

# Why Did Scarcity Triumph Over Technology in Ricardo's Thinking?

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Ricardo was rather pessimist of the development of technology in the process of capital accumulation. Due to the fact that the dynamic of technology was unable to triumph over land scarcity, landowners claims rendered totally baseless and working class demands rendered simply futile within Ricardo's theoretical framework. This attitude cannot be easily explained given that he wrote in the middle of the Industrial Revolution. We shall argue that Ricardo's analytical insights helped the shaping of the political strategy of the industrial capital, providing the adequate theoretical background for the foundation of its political assertions during the first phase of the Industrial Revolution.

## INTRODUCTION: POSING THE QUESTION OF RICARDIAN 'PESSIMISM'

David Ricardo is, undoubtedly, one of the most heavily cited writers in the history of economic thought, while the disputes associated with his intervention have never stopped dividing the scholars of political economy.

In a more general level, it is arguable that there are two 'attitudes' towards his work. On the one hand, he was the main theoretical representative of the interests of the industrial fraction of the bourgeoisie in its conflict with the class of landowners.<sup>1</sup> At the same time, he was a pessimist concerning the dynamics of the technological evolution although he had the opportunity to experience (in contrast

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for instance to Smith) the first phase of the Industrial Revolution. These two perspectives will be the subject of our study in this work. We believe that they are directly related to each other and that they link Ricardo to the sociopolitical conflicts of his time.

To be more precise, we believe that within the Ricardian theoretical schema, the second point constitutes an implicit prerequisite of the first. More particularly, we will argue that Ricardo's analytical insights helped the shaping of the political strategy of the industrial capital, providing the adequate theoretical background for the foundation of its political assertions during the first phase of the Industrial Revolution, in a period when the industrial fraction of the capitalist was not the 'ruling class' while the proletariat was politically harmless.<sup>2</sup> The above does not mean that Ricardo was an organic intellectual of the capitalist class, in the strict sense of the term. Ricardo's theoretical work did not infuse to the capitalist class 'homogeneity and consciousness in its mission' (see Gramsci, 1972: 53) inasmuch as it did not provide the capitalist class with the proper theoretical means for long-term securing of its class hegemony over the main historical opponent of its rule, the working class. On the contrary, in his work there are elements, which could – and finally did – raise a critical attitude towards the capitalist organization of the economy and, to this effect, give reason for radical political action<sup>3</sup>. This paper deals also with this puzzle.

One of the main pillars of Ricardo's thinking (which is in total agreement with Malthus, West and James Mill) was built upon the belief that the dynamics of the technological evolution are not capable of dominating over the scarcity of the land. It is all about a '*pessimistic disposition*' (according to Schumpeter's [1994: 570] recapitulating of a large part of the relevant literature), which is not justified by the dynamics of capitalism that in Great Britain was already in the course of the first phase of the Industrial Revolution. According to Schumpeter, it is about a 'vision,' which is based on a 'lack of imagination:'

those writers [Ricardo, Malthus, West and James Mill] lived at the threshold of the most spectacular economic developments ever witnessed. Vast possibilities matured into realities under their very eyes. Nevertheless, they saw nothing but cramped economies, struggling with ever-decreasing success for their daily bread. They were convinced that technological improvement and increase in capital would in the end fail to counteract the fateful law of decreasing returns (*ibid.*).

The point made by Schumpeter is reasonable but exaggerated. In fact, Ricardo – and all the other theorists of the same period who

adopted the same 'pessimistic' disposition – did not close his eyes to the dynamics of the capitalism. Ricardo was not 'progress depressing,' as Schumpeter implies, although he did envisage the stationary state as a forthcoming reality. His work incorporated a silent conception of history (*silent* in the sense that it never took the form of explicit wording): as Foucault (2002: 282) argued 'it is the cumulative time of population and production' and 'the uninterrupted history of scarcity' that makes it possible 'to conceive of the impoverishment of History, its progressive inertia, its petrification, and, ultimately, its stony immobility.'

We shall argue that Ricardo simply interpreted the events of a still poor industrialization in a way that favored the arguments of the ascending industrial bourgeoisie over the economic and political vested interests of the aristocracy of the land. In other words, his 'pessimism' is an interpretation of the trends of capitalist accumulation with specific political conclusions, which were, in any case, favorable to the interests of the industrial capitalists in a very specific conjuncture where: the class of landowners keeps privileged access to state apparatus remaining the 'ruling class' but not the 'actually hegemonic class' and the working class is not politically dangerous.

#### **BRIEF HIGHLIGHTS OF THE INDUSTRIAL REVOLUTION**

The Industrial Revolution was not a 'moment' in England's or any other nation's economic history, but a transitional process (and a historic period) during which *real subsumption* of labour to capital prevails, precisely through the spreading of industrial production into all major branches of capitalist production. In this era, especially when the economic and social results of the Industrial Revolution become apparent, *Capitalism of Absolute Surplus Value* reaches its end.<sup>4</sup>

As aptly argued by Hobsbawm (1993: 42, 207), the repercussion of the Industrial Revolution did not make itself felt in an obvious and unmistakable way before 1830, 'probably not before 1840 or thereabouts.' In particular, the era in which Ricardo lived and wrote comprises the following basic historical events:

- At first, the Industrial Revolution encompassed only certain industrial sectors and was accompanied by traditional forms of production of absolute surplus value (i.e. production of surplus value through the prolongation of the working day or increase in the labour intensity). On the whole, 'except for cotton, and the large-scale establishments characteristic of iron and coal, the development of production in mechanized

factories, or in analogous establishments, had to wait until the second half of the nineteenth century, and the average size of plant or enterprise was small' (Hobsbawm, 1999: 50).

- Pauperism and mass poverty were a component of the industrial revolution until the 1860s, affecting a great part of the population. 'This is obvious when we contrast the sharply rising per capita consumption of some goods of general use after the 1840s (during the "golden years" of the Victorians) with the stagnation in their consumption earlier. Thus the average Briton between 1825 and 1844 consumed less than 20 bl. of sugar per year – in the 1830s and early forties nearer 16-17 lb.; but in the ten years after 1844 his consumption rose to 34 lb. a year; in the thirty years after 1844 to 53 lb., and by the 1890s he used between 80 and 90 lb' (Hobsbawm, 1999: 52).<sup>5</sup>

Despite the squeeze in the real labour incomes, an unexpected population explosion took place, which 'was about to raise the England and Welsh population from perhaps six and a half millions in 1750 to over nine millions in 1801, and to sixteen millions by 1841' (Hobsbawm, 1999: 5; see also Dobb [1984: 257], Braudel [1984: 564-566]). At the same time, the enclosure movement, which continued well in the 19<sup>th</sup> century, created a surplus of labour reserve that the industrial capital could use for its own needs (making it possible for wages to remain at low real levels); see also Dobb (1984: 221-242), Rubin (1989: 221 ff.), Marx (1990: 908 ff.), Hobsbawm (1999: 78-83).

The English transition from feudalism to capitalism was associated with 'gradual expropriation of the old peasant possessor of the land' by the landowners 'and the installation in his place of a capitalist farmer' (Marx, 1991: 934). This is the historical condition for the immediate consolidation of the capitalist mode of production on agricultural land (Marx, 1990: 876). This process of violent expropriation of the means of production from the direct producer-serfs and their corresponding transformation into landless proletarians (owners only of their own labour power) was a basic aspect of the so-called 'primitive accumulation' which mainly unfolded between the 15<sup>th</sup> and 18<sup>th</sup> centuries (*ibid.*: 877-895), and which 'is nothing else than the historical process of divorcing the producer from the means of production' (*ibid.*: 875).

Hence, the emergence of capitalism in the agricultural sector – transforming the feudal landlords into modern capitalist rentiers – *formed the material base for the participation of landowners class in the capitalist power bloc.* Being part of the latter, landowners nevertheless

did not occupy the hegemonic position in it, that is, they were not the actually hegemonic class. They remained the politically 'ruling class' (Poulantzas, 1987: 249-250) or 'directive group' (Gramsci, 2007: 18) constituting the chief support of the state apparatus. The landowners' parties remained in general *representatives* of the interests of the ascending industrial bourgeoisie (see Poulantzas, 1987: 168 ff.) having at the same time the capability – due to the institutional specificity of the English capitalist state – to impose, wherever possible, the particular interests of the class of landowners.

The working class was 'absent' from the general political scene before 1830s. The fierce material poverty and the wide social pauperization were the main causes behind the pervasive social and political unrest of this early phase of industrialization. However, it was not until the 1830s that all these decentralized movements 'became more self-consciously and characteristically proletarian' (Hobsbawm, 1999: 73; see also 50-51). The classic political program around which the British workers rallied was a system of simple parliamentary reform, like the one presented by the six points of the People's Charter. In reality, this program was capable of being totally assimilated by the political radicalism of the reformers of the bourgeoisie, like James Mill and Bentham's adherents (Hobsