "During the crisis, a man may be very pleased if he has sold his commodities without immediately thinking of a purchase. [...] The immediate purpose of capitalist production is not 'possession of other goods' but the appropriation of money, of abstract wealth" (Marx 1969:503). It is because money functions as a "means of payment" that a monetary crisis becomes a potential (Marx 1976:236).

Where chains of payments and an artificial system for adjusting them have been developed, any upheaval that forcibly interrupts the flow of payments and upsets the mechanism for balancing them against one another. [...] This particular phase of world market crises is known as monetary crisis (Marx 1970:146).

Money then, is both an integral part of circulation (as a means of exchange) and indeed "stands independent of circulation" (as a means of payment) (Marx 1973:217).

"Money, then, has an independent existence outside circulation; it has stepped outside of it. [...] as money, it can be *accumulated* to form a *treasure*" (Marx 1973:216).

Money can be an "end-in-itself, and hence steps outside circulation just like a particular commodity which ceases to circulate for the time being and changes from *marchandise* to *denrée*" (Marx 1973:215).

The conversion of products into money in the sphere of circulation appears originally simply as an individual necessity for the commodity-owner when his own product does not constitute use-value for himself, but has still to become a use-value through alienation. In order to make payment on the contractual settlement day, however, he must already have sold commodities. The evolution of the circulation process thus turns selling into a social necessity for, quite irrespective of his individual needs. As a former buyer of commodities he is forced to become a seller of other commodities so as to obtain money, not as a means of purchase, but as a means of payment, as the absolute form of exchange-value. The conversion of commodities into money as a final act, or the first metamorphosis of commodities as the ultimate goal, which in hoarding appeared to be the whim of the commodity-owner, has now become an economic function. The motive and the content of selling for the sake of payment constitute the content of the circulation process, a content arising from its very form (Marx 1970:141-2).

Thus, not only is "hoarding" an irrational act of the miser, but it is induced in an extensive credit system.

The warrant of truth of Say's law of markets is that when the abstraction is the depiction of circulation as  $C-M-C$ , overproduction is not possible and would be quite irrational, if not illogical. However, despite implicit denial of Say's law of markets, overproduction and general crisis becomes quite possible when excess demand prevails for the general commodity, i.e., money.

Clearly for Marx, the presence of money is of central importance for the circulation of commodities (and capital). "Circulation sweats money from every pore" (Marx 1976:208). In capitalism, money takes on a life of its own. In contrast to the Ricardians, Marx makes the simple observation that capitalist production is aimed for the realization of *profits* (as opposed to production merely for use-values); hence the circulation process is more accurately depicted as  $M-C-M'$  (Money-Capital  $\rightarrow$  Means-of-Productions  $\rightarrow$  Money-Capital *plus* profits). It is the money circuit of production ( $M-C-M'$ ) that is meant to suggest that the circulation process is not necessarily a continuous process as implied by Say's law of markets; rather the circuit was always liable to disruption, by either the emergence of a monetary crisis or by means of "hoarding" of  $M$  instead of reinvesting it as  $C$  (Dobb 1937:59, Dobb 1973:164).

"Hoarding" may manifest when expected profitability is too low or collective expectations become pessimistic. The effect of this type of hoarding is likely to become cumulative (Dobb 1925:381). I also have shown that Marx further maintained that hoarding not only occurs during moments of social pessimism, but it becomes an economic function. On the one hand, some capitalist undertakers must sell without buying, i.e., those capitalists who need to collect a hoard for replacement of capital or for new investment. On the other hand, some capitalist undertakers must buy without selling, i.e., those capitalists spending their hoard on new expansionary investment or replacement of depreciated capital equipment. Marx (1978:567) writes:

Money is withdrawn from circulation and stored up as a hoard by the sale of commodities without subsequent purchase. If this operation is conceived as taking place on all sides, it seems impossible to explain where the buyers are to come from, since in this process – and it must be conceived as a general one, in as much as every individual capital may be simultaneously engaged in the act of accumulation – everyone wants to sell in order to hoard, and no one wants to buy.

This dilemma underscores the pivotal role of money. Money demand must not be too excessive. In this sense, money plays *the* crucial role:

money plays a role, not just as means of circulation, but also as money capital within the circulation sphere, and gives rise to certain conditions for normal exchange that are peculiar to this [capitalist]

mode of production, i.e. conditions for the normal course of reproduction, whether simple or on an expanded scale, which turn into an equal number of conditions for an abnormal course, possibilities of crisis, since, on the basis of the spontaneous pattern of this production, this balance is itself an accident (Marx 1978:571).

#### 3.5.14. Marx's Anticipation of Keynes

Dobb suggested that Marx resolved the dilemma in a way that anticipated Keynes. First, Marx acknowledged the Keynesian identity that total social income must be equal to social output (Dobb 1937:101). Second, drawing from Kalecki, Dobb suggested that with respect to the particular relationship and balance "which would need to hold between the capital-goods industries and consumption-goods industries" (Dobb 1937:101), Marx was "saying virtually the same thing as certain recent propositions about the identity of 'saving' and 'investment' *ex post*" (Dobb 1937:102 no. 2). In Marx's (Marx 1978:570) own words:

In as much as one-sided conversions take place, a number of mere purchases on the one hand, and isolated sales on the other — and as we have seen, the normal exchange of the annual product on the capitalist basis requires these one-sided metamorphoses — this balance exists only on the assumption that the values of the one-sided purchases and the one-sided sales cover each other.

Given the 'anarchy of production' and the *ignorance* of the independent and individual capitalist undertaker, concerning the investment decisions of others, it would be

miraculous if "the replacement-demand of industries for equipment and raw materials and the division of income of workers and capitalists between consumption and investment" were to be balanced (Dobb 1937:101-2). Luckily, the capitalistic 'laws of motion' leave room for the construction of various institutional buffers. With emphasis, the presence of well-constructed institutional buffers allows for periods of sustained growth. However, the objective conditions of competition strain these institutional buffers to their practical limit. Beyond the practical limit, the contradictions of capitalistic 'laws of motion' burst further into a crisis. Ironically, the crisis itself must necessarily manifest to help resolve the dilemma or ease the strain of the forces of production developing without regards to the 'limits of the market.' Subsequently, it is an important Dobbian insight that the Marxian circuit of social capital is heavily institutional in its emphasis.

### **3.5.15. The Circuits of Social Capital: An Institutional Emphasis**

Marx presented three basic circuits of social capital. The main point of these circuits is that the (simple) reproduction of social capital radically depends upon the simultaneous reproduction of institutional forms. The most

important is the circuit of money-capital. The circuit of money-capital can be said to have four "movements." The basic formula for the circuit of money capital is:

$$\begin{array}{c}
 M_r \\
 \swarrow \quad \searrow \\
 M - C\{MP, LP\} \dots P \dots C' - M'
 \end{array}$$

There are four movements: (1)  $M - C$ , where money ( $M$ ) is used to purchase or is transformed into commodities ( $C$ ) in the form of *means of production* ( $MP$ ) and *labor-power* ( $LP$ ); in phase (2) the sphere of production ( $\dots P \dots$ ), the commodities purchased in phase one, are combined such that a new commodity is (or commodities are) produced, and surplus value is created (analyzed as the phase of *valorization* in volume I of *Capital*); and (3)  $C' - M'$ , during the production process the means of production and labor-power have combined such that a new commodity ( $C'$ ) has been produced. If the production effort constitutes *socially necessary labor-time*, along with the right market conditions, then a greater sum of money ( $M'$ ) can be realized during the process of exchange (Marx's *realization* phase). The difference between  $M'$  and  $M$  is surplus value.

Although surplus value is *realized* in exchange, it is *valorized* in production, while its possibility radically depends on a specific social institutional arrangement (an

institutional arrangement that historically "frees" human beings in Marx's double sense). In phase (4) money is reinvested ( $M_r$ ) to start the circuit anew, whereby accumulation continues. From a macrosocial perspective, if the money reinvested, ( $M_r$ ) is equal to the initial amount of money ( $M$ ) present at the inception of the circuit (or  $M_r = M$ ); this constitutes *simple reproduction*; if  $M_r > M$ , this constitutes *expanded reproduction*; and if  $M_r < M$ , this constitutes (*socioeconomic*) *crisis* or what can be said to be a failure in the *reproduction* of society on its former scale.

The following questions can be posed in the context of circuits of capital: what determines (1) the level of reinvestment, (2) the rate of accumulation, and whence (3) the conditions for reproduction? To commence such inquiry requires, for (Marx and) Dobb, institutional analysis. Accumulate, accumulate, accumulate may become the capitalist's Moses and prophet – additionally, however, *accumulation necessitates institutional reproduction*.

Therefore, it is to such institutional analysis that Marx turns in part seven of volume I of *Capital*. It is not enough to understand that capitalists have an incessant drive for surplus value, which pivots on the commodification of labor, providing the historical



conditions necessary for capitalistic exploitation. One must further understand how the institutions, rules, and modes of life that support such (social) forms are continually reproduced. The Dobbian concern then becomes one of institutional analysis. It is in this sense that (Marxian) crisis theory should not become, or be interpreted as being, "too mechanical" (Dobb 1955[1942]:106).

General social forms and structural tendencies can only offer the most general outline of the basic (but otherwise deep) contradictions of the capitalist mode of production. Dobb's chief interest is the (en)durable continuation of, connection between, and reproduction or transformation of the institutions within an extended circuit as a whole. The form and process of exploitation, the general tendencies of the rate of profit to fall, the reserve army to swell, the entrepreneurial class to overaccumulate and overproduce, and the disproportionalities that rise between departments and sectors are the basic contradictions which may manifest in a variety of forms in the shape of a crisis.

"The actual outcome of this interaction of conflicting elements might be different in one concrete situation from what it was in another and different situation" (Dobb

1937:110). The cause of a crisis and the actual form a crisis takes depend upon the stage of economic development and institutional physiology of society (Dobb 1962:74). In a Dobbian analysis, attention is paid to institutional forms which promote or inhibit such processes from manifesting in a variety of forms from the activity of economic agents.

What matters in a Dobbian analysis is less the precise ways in which the capitalist 'laws of motion' and general *structural tendencies* strain the institutional physiology of society in any particular set of circumstances and more the way the capitalist 'laws of motion' and general *structural tendencies* cradle and generate the various contradictions, and hence, social conflicts (Dobb 1962:59).

### **3.5.16. The Relational Ontology of a Crisis**

A Dobbian conception of crisis is *relational* to its core. At a concrete level, the institutional physiology of society will determine the crisis forms that manifest when there is a failure of social reproduction. At a more abstract level, Dobb argued that the particular institutional physiology of society was much more incidental.

With the entrepreneurial function in the control of independent and individual capitalist undertakers, there is an *immanence* of, *necessity* for, and *permanence* of structural tendencies toward socioeconomic crises. In short, the normal state of capitalist (re)production is periodic crises.

From both a neoliberal and neoclassical perspective, it can be said that one of the, if not *the*, greatest virtues of capitalism is its ability to *automatically* expand, develop, and grow the factors of production. From Adam Smith, through Stanley Jevons, to Milton Friedman, nothing puts more commodities in the refrigerators of individual human beings than increases in (economic) productivity. Without denying the warrant of truth embedded in this liberal postulate, in a Dobbian/Marxian analysis, it is only a partial truth. Moreover, according to Dobb, the increases in productivity that automatically occur in capitalist social relations prove to be its Achilles Heel.

While the incessant drive for the accumulation of capital extends or widens the field of investment, the increase in productivity is an *intensification*, or deepening, of the field of investment (Dobb 1967:52). The "intensive development of the field of investment" is of

crucial importance, not only for the light it throws on the history of crises themselves, the circumstances out of which they develop, and the new developments which they create, but also in relation to Marx's theory of wages and hence to the changing form which the proletarian struggle assumes at different stages of development (Dobb 1937:123).

Dobb further suggested "that new investment, if it is to occur, must generally take the form of '*deepening*' capital – finding new ways of 'putting more power behind the human elbow', as Americans would say" (Dobb 1967:52). The system's greatest virtue is this automatic *deepening* of capital, i.e., the automatic ability (via competition and the profit motive) to induce increases in productivity (or what Marx called an increase in relative surplus value). The greatest of capitalist virtues, its tendency to manifest increases in productivity, also however occasions a number of contradictions.

First among these contradictions, or social dilemmas, is the tendency for an increase in productivity to manifest "'technological unemployment' as a leading peculiarity of the modern age" (Dobb 1946:338, Dobb 1967:39). Further, the incidence of productive improvement is necessarily unevenly distributed between industries and even between different branches of the same industry, giving rise to disproportionality between departments, and hence necessarily disturbing price-ratios and terms of trade

(Dobb 1960:86ff, Dobb 1946:338). In an environment where competition has become imperfect, an increase in productivity may cause chronic undercapacity (Dobb 1946:338). Where competition remains sharp, a fall in profitability tends to develop (Dobb 1962:57ff, Dobb 1946:287-8).

Thus, an increase in productivity generates various instabilities and creates forms of unemployment. If the institutional physiology of society supports significant competition between capitalists, profitability tends to fall, increasing the *risk* facing the individuals expected to fulfill the entrepreneurial function for society. If individual capitalist undertakers fail to fulfill their societal role in the entrepreneurial function, this will necessarily force the state to step forward to fulfill this function (Dobb 1967:38 & 40-1, Dobb 1946:383ff).

In the alternative circumstance that the institutional physiology of society supports dull or imperfect forms of competition, not only does undercapacity become chronic, but political power struggles emerge and class war may become intensified. For example, unionism may become more important against large corporations; in fact, this could be argued to be what happened with the rise of new unionism (see Dobb 1928:165ff).

Even if there could be a mechanism devised to absent the tendency of increases in productivity to create technological unemployment, another paradox emerges. Namely, positions at, or near, full-employment in capitalism have proven to be highly

unstable in the sense that a small pressure in either direction is likely to give rise to a rapid cumulative movement, uphill (into inflationary conditions and subsequent collapse) or downhill into falling production and falling demand (Dobb 1955[1950]:222).

Once it is understood that capitalist production relations are riddled with contradiction, a Dobbian analysis places emphasis on the institutional physiology of society. To put it another way, Dobb's abstract theoretical analysis establishes the view that crisis is an *immanent, necessary, and permanent* element of the capitalist mode of production. Dobb's concrete analysis attempted to detail the institutional circumstances that lead to boom, bust, and recovery. In Dobb's (1962:74) own words:

I believe that the right way of looking at economic crises is to regard them, not as the inevitable product of any one particular form (or aspect) in which the essential contradiction of capitalism appears (that between the developing forces of production and profitability for capital), but rather as an expression of this basic contradiction which may manifest itself in a variety of particular forms. It is accordingly possible that different booms may break, not for the same, but for different reasons (so far as proximate or immediate causes are concerned);

and what this particular reason is can only be discovered by studying the concrete circumstances and sequence of events of the boom in question.

### 3.5.17. Stages of Capitalist Development

A Dobbian theory of crisis has already been described as *relational*. Similarly, a Dobbian analysis of the actual concrete manifestation of crisis can be described as *eclectic*. Since no crisis has exactly the same particular forms, or causes, capitalism and its development are best understood to fall into a series of *stages* (Dobb 1946:17, Dobb 1937). Each stage of capitalism remains embedded in the wage-labor/capital relationship, while the institutional forms themselves will necessarily vary, often significantly.

Dobb's more abstract theory integrates Marx's analysis from Chapter 25 of volume I of *Capital* with Marx's comments on the tendency of the fall in the rate of profit from volume III of *Capital*. There are two main mechanisms in capitalist production that warrant "the law of the tendential fall in the rate of profit," namely, (1) accumulation of capital<sup>147</sup> and (2) competition between capitalist undertakers.

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<sup>147</sup> To capture Marx's ideas on the necessity of accumulation in a metaphor, Marx writes: "Accumulate, accumulate! That is Moses and the prophets!"

At a relatively highly abstract level, in capitalist production, Dobb accepted that there exist mechanisms that tend to lower the rate of profit.<sup>148</sup> However, at a more concrete level, it is contingent on whether or not there manifests an empirical fall in the rate of profit. More specifically, according to Dobb, the empirical manifestation of a fall in the rate of profit is contingent on the state of the labor market and the reserve army of labor.

In this context, Dobb is drawing heavily from Chapter 25 of volume I of *Capital*. Broadly, Dobb distinguishes between two cases. Dobb employs each case as a type of thought experiment. In thought experiment one, Dobb assumed "a condition of affairs where large 'relative over-population' [i.e., unemployment] exists" (Dobb 1937:110). Such conditions could be caused by, for example, (a) a population explosion; (b) "labour was being displaced by machinery faster than investment in new industries was absorbing it"; or (c) the proletarianization of the masses was occurring in a relatively rapid fashion (Dobb 1937:111).

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<sup>148</sup> According to Marx (1981:338): "The capitalist who employs improved but not yet universally used methods of production sells below the market price, but above his individual price of production; his profit rate thus rises, until competition cancels this out."



This last example of proletarianization can refer to two separate processes or a combination of them. First, it can refer to the deskilling of an industry or industries' work force, whereby formerly skilled workers are no longer needed because of the introduction of particular innovation(s) or machinery. In this case, the labor-power is forced into a (more) competitive labor market as relatively unskilled labor (e.g., see Marx 1976:788). Second, proletarianization can refer to the historical deterioration or political dismantling of certain institutional forms that buffer individuals from having to sell their labor-power on labor markets for a livelihood.

The classical case of the second form of proletarianization is one aspect of Marx's so-called 'primitive accumulation' as illustrated in section five of Chapter 25 of *Capital* volume I and the entirety of part eight. Of course, the process was further developed and illustrated by Dobb in Chapter 6 of *Studies*. It should be mentioned that this second process does not end with the completion of the historical process of primitive accumulation. A more contemporary illustration of the process of proletarianization is in Harry Braverman's *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (1975).

Regardless of the cause, the issue, or assumption, is the existence of a relative overpopulation. In such conditions, "the field of exploitation could extend *pari passu* with capital accumulation. Consequently, no fall in the rate of profit need occur" (Dobb 1937:111). However, the political struggles may sharpen, and the class antagonisms may become explosive. This latter possibility is contingent, in that "such an antagonism must be of sufficient order of importance for it to unite the various individuals and groups which are tied by this common interest" (Dobb 1955[1937]:95). Historically, social and economic degradation and deskilling of many individuals have often proven to be of "sufficient order" (see, for example, Gordon, Edwards, and Reich 1982).

Aside from contingent political reactions to social degradation and economic deskilling, production could proceed forward more or less hitchless. The only impediment on expanded reproduction, under circumstances of relative overpopulation, would be a disproportionality between (Marxian) Departments I and II, i.e., between (Keynesian) investment and saving. In Dobb's (1937:112) own words, reproduction would proceed more or less

hitchless given (or assuming) circumstances of relative overpopulation,<sup>149</sup> provided

the proportion in which industry was divided between making means of production and means of consumption continued to correspond to the proportion in which the money-income of society was devoted to investment (including repair and replacement) and to expenditure on consumption goods.

Dobb further suggested that given such circumstances, the rate of profit need not necessarily fall. If labor was poorly organized, or relatively weak compared to industry, the political struggles may not be of "sufficient order" to secure labor's share in the increases in productivity. This latter point means that either exploitation has been intensified or wages are below the value of labor-power or both.

In other words, the counteracting tendencies towards an increase of 'relative surplus-value' and to a 'cheapening of the elements of constant capital' may overbear the tendency to a decline in the rate of profit latent in the initial change in the ratio of constant to variable capital. Moreover, the tendency of labour-saving innovations to increase the state of 'relative over-population' may exert a still further effect in depressing wages below the level at they previously were (Dobb 1937:113).

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<sup>149</sup> This notion of a hitchless economy with circumstances of relative overpopulation anticipates the neoliberal or Monetarist view of Milton Friedman (1969) by more than 30 years. Of course, Friedman's terminology for a relative overpopulation (or Marx's reserve army of labor metaphor) is changed to "the natural rate of unemployment." Also Friedman is not concerned with the notion of disproportionalities between departments. Nor does Friedman necessarily believe that a disparity between investment and saving would be problematic, provided that the monetary authority has the power and knowledge to manipulate monetary and interest rate policy accordingly.

In the second thought experiment, Dobb reverses the assumption of a relative overpopulation to a situation where the labor force is being exhausted by the expansion of industry. The concrete actualization of such circumstances can manifest from (a) accumulation process that exhausts the reserve army of labor; (b) labor is strongly organized such that (i) deskilling and/or (ii) wage reductions are successfully resisted; and/or (c) the historical processes of proletarianization are (institutionally) arrested.

Both situation (b) and (c) are, of course, institutional elements. Especially in case (c), political legislation can protect against proletarianization. For example, legislation for centuries slowed the enclosures movement in England and throughout Western Europe (see Dobb 1946:226ff; and Marx 1976:877ff).

However, other examples that impede the historical processes of proletarianization include various types of licensing and other political privileges that allow individuals to demand and receive an "*institutional rent*." Any legislation or institutional form that has the effect of controlling or restricting the supply of a resource or competition will then receive a reward above the competitive "equilibrium," which is an "*institutional rent*"

(Dobb 1937:120, Dobb 1955[1924]:12). Even in the case of (b), the aim of organized labor is often to secure an institutional rent for a section of the working-class or union members (Dobb 1928:170-1).

In such a case where the *pace* of "capital accumulation is tending to outrun any possible *extension* of the field of exploitation, [...] the rate of profit per unit of capital must fall" (Dobb 1937:114). The significance of this tendency for the rate profit to fall, according to Dobb, has been misunderstood (Dobb 1962:58-9). Moreover, Marx's understanding of the tendency of the rate of profit to fall is not at all clear, "nor is there any statement [by Marx] about the anticipated relative strength of 'tendency' and 'counter-tendencies'"<sup>150</sup> (Dobb 1973:157).

Central for Marx's notion of the tendency for the fall in the rate of profit is that its existence is not dependent on diminishing marginal returns of agricultural production, as was the case for Ricardo. Rather, capital accumulation, the institutional complex, and capitalist competition could generate a general fall in the rate of

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<sup>150</sup> Several Marxian economists have argued that the countertendencies can never fully offset the main tendency of the fall in the rate of profit (e.g., H. Grossman, P. Mattick and D. Yaffee). More recently, Anwar Shaikh (1989) advances the position that each of the countertendencies finds its own limit within the tendency itself.

profit, regardless of the diminishing marginal returns of land (or capital).

Crucial, then, is that social ends do not motivate production in capitalism; rather the pursuit and the realization of profits motivate production in a capitalist system. Hence, crises were not necessarily expression of any particular barriers to exchange or any "iron law of wages." Since there are necessarily no limits to exchange, Dobb may appear to provide a defense to Say's law of markets. In fact, the limitless nature of the realm of exchange is the warrant and thrust of Say's law of markets. However, as stated, Dobb, following Marx, rejected Say's law of markets, not because of limits in exchange but rather because of "the limits to investment and production at a certain rate of profit" (Dobb 1937:115). These production limits tend to fetter both capitalist production and reproduction.

For Dobb, like Marx before him, the barriers of capital are the very conditions of capital accumulation itself. There is periodically

too much produced in the way of means of labour and means of subsistence, too much to function as means for exploiting the workers at a given rate of profit. [...] It is not that too much wealth is produced. But from time to time, too much wealth is produced in its capitalist, antagonistic forms (Marx 1981:367).

The capitalist mode of production is fettered at a scale of production, which would not necessarily exist under different relations of production. The fetters are specifically manifest from the institutional fact that independent and individual capitalist undertakers are in control of the entrepreneurial function of society. Hence, socioeconomic crisis becomes immanent, necessary, and permanent only when the "*real subsumption of labour under capital*" has become a reality (Marx 1976:1037).

Socioeconomic crisis arises, and "Production comes to a standstill not at the point where needs are satisfied, but rather where the production and realization of profit impose this" (Marx 1981:367). Thus, on the one hand, economic expansion and the extension of markets become one result of capital accumulation, while, on the other hand, overproduction and crisis are yet another result.

"Accumulate, accumulate! That is Moses and the prophets!" (Marx 1976:743). Moreover, accumulate, accumulate

becomes a law, independent of the will of the individual capitalist. And this law only becomes reality because instead of the scale of production being controlled by existing needs, the quantity of products made is determined by the constantly increasing scale of production dictated by the mode of production itself (Marx 1976:1037).

It is in this sense that Dobb called the conditions of *risk, uncertainty, and ignorance*, more objective than they are subjective. These conditions are part of the institutional design and constitutional dynamic of the capitalist mode of production, in which crisis becomes *immanent, necessary, and permanent*.

### **3.5.18. Dobb's Political Economy Summarized**

Contradictions riddle the reality of capitalism. Experience has demonstrated dogmatically that anything approaching pure liberalism, or *laissez-faire* policy, is fated for severe crisis. Thus, liberalism has given way to neoliberalism where some (state) management is accepted as necessary.

From a reproduction of institutions perspective, Marxian exploitation can be understood to rest on a particular arrangement of the institutions of production, rather than the logical extension of (a misinterpreted) value theory (Dobb 1967:252, Dobb 1973:146). As such, capitalist exploitation is not overcome by means of *intensifying* competition (as Adam Smith and many contemporary neoclassicals would have it). As earlier explained, the intensification of competition actually may make economic growth less stable. To overcome capitalist



exploitation would require the transformation of the institutions of production that constitute it.

A summary of Dobb's political economy can now be enunciated. In the capitalist mode of production, socioeconomic crisis becomes immanent, necessary, and permanent. Crises do not occur necessarily because of the empirical manifestation of a falling rate of profit (nor from a falling level of wages). Rather, the particular cause of capitalist crisis is contingent, while the general phenomenon of capitalist crisis is *necessary*, as a process of adjustment from the general tendency towards overproduction. The general tendency towards overproduction manifests from the ignorance, uncertainty, and risk of the capital undertakers that fulfill, or fail to fulfill, the social entrepreneurial function. The overproduction generates disproportionalities between sectors, necessitating a process of adjustment.

Since capitalism develops in a number of stages, theories of capitalism will likewise change and develop to comprehend these developments. According to Dobb, it then follows, any theory (e.g., neoclassical) that attempts to focus only on the *universal* elements that each stage of development shares will be especially impoverished in its understanding of the stage development of capitalism.

Further, Dobb applies this conception of the development of the transitive dimension of economics to the interpretation of the history of economics.

Dobb had maintained that methodology was especially important for the proper understanding of the dynamic process of capitalist development. Necessarily, a system that is in constant flux and institutional transition cannot be studied by employing empiricist ontology. It is to Dobb's methodological approach and his underlying philosophy that I now turn.

#### **4. THE PHILOSOPHICAL UNDERPINNINGS OF MAURICE DOBB**

##### **4.1. Dobb's Methodology: A Methodological Approach to an Institutional Ontology of Social Being**

The emergence of the 'Jevonian Revolution' brought an important methodological shift in the science of economics (Dobb 1973:167). This shift was the result of change in (theoretical) emphasis from the economic costs incurred during the process of production (the emphasis of the classical school) to the desires and preferences of individual consumers. This gave the discipline of economics an atomistic bias and a "preoccupation with micro-analysis of individual market-behavior and action and the *rooting of economic generalisation* in such micro-phenomena" (Dobb 1973:168, emphasis added; Dobb 1969:5). Consequentially, there was a narrowing of the boundaries of economic analysis to the sphere of exchange and market behavior of the individual (Dobb 1973:33, 169). With this narrowing of the science of economics' boundary-lines, there emerges a theoretical disinterest in, if not a denial of, the influence on individual preferences by way of "the

*interdependence between individual desires, through the play of social convention, emulation and other Veblenesque factors*" (Dobb 1969:6).

The significance of this otherwise unremarkable shift was that distribution of income was no longer prior to, but seemingly the mere result of, *unbiased* market activity of individual (utility) maximizers (Dobb 1937:178-84, Dobb 1973:169, Dobb 1955:110, Dobb 1969:23-6).

It was Dobb's contention that this result was engendered by the specific *methodological* generalizations upon which marginal economic analysis was (or is) based. According to Dobb, the methodological generalizations upon which neoclassical welfare economics was based were not normatively neutral as many theorists contended, but rather the result of the normative point of entry (i.e., individual preferences on the side of consumption and technological conditions with respect to production). In more Marxian language, the methodological issues involved concern about the *process of abstraction*.

#### **4.2. The Process of Abstraction: Dobb's Methodological Paradigm**

In its most simple and traditional formulation, the *process of abstraction* is the emphasis on certain aspects of something to the (momentary) de-emphasis of other

aspects (Lawson 1997:227). This process of abstraction is central to all science. When a science attempts to achieve a more precise refinement and comprehensiveness, "abstraction is required" (Dobb 1937:4). For example, "in chemistry," such a refinement was achieved by means of abstraction, with "the concept of atomic weight of chemical elements, and in physics by the Newtonian law of gravitation" (Dobb 1937:5). In fact, in everyday activity, every individual must employ the process of abstraction to make sense of any moment of reality. "Our minds can no more swallow the world whole at one sitting than can our stomachs" (Ollman 1993:24). However, in social reality the process of abstraction takes on special significance. Marx recognized the special significance of the process of abstraction for economic science in the Preface of the first edition of *Capital*, when he wrote: "in the analysis of economic forms neither microscopes nor chemical reagents are of assistance. The power of abstraction must replace both" (Marx 1976:90).

Nevertheless, in spite of the obvious necessity of the process of abstraction to all scientific endeavors, or perhaps because of the obvious necessity, the procedure itself has suffered from a neglect of rigorous scrutiny and has remained underanalyzed. This neglect of the process of

abstraction is especially surprising when one realizes the power of this scientific tool. The process of abstraction not only aids in the production of knowledge and consequently, the generation of beliefs, but also can produce illusions and false beliefs (Sayer 1984:86).

It is to the credit of Maurice Dobb that he unambiguously recognized the importance of the process of abstraction. He understood the power of abstraction to produce knowledge and the power of abstraction for solidifying ideology, or illusions of the epoch. As such, *abstraction* becomes Dobb's methodological paradigm for both scientific and historical analysis and the basis for his critique of mainstream economic theory.

Dobb's most important pronouncements on methodology are to be found in the pages of his *Political Economy and Capitalism* (1937). Dobb's most explicit application of his method of abstraction is twofold: his historical analysis found in *Studies* (1946) and his various critiques of mainstream economic theory (Dobb 1969, Dobb 1937, Dobb 1973, Dobb 1955:104-17).

It is within the pages of *Political Economy and Capitalism* (1937) where Dobb first develops his Marxian-driven beliefs on the *process of abstraction*. Most broadly, Dobb distinguishes between two types of

*abstractions* in the construction of economic theory: (1) abstraction within a particular institutional complex and (2) universal generalizations (Dobb 1937:127ff). There is a third type of abstraction which Dobb does not mention here but gestures towards elsewhere (1955:20), namely, (3) abstractions of traditional *empiricism*.

In this third case of abstraction, the empiricist tends to abstract away from commonality. Any attempts to "generalize" are seen as illicit. Hence, what is abstracted from in this case is the *abstract* itself. In this particular process of abstraction there is the concern, indeed the obsession, with what *is* and a disregard for *how* it *became*.

In the case of (2) *universal generalizations*, the process of abstraction is *independent* of any particular concrete historical "evidence of fact." Universal generalizations are unconcerned "as to what features in a situation are essential and what are inessential, but simply on the formal procedure of combining the properties common to a heterogeneous assortment of situations and building abstraction out of analogy" (Dobb 1937:128).

In this process of abstraction, a universal element or characteristic is, at least implicitly, *primary*, while any element or characteristic that "is peculiar to the special

institutional complex is secondary" (1973:25). Socio-theorists who adopt this process of abstraction tend to necessarily "deny any validity to frontier-lines between historical epochs" (Dobb 1946:1). More specifically, for economists within this "neo-Kantian" tradition,

economic laws have the force of 'synthetic *a priori* propositions,' as Professor Hayek has declared, they are built up from, 'not physical facts, but wholes 'constituted' out of 'familiar categories of our minds,' which apply to all economic experience. They are not contingent on historically relative, institutional factors: on the contrary, they embody certain 'necessities' which are alleged to constrain the working of any type of economic system (Dobb 1955:107).

Institutions and other historically relative elements are introduced only as secondary elements that play a strictly subordinate role as changes in "data" to the generalizations. Otherwise, these institutional data, or secondary elements, do not alter the universal abstractions and/or main equations (Dobb 1946:27-8, Dobb 1955:107).

In brief, with this type of abstraction there is such an obsession with *generalizing* what is universal or common to any system (or thing) that the generalization necessarily abstracts away from any peculiar institutional complex and specific characteristics of a particular system (Dobb 1973:25). The apparent 'virtue' of such a "high-level" of generalization is that the theory is *supra-*



*historical*; hence, in principle, it is applicable to all human history (Dobb 1973:24-5, Dobb 1946:12, Dobb 1955:232).

With an institutionally based process of abstraction, or case (1), there is an attempt to demarcate the most essential elements or mechanisms from the inessential (Dobb 1937:127). As such, emphasis is often placed on the specifics of the institutional complex and the particular characteristics of economic relations, "even at the expense of a wider, but perhaps more barren, generality" (Dobb 1937:131). In fact, "prominence" is given "to 'institutional' factors" and economic problems displayed and economic inquiry made within a particular institutional complex (Dobb 1973:26).

#### **4.3. Dobb's Process of Abstraction: The Methodological Underscoring of Historical Institutions**

In the first chapter of *Studies*, Dobb makes clear that his process of abstraction will be the institutionally based type, or type (1) above (Dobb 1946:8). Dobb's concern in the opening pages of *Studies* is with his entry point to economic analysis in a historical context. Thus Dobb is anxious to provide a (working) *definition* of capitalism.

Dobb is quick to dismiss those historians whose definition of capitalism relies on an empiricist methodology and process of abstraction (i.e., type (3) above). The empiricist process of abstraction tends to place emphasis upon "the variety and complexity of historical events [...] and [...] deny any validity to frontier-lines between historical epochs" (Dobb 1946:1). The result of an empiricist process of abstraction is that it tends to deny any "historical" meaningfulness to the very term "capitalism."

It is the voice of authority that Dobb employed to dismiss the empiricist process of abstraction. More specifically, to dismiss the empiricist's process of abstraction as methodologically illicit, Dobb approvingly quotes Richard Tawney's well-known passage:

After more than half a century of work on the subject by scholars of half a dozen different nationalities and of every variety of political opinion, to deny that the phenomenon exists, or to suggest that if it does exist, it is unique among human institutions in having, like Melchizedek, existed from eternity, or to imply that, if it has a history, propriety forbids that history to be disinterred, is to run willfully in blinkers. ... An author ... is unlikely to make much of the history of Europe during the last three centuries if, in addition to eschewing the word [capitalism], he ignores the fact (quoted in Dobb 1946:2).

Two other definitions of capitalism Dobb takes more seriously. First is the view that finds the essence of an

economic system in the *spirit* of the epoch: in the case of capitalism, the spirit of enterprise, or "'bourgeois spirit' of calculation and rationality," a position well represented by Werner Sombart and Max Weber (Dobb 1946:5).

The second position "identifies capitalism with the organization of production for a distant market" (Dobb 1946:6). Although Dobb (1946:5) suggested that this position is most often implicitly applied to historical analysis, rather than explicitly formulated, it was the position defended by Paul Sweezy as outlined above in the "transition debate." Sweezy's own position, as I have shown, was based mainly on the historical work of Henry Pirenne.

Dobb's main complaint aimed at both of these conceptions of capitalism is that they are *abstractions* of such a high level of *generalization* "that they are insufficiently restrictive to confine the term to any one epoch of history" (Dobb 1946:8). Hence capitalism is present, at least to some degree, in all periods of history. Therefore, whereas the empiricist definition denies the meaningfulness of the term capitalism, the Sombart/Weberian definition is much too historically permissive. The historical question then becomes why do such terms such as "capitalism" and "feudalism" exist at

all? For the theorists of the Sombart/Weberian perspective, the distinction is more epistemological, whereas for Dobb it is pivotally ontological. It can be argued that Dobb rejects the Sombart/Weberian definition on the grounds of its lack of ontological boldness, and the lack of sense it makes of the presence of particular historical phenomena, events, and episodes. With its overly permissive tendency, the Sombart/Weberian definition of capitalism is ontologically overly problematic, hence methodologically illicit.

The Sombart/Weberian definition has a further difficulty. Namely, if capitalism as an economic form is a function of the capitalist *spirit*, an account for the origin of the capitalist spirit itself must be given. Or in Dobb's own words: "If this capitalist spirit is itself an historical product, what caused its appearance on the historical stage?" (Dobb 1946:9).

At first glance, Dobb's choice of definition, hence the type of *process of abstraction* employed, along with its "justification," seems somewhat arbitrary, if not perhaps ideological. Dobb explicitly stated that it is not his purpose to debate the merits of any of these definitions, but merely to make clear the position that guides his *Studies*. Dobb comments that "justification of any

definition [along with its *process of abstraction*] must ultimately rest on its successful employment illuminating the actual process of historical development" (Dobb 1946:8). Based on Dobb's methodological comments on the *process of abstraction*, his chosen definition of capitalism can be argued to be much less arbitrary and ideological than it appears at first glance.

#### **4.4. Five Methodological/Ontological Theses of Dobb's Process of Abstraction**

Dobb's process of abstraction rests on five basic theses, one of which is more methodological and the other four more ontological. First is the 'theory thesis': Theory is necessary to both scientific activity and historical analysis alike. The second is the 'material thesis': Ideas of human beings are conditioned by their practical or material experience. The third is the 'internal articulation thesis': Societies are structured and differentiated sets of social relations. Fourth is the 'historical thesis': Social relations are transitory; hence so, too, is theory. Finally, the fifth is the 'agency thesis': All human action potentially has epoch-making effects.

The 'theory thesis' has two sides: (a) a rejection of any simply (empiricist) notions that "facts" or "empirical

events" speak for themselves and (b) a rejection of the notion that weaving or constructing theory can be independent from the institutional *milieu*. With respect to (a) Dobb asserts that "facts never speak for themselves" (Dobb 1947-48:9). Rather "facts" and "events" must be interpreted, and interpretation requires theory or a "conceptual web" or "framework" (Dobb 1973:18). For example, Dobb's intention in Chapter 4 of his handbook on *Wages* was to contrast various historical theories on wages to demonstrate that different theories have diverse interpretations of the same or similar empirical evidence. Thus, all science requires a "conceptual framework" to interpret reality. "Far from being superfluous, *some* general framework of this kind, it would seem, can scarcely be dispensed with by the most thorough-going empiricist," especially in the social sciences (Dobb 1973:19, also see Dobb 1955:235).

This is not meant to imply that "facts" and "empirical events" are not important. Rather, as indicated by (b) above, Dobb underscored the paramount importance of empirical elements. The empirical elements are important *not* only for the construction of theory but also for the maintenance and vindication of theoretical frameworks. In this sense, *Studies* is an extended (explanatory) critique

of various theoretical "conceptual webs" and their implied or explicit interpretation of various historical events.

In *Studies*, Dobb often demonstrated that a particular "conceptual web" is out of phase with the collected historical evidence. For example, the "traditional" or commercialization view of capitalist development was shown to be out of phase with historical evidence in various regions of Europe (Dobb 1946:38ff). For Dobb, there is no simple mechanistic formula by which a theorist can decide whether the historical evidence or a "conceptual web" (or a complex combination of both) lies in error. There are simply no "absolute standards" by which to judge (Dobb 1973:19).

Dobb would seem then to be in full agreement with Michael Polanyi (1964:14) when he writes, "there are rules which give valuable guidance to scientific discovery, but they are merely *rules of art*." In this context, when a contradiction between historical evidence and a 'conceptual web' arises, the theorist must employ *personal judgment* when assessing the contention.

With no absolute standards, Dobb contended that theory must be judged based on its "degree of realism, historical intuition, social perspective and [the Schumpeterian notion

of the theorist's own subjective] vision" (Dobb 1973:36).<sup>151</sup>

Thus, even though there are no "absolute standards" from which to judge the full warrant of a 'conceptual web,' there are grounds for which a 'conceptual web' can be "rationally debated" (Dobb 1973:19).

Since "a conceptual framework is not easily verified or disproved," Dobb rejected the (logical positivist) criterion of "verification" and likewise "the Popper-criterion" that theory must be constructed in "falsifiable" form. When the *process of abstraction* is of the *universal generalization* type, the verification and falsification criteria are powerless to access the validity of the conceptual web. The reason for this is that the universal generalization renders itself "remote from the actual possibility of empirical disproof" (Dobb 1973:19).

The 'material thesis' of Dobb would seem to be strictly 'Marxian.' However, it is here that Dobb begins to distinguish himself from his contemporary Marxists. Dobb rejects any strict *deterministic* relationship between the

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<sup>151</sup> For M. Polanyi, this is not to fall into the charge of theory being completely subjective in that a theorist's personal knowledge is a function of the practices and skills obtained in his or her training. It is this institutional training and "intellectual commitment" that "saves personal knowledge from being merely subjective. Intellectual commitment is a responsible decision, in submission to the compelling claims of what in good conscience I conceive to be true" (Polanyi 1958:65). Polanyi goes on to argue that his conception of *personal* (knowledge) "transcends the disjunction of subjective and objective" (Polanyi 1958:300ff).



material social basis (or the economic conditions of life) and the consciousness or ideas of human beings (Dobb 1955:229). In a similar vein, Dobb rejected *technological determinism*, where productive forces are dominant and determine socioeconomic development (Dobb 1973:144). Rather, Dobb maintained that there is "reciprocal interaction between ideas and economic conditions" (Dobb 1955:228) and the historical stages of economic development within any mode of production (Dobb 1946:17ff).

Nevertheless, Dobb approvingly accepted Marx's statement from the opening pages of Chapter 7 of volume I of *Capital* that

"In production men not only act on nature but also one another. They produce only by cooperating in a certain way and mutually exchanging their activities." And again: "By thus acting on the external world and changing it, he at the same time changes his own nature" (quoted in Dobb 1973:144, also Dobb 1955:229).

It is in this sense that the material basis or social relations between human beings in the course of production, along with the productive forces, constitute the ontological primacy of social being.

As Dobb aimed to show in *Studies*, there is an historical genealogy to the 'conditions of life,' or the material base of social being. "Ideas," however, cannot be explained entirely "in terms of a genealogy of their own,"

and "the influence" which ideas exert "upon events" is nothing "more than a conditional one." In other words, the "two-way influence" between ideas and economic conditions upon each other is asymmetrical (Dobb 1955:228).

For Dobb, the material base (constituted in the traditional Marxian sense, i.e., social relations and forces of production) exercises "a strongly selective and formative influence over the ideas which" are "dominant at a particular period." According to Dobb the influence of "ideas" upon conditions of life could only occur in "certain ways and subject to definite limitations" (Dobb 1955:228).<sup>152</sup>

Dobb's material thesis is therefore both less than and more than a strict ontological statement about social being. It is less than a strict ontological statement in that as it is formulated; it informs us very little about the constitution of social reality. For example, it does not inform us of the *degree* of asymmetry between 'conditions of life' and 'ideas,' nor necessarily anything specific about the reciprocal interaction between them.

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<sup>152</sup> In this context Dobb approvingly quotes the authority of Herbert Spencer: "Ideas wholly foreign to this social state cannot be evolved, and if introduced from without, cannot get accepted, or if accepted die out. Hence the advanced ideas when once established act upon society: yet the establishment of such ideas depends on the fitness of society for receiving them. Practically the popular character and social state determine what ideas shall be current" (quoted in Dobb 1955:228-9).

It is more than an ontological statement in that it is meant to be a methodological guide or ontological clue to theoretical and historical analysis. It informs a theorist about which elements to look for and in what direction.

For example, Rodney Hilton was shown to argue for the ubiquitousness of peasant revolts during the feudal epoch. Armed with the methodological guide of the material thesis, the (Marxian/Dobbian) theorist would look for an explanation of such omnipresent activity within the constitution of the social relations of production, as opposed to reducing the explanation to the beliefs and ideas held by the peasantry. Beliefs and ideas are themselves historical products, the historical appearance of which requires (a material) explanation.<sup>153</sup>

As an example of this latter point, Dobb sought to explain the (politico-economic) conservative bias of feudal monopoly merchants not by means of the ideas and beliefs held by members of the class, but by the relationship of monopoly merchants to other members of feudal or manorial society. It is in this sense that the material thesis orientates the theorist in a particular ontological direction toward social being. More specifically, the

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<sup>153</sup> This is the essence of Dobb's complaint of the Sombart/Weber notion of the "capitalist spirit" (see Dobb 1946:7-10).

ontological orientation is toward an analysis of the institutions and social relations which are historically present during the respective period in question.

The 'internal articulation thesis' is what drives the early chapters of Dobb's *Studies*. In fact, his main complaint of the "commercialization view" concerning the transition from feudalism to capitalism was its absence of any "analysis of the internal relationships of the Feudal mode of production" (Dobb 1946:42). Dobb (1946:11) further suggested that

each historical period is moulded under the preponderating influence of a single, more or less homogenous, economic form, and is to be characterized according to the nature of this predominant type of socio-economic relationship.

Here again Dobb finds his lead from comments made by Marx.

In several places Dobb approvingly quotes the celebrated passage from volume III of *Capital*:

The specific economic form in which unpaid surplus labour is pumped out of the direct producers determines the relations of rulers and ruled. [...] It is always the direct relations of the owners of the conditions of production to the direct producers which reveals the innermost secret, the hidden foundation of the entire social construction, and [...] of the corresponding form of the state (quoted in Dobb 1946:36, no. 2, also see Dobb 1955:234; Hilton 1976:58, no. 2).

From this pregnant ontological statement of Marx, Dobb would initiate a methodological paradigm for historical

analysis. The metaphor to capture the essence of this methodological paradigm became *history from the bottom, up*.

Methodologically, the meaning of this metaphor can be unpacked by recalling that, for Dobb, societies are complexly structured and differentiated sets of social relations. The structuration<sup>154</sup> of society refers to the (historical) *tendency* for social relations to be (relatively) enduring. Especially enduring is the social relation between the direct producers and their immediate rulers during any particular epoch. This enduring quality of social relations is an additional ontological clue to the study of social phenomena.

The notion of societies being differentiated refers to the various classes and hybrid classes that constitute any particular society, along with the relations between these classes. Echoing Marx and Engels, Dobb asserts that "history has been to-date the history of *class societies*" (Dobb 1946:13).

What constitutes a class and its consciousness is a highly complex set of historical circumstances. If one is to accept Thompson's maxim, then "consciousness of class"

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<sup>154</sup> The term structuration is nowhere used by Dobb. The term is borrowed from Anthony Giddens, who employs the term specifically in reference to the complexity of social structures and their differentiation. It is purposely borrowed and placed here to suggest certain similarities with the intention of Dobb.

arises in similar ways "in different times and places, but never in *just* the same way" (Thompson 1966:10). What is gained in historical accuracy with this definition however may cost the theoretical usefulness of the category of class. Dobb writes, in a similar vein, that the common elements of a particular class depend "less on formal precision of definition than on practical judgment applied to particular [historical] cases" (Dobb 1955:96).

In this context, Dobb insisted that an essential element in the formation of a *class* grouping is the *source* of income upon which any individuals predominantly rely that "will usually determine their social alignment" (Dobb 1955:95, no. 1). However, a more important element is the historical evolution of a particular group or class in a particular society (Dobb 1946:15).

The *source* of income and the specific historical process of formation, in conjunction with Marx's pregnant ontological comment on the importance of the direct producers and their relationship with their immediate superiors, suggested to Dobb that the differentiation of society into various class groupings becomes the paramount ontological hint for understanding the dynamics and internal articulation of a society. Class, in its various historical guises, is also a key element for understanding

the actions and motivations of individual human beings and, in turn, the historical development of any particular society.

It was only after the turn of the nineteenth century that it became widely recognized "the extent to which individuals are unaware of the true motivation of their actions, so that the influences which move them are largely different from the reasons which they would consciously formulate" (Dobb 1955:230).

For this reason Dobb (1955:97) maintained:

The more we study the world today, and the more we penetrate behind the reasons for which people say, they act, or consciously think they are acting, to find the real motive forces which impel them, the less doubt, one might think, there could be about the importance of class conflict as a dominant feature of contemporary history.

This does not mean, however, that individuals are necessarily aware of any "membership" to a particular class. In others words, individuals are *not* necessarily aware of the common, real interests they share with other individuals. The complex structure of society and the high degree of differentiation that occurs make common interests between individuals relatively opaque.

Nevertheless, in historical events "the product of [individual] human will and actions [which in turn] depends both on the relations in which the individual will stands

to the wills of others [... e.g., class], and upon the total character of the objective situation which human action seeks to influence" (Dobb 1955:231).

When individual wills form into a class grouping, with their collective actions directed in an appropriate direction, and given the historical situation of a certain kind, human collective action can have "an epoch-making [or breaking] effect" (Dobb 1955:230). Collective actions can be such that "a change of balance" within the "constituent elements" of a society, result "in the appearance of novel compositions and more or less abrupt changes in the texture of society. To use a topical analogy: it is as though at certain levels of development something like a chain-reaction is set in motion" (Dobb 1946:13).

The recognition of the importance of class in the constitution of society makes *class conflict* a key element for understanding the dynamics of any epoch. More specifically, there is a necessity for the historical analysis of the direct producers, historically the lower of classes. The action and beliefs of the direct producers, along with their relationship to their immediate superiors, will determine the enduring quality and stability of the reproduction of the society.



In this sense, an analysis of *history from the bottom, up* is initiated. That is to say, historical analysis must begin with the direct producers, and then by means of a *process of abstraction* a theorist aims to reconstruct the relationships of various individuals, groups, and social elements to the direct producers. Hence, "the progression of economic forms," i.e., economic development, "is a function *not only of the division of labour, but also of class differentiation*" (Dobb 1955:8).

Although social relations are relatively enduring, the 'historical thesis' maintains that all modes of production, and the social relations that constitute them, are *transitory* in nature. This transitory nature is itself a function of the internal articulation of society. Dobb argued that the internal articulation or institutional complex of any society facilitates or impedes the inequalities among its members to the access of social resources (Dobb 1946:253-4, Dobb 1925:14). Strict inequality to social resources, and/or the monopolization, manifests into significant class differentiation.

With such inequalities to the access of social resources manifest, along with the class differentiation it generates, there is at the same time a divergence of personal interests. The economic cause of this divergence

in personal interests between individuals is mainly a function of opposing sources of income. Thus, it is the inequality of opportunity to social resources and the specific historical processes of class differentiation generated that provide the social circumstances for the conditions necessary for class conflict and internal (institutional) contradictions within a society (Dobb 1955:96).

Hence, although the 'internal articulation thesis' maintains that social relations are relatively enduring, at the same time, the 'historical thesis' suggests that social relations are by no means static. There is no "pure form" of any social relation ensemble (Dobb 1946:11). Although the structuration process is relatively stable, in absence of particular institutional forms, the differentiation process is not.

Social relations are, in part, enduring in that human beings are socialized with, and within, the behavior and routines that constitute them. In this sense, human beings do not *create* social relations, because social relations preexist individuals and are the necessary conditions for individual activity. Rather, social relations are an ensemble of institutions, practices, and conventions which

individuals *reproduce* or *transform* and which would not exist unless they did so (Bhaskar 1989:36).

The enduring tendency of social relations in conjunction with their nonstatic or dynamic nature (respectively what here has been termed the 'internal articulation thesis' and 'historical thesis') has, for Dobb, both ontological and methodological import.

Ontologically, the stability of social relations suggested by the 'internal articulation thesis,' in conjunction with the *transitory* nature of institutional forms suggested by the 'historical thesis,' suggested to Dobb that socioeconomic analysis must recognize that socioeconomic development occurs in *stages*.

Stages can be contrasted with the notion of an epoch. An epoch refers to a period of time whereby there is a certain stable and enduring presence of a specific predominant relationship between the direct producers and their immediate superiors. Upon this relationship, the institutional structure, or what Marx called the superstructure of society, can take a number of forms.

A particular stage of historical development then refers to a specific ensemble of institutions and the routine-like patterns of individual behaviors that the specific institutional web *tends* to encourage. Thus, in

*Studies*, Dobb attempted to demonstrate that the development of feudalism, like the "development of capitalism, falls into a number of *stages*, characterized by different levels of maturity and each of them recognizable by fairly *distinctive traits*" (Dobb 1946:17, emphasis added).

This latter point of "*distinctive traits*" of any particular *stage* further informed Dobb methodologically that the elements that make a stage of historical development unique are at least as important, and often more important, than the elements that different stages of economic development share in common.

Thus, the methodological import suggests that a successful process of *abstraction* must discriminate between the more essential and inessential elements of historical development. This process further requires a contrastive method of analysis to determine what makes one stage of historical development different to others stages. It is in this sense that Dobb's point of entry is not some universal generalization of human nature, but rather an historical analysis of the routine-like patterns of behavior during any particular stage or epoch of historical development and the reconstruction of the institutional arrangement that facilitates or impedes any such routine-like behavior.

The 'agency thesis,' as alluded to above, suggests that "when the objective situation is of a certain kind, and action has an appropriate direction, such action can have a large, even an epoch-making effect" (Dobb 1955:230). This statement, as it stands, offers very little information indeed about the formation of "epoch-making" or epoch-breaking actions of individuals.

It is an historical-empirical observation that provides the 'agency thesis' with its analytical potency. This analytical potency has two moments in the work of the British Marxian economic historians. First, epoch-breaking collective action has historically manifested from individuals resisting the inequalities of access to, and monopolization of, social resources. Once again, this observation underscores the presence and effect of class conflict in historical socioeconomic development.

Second, it is historically observed that sometimes a grouping of individuals or social class *tends* to have a conservative or change-resisting attitude toward the *stage* or institutional complex, whereas another group of individuals or class has a revolutionary or change-seeking attitude toward the particular *stage* of history. Whether a group has a change-resisting or change-seeking attitude toward the institutional complex will depend, in

part, on the *source* of the class's income and their access to social resources. In Dobb's (1946:15) own words,

the relationship from which in one case a common interest in preserving and extending a particular economic system and in the other case an antagonism of interest on this issue can alone derive must be a relationship with a particular mode of extracting and distributing the fruits of surplus labour, over and above the labour which goes to supply the consumption of the actual producer.

More specifically, the 'agency thesis' suggests that those individuals and classes that have adequate access to the social resources *tend* to be conservative or change-resisting in attitude, while those that are barred from access to essential social resources have historically been the individuals and classes that, over time, develop a change-seeking attitude. It has been those who are barred from access to social resources who have historically become, when objective conditions are of a certain kind, a *revolutionary* force with *stage-breaking* and epoch-making (potential) effect (Dobb 1955:230).

However, this is not to say that those barred from access to the social resources are automatically radicalized. In fact, Dobb had very little to say about the process of change-seeking attitudes coming into consciousness. Rather, for Dobb, it is merely a historical observation that when change-seeking attitudes emerge, they

have tended to emerge within the groups of individuals who have been barred from access to social resources.

The class that is socially and politically dominant during any particular *stage* in historical development "will naturally use its power to preserve and to extend that particular mode of production - that particular form of relationship between classes, - on which its income depends" (Dobb 1946:13). Individuals and classes with change-resisting attitudes have the power to affect not only the political and legislative institutional complex with their conservative intentions, but also the entirety of the institutional complex of the *stage* of historical development. As I have shown in the work of the British Marxian economic historians, the institutional forms the change-resisting attitudes will attempt to affect include religion, culture (e.g., sports, leisure activity, etc.), media, and education.

Thus the conservative bias and change-resisting attitude of the ruling classes, in institutional form, become a *process of socialization* of the populace or of the totality of social members of society. Thus, the process of socialization internalizes the social relations of production within the beliefs and very identities of individuals. As such, the socialization process functions

to produce a conservative or change-resisting bias in the consciousness, beliefs, and actions of individuals.

The internalization of institutional forms, by means of socialization, tends to make remote any motivation toward change-seeking activity. However, when inequalities of access to the resources of society are of a particular magnitude or when the social injustices are of a particular sort, the *process of socialization* will not be enough to suppress the development of change-seeking attitudes. Thus, inequalities and injustices tend to spontaneously radicalize an individual's consciousness, beliefs, and actions. Therefore, the *process of socialization* gives way to the manifestation of various *modes of social resistance*.

Dobb does not explain the process by which modes of social resistance manifest. Rather, Dobb merely invokes historical episodes of resistance. Peasant revolts are a paradigm example, along with labor and union history. These episodes that exhibit modes of social resistance have become a research agenda for historians practicing *history from the bottom, up*.

These modes of social resistance are various and complex. The British Marxian economic historians have demonstrated (in their *history from the bottom, up*), the historical forms of these modes of resistance which include



peasant revolts, tool-breaking, machine-wrecking, political protest, strikes and other union activities, criminal and terrorist activity, along with ideas of the "lunatic" fringe.

With the 'agency thesis,' the significance of these modes of resistance no longer can be ignored by historians. Likewise, no longer can the daily activity and social beliefs of the lower classes be underestimated as had become customary in social sciences.<sup>155</sup>

The above five theses are the minimum ontological clues that a (Marxian/Dobbian) theorist needs as an entry point into the study of historical and social phenomena. Moreover, these theses function as a methodological guide for the *process of abstraction*.

Armed with the 'internal articulation thesis' Dobb's first abstraction is to identify the *epoch*. This requires the identification and definition of the predominant relationship of production between the direct producers and their immediate superiors. This is the first abstraction which Dobb makes when identifying his ontological orientation toward his *Studies of Capitalism* (1946:7ff).

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<sup>155</sup> Even Marx himself falls into this underestimation when he suggests, in his essay "Eighteenth Brumaire of Louis Bonaparte" that the French peasantry constituted "the great mass of the French nation [...] by the simple addition of isomorphous magnitudes, much as potatoes in a sack form a sack of potatoes" (Marx 1974:239).

Likewise, when defining feudalism, Dobb again attempts to first abstract away from all but the predominant class relationship between the direct producers (i.e., serfs) and their immediate overlords (i.e., the landed aristocracy).

Dobb's second mode of abstraction is to attempt an identification of the *stage* of historical development. This implies a reconstruction of the predominant institutional forms of society at the particular historical time and place under analysis. For the British Marxian economic historians, these institutional forms were shown to include various routine-like patterns of behavior, modes of economic exchange, politics, religion, education, family life, personal and cultural beliefs, etc.

The third step in Dobb's process of abstraction is the interaction between these various institutional forms. In the second step the intention was merely to identify the existence (or perhaps absence) of various institutional forms. In the third step, the intention is to understand the dynamic of society by means of reconstructing the degree of conformity and harmony and the degree of contradiction and antagonism between institutional forms.

The fourth step is to attempt an *explanation* of the routine-like pattern of behavior, beliefs, actions, and *crisis* that *tend* to manifest during the specific historical

stage of development. Of course, the success of the attempted *explanations* will radically depend upon the available historical evidence and the appropriateness of the abstractions made in steps one, two, and three.

Finally, the fifth step is to apply the theoretical and/or historical knowledge to inform contemporary political and practical activity, i.e., to inform the personal actions of individuals.

In the end, Dobb develops a unique approach to understanding social being. His ontology allows for a structural approach to the reproduction of social relations, without denying the role of "agency." It is an approach that emphasizes the role of institutions in the reproduction of, or failure to reproduce, social relations. Dobb's ontological and methodological position underscores the role of individual and collective human agency. The notion of agency suggests that the underclass can determine the direction of history as much as the ruling class.

Dobb's ontology is important for the construction of theory and for understanding contemporary society. At the same time, it is also paramount for reconstructing the past, or practicing history. It is an ontological paradigm that continues in the tradition of a relation conception of social beings. The relation conception social must be

rediscovered and reestablished each generation. This dissertation has been an attempt not only to rediscover the importance of the work of Maurice Dobb but also to better model a relationship approach to social being and the implication for the practice of political economy.

## **5. CONCLUSION**

A main intent of this dissertation is to make a contribution toward the relative neglect of the political economy of Maurice Dobb. A further result has been that the political economy of Maurice Dobb offers insights into the current global socioeconomic breakdown.

Of special interest was that Dobb underscored the importance of an historical orientation for the development of economic theory in particular and social science in general. In other words, the construction of social scientific theory necessarily pivots upon accurate historical analysis. At the same time, Dobb demonstrated that historical analysis itself radically depends upon the specific theoretical orientation of the theorist. Methodologically, the implication of this history/theory dialectic is that historians and social theorists must consistently engage for the development of their respective disciplines. If historians neglect theoretical challenges, impoverished history is produced. At the same time, if

social theorists neglect historical analysis, there emerges a poverty of theory.

Perhaps Dobb was perceptive of the history/theory dialectic because of his sympathy toward a social scientific orientation that had become significantly neglected in the Western academic arena due to political agitations it caused. Namely, Dobb was highly sympathetic to a Marxian orientation toward social scientific theory. Dobb aptly demonstrated that a Marxist political economy does not belong on the shelves of the history of economic thought. Quite the contrary, Marxist political economy is a real alternative theoretical orientation to both the then-emerging Keynesian and the then-dominant neoclassical economic theories. Dobb was especially anxious to reveal that Marxist political economy had much to offer in interpreting and understanding the socioeconomic development of the Western world throughout the twentieth century (and potentially into the twenty-first century).

The relative neglect of Maurice Dobb's contribution to political economy is surprising in that Dobb was a premier, if not *the* premier, Marxian political economist of his time. Dobb also was a member of the faculty of the foremost political economic institution of the era, namely, Cambridge University. The neglect of Maurice Dobb's

political economy is especially disturbing in light of his considerable and multitude contributions to the development and practice of political economy.

Dobb's *Studies in the Development of Capitalism* (1946) made a number of contributions to the study of economic history. His *Studies* had a primary role in establishing the understanding that markets had an important role in the economies of feudalism. *Studies* helped to initiate a historical reassessment of the place and function of townships in a feudal economy. Dobb was able to decisively argue bourgeois merchants were a highly conservative force in the feudal order. Bourgeois merchants resisted the transformation of feudalism and tended to impede the emancipation of serfs and, hence, inhibited the development of capitalism. Dobb's *Studies* demonstrated that far from functioning as a fetter, monopoly capital was essential for the emergence of a capitalist economy. However, once capitalism had emerged, the monopoly capital element tended to transform its revolutionary forces toward highly conservative forces.

Dobb's *Studies* were a type of fountainhead for the notion that feudal societies, far from being a static, "natural economy," were highly complex human social arrangements that had unique dynamics for the successful

reproduction of the social system. Dobb emphasized the pivotal role the institutional physiology had for the success or failure of a system to reproduce another generation of the same social composition. Dobb emphasized the importance of the institutional physiology for the stability of feudalism and capitalism alike.

Dobb's emphasis on the pivotal role of the institutional physiology necessitated a re-conceptualization of the notion of human agency. The argument is that human agents or individuals make history. However, these human agents are constrained by and necessarily depend upon an institutional physiology for any action. In this sense, ultimately individuals, or groups of individuals, are the real revolutionary force in history. It is Dobb's notion of human agency that especially differentiated his approach to political economy from those of other prominent Marxists (i.e., the Leninist/Stalinist notion that individuals do not matter in history and Plekhanov's technological determinism).

Dobb's emphasis on the importance of the institutional physiology for understanding a society and constructing social theory reveals his sympathy toward structuralism as a valid methodological approach to social science. At the same time, Dobb's notion of agency can be interpreted as



legitimizing a critical methodological individualism. Dobb did not take sides in the ongoing debate between structuralism and methodological individualism but, in practice, transformed the grounds of the debate itself.

In the practice of political economy and historical analysis, Dobb married a structuralism and methodological individualism which would inspire and initiate a historical tradition. The British Marxist economic historians were provoked by Dobb's unique methodological approach. To understand history, the British Marxian economic historians would stress the study of the institutional physiology of a society in history and, simultaneously, the study of the beliefs, ideas, culture, and (political) desires of the "common people" of that society. Rodney Hilton and Eric Hobsbawm would tend to underscore the importance of analyzing the institutional physiology, whereas E.P. Thompson and Christopher Hill would highlight the value of scrutinizing the beliefs, ideas, cultures, and political desires of individuals.

These historians would not be immediately recognized as constituting a new emerging consensus, or tradition. However, debate continues today about whether these historians constitute an identifiable tradition. Nonetheless, these Dobbian-inspired economic historians

would prove to have an enormous impact on the actual practice of history. In the late 1960s, and throughout the 1970s and 1980s, their practice of history would constitute an alternative interpretation to historical materialism. Their interpretation of historical materialism challenged both the technological determinism of Gerry Cohen and the "over-determination" structuralism of Louis Althusser.

The British Marxian economic historians were especially interested in the moments of socioeconomic crisis. They called attention to the degrees of relative stability and instability present in a society. They were anxious to explain why a society stable for decades could (seemingly) suddenly become unstable. Further, they were interested in analyzing why instability would sometimes lead to a transformation in the mode of production, versus the greater probability that the instability would merely lead to a modification in institutional physiology of society. The approach, of course, was radically Marxian and can be summarized as a motif: all societies develop with relative instability in their reproduction; this instability is continually liable to radical social transformation or socio-political revolution. The relatively unstable reproduction necessitates an analysis of the institutional physiology, whereas revolutionary

transformation requires a conception of individuals' agency within any society. Although agency of individuals is always socially constrained, it is the potent force of potential revolution.

The British Marxian economic historians' practice of history would far surpass Dobb's historical flirtations. However, Dobb's own interest in socioeconomic history was to construct a theory to understand contemporary society. The challenges Dobb lodged against historians concerned the epistemological status of historical explanation, the structure of historical consciousness, and the ontology of historical social being; in short, Dobb was engaging in meta-history. It was this engagement with meta-history that Dobb used to transform political economy and the practice of economics.

The meta-historical investigations informed Dobb's practice of political economy for twentieth-century capitalism. For Dobb, society, and social being more specifically, is radically determined by history. The actions of the past cannot be undone. In fact, the *social results* of past actions are even difficult to transform. In this sense, history matters, for the actions of our ancestors are present in the construction and constitution of our institutions. History for the science of economics

matters. Dobb attempted to demonstrate that comprehensive historical analyses always reveal *particular* circumstances, actions, and structures occupying historical events. A general economic or social theory is always circumscribed.

That general theories of socioeconomic structures are always circumscribed necessarily implies that explanations offered by means of a general theory are always partial and historically misleading. Hence, the practice of history is necessary for the full understanding of the particular circumstances, structures, and agency of any event. If a general theory of socioeconomic structures and activities could be successfully employed, historical analysis would be redundant, hence unnecessary. General theorizing is seductive and has characterized the approach of most mainstream neoclassical and Keynesian economists, along with many Marxian economists. The seduction of a general theory is the explanation of *everything*. More humbly, the more general a theory, the more unified the explanation. The more unified the explanation, the less necessary the historical analysis. Dobb desired to challenge the predominance of socio-economic general theorizing, and reestablish the necessity of historical analysis for both theory *and policy*. He was able to

demonstrate the inadequacy of general theories for explaining the events and circumstances in history.

The inadequacy of general theorizing did not constitute, for Dobb, an abandonment of theorizing generally. Quite the contrary, understanding the inadequacy of general theories constituted the Dobbian approach to theorizing generally. For Dobb, the concepts and categories employed by socioeconomic science are always particular to more or less specific institutional arrangements. Hence, a theorist must always engage in a thorough analysis of the institutional arrangement before employing any particular theory, concept, or category to interpret the events.

The particular institutional arrangement, or what Dobb called the institutional physiology, constituted a society's stage of development. In this sense, Dobb treated societies as evolving complex organisms. If a particular evolving complex organism, or society, was relatively stable, then particular concepts, categories, and theories could be employed to understand it. For example, the concepts of factors of production, labor, capital, land, entrepreneurship, wages, interest, rent, and profits can be employed if the institutional physiology is of particular kind. Such concepts, categories, and

theories will be highly inappropriate when the institutional physiology is of a different kind. In this sense, for Dobb, ontological presuppositions are of fundamental importance. General principles cannot be presumed but must be demonstrated historically in the particulars of an event.

It was the ontological presuppositions of neoclassical economics which Dobb demonstrated to be inadequate for normative, or welfare, economics. More specifically, Dobb argued that an ontological presupposition of utility maximization resulting in general social welfare has "individual [human] beings regarded as independent units with respect to the influences affecting demand" (Dobb 1969:5). This ontological presupposition ignores "the *interdependence* between individuals' desires, through the play of social convention, emulation, and other Veblenesque factors, as well as their dependence on a producer's initiative, [...] propaganda, and presentation" (Dobb 1969:6). For Dobb, the logical conclusions from such ontological presupposition are simply assumed when the institutional physiology and complex social influences are ignored. In brief, ontological ignorance allows the simple assumption of the desired conclusions.

Dobb likewise demonstrated the ontological presupposition of Marxian theorists, especially regarding crisis theory. Crisis theory held a special place in Marxian economics, in that it was assumed crisis would automatically lead to socialism. Dobb is able to demonstrate the fallacy of this assumption. Crisis, far from transforming society, may lead merely to an institutional adjustment and a new stage of economic development. For Dobb, understanding how a society generally, and a capitalist society particularly, evolves helps to explain how it endures. The endurance of capitalism is especially curious given its liability toward change, or its relatively high degree of instability.

For Dobb, capitalist crises are part of the constitution, or adjustment mechanism, of the system. Ontologically, crises, according to Dobb, are immanent, necessary, and permanent to the capitalist mode of production. Dobb's broad conclusions are that capitalism has been successfully, but unevenly, reproduced for more than two centuries. Thus, capitalism is highly unstable given its ontological constitution but can be relatively stable with the correct institutional arrangement. The relative stability is continually challenged; hence the

institutional arrangement must itself adjust to provide continued stability and successful reproduction.

Currently, the domestic Western capitalist economies have once again become relatively unstable. The global economy is arguably on the brink of a socioeconomic breakdown. Many social theorists acknowledge that, for most of the world's citizens, socioeconomic life is becoming increasingly difficult and precarious.

The general theorizing of both orthodox and heterodox economics has been incapable of producing the theory necessary to construct stabilizing policy. It is now recognized that an institutional approach to socioeconomic theory is necessary to inform successful public policy. Dobb long ago recognized the impoverishment of general theorizing and the strength of a historically informed institutional approach. This dissertation on the political economy of Maurice Dobb and the historical tradition he inspired is intended as a contribution to both understand and address the current socioeconomic crisis.



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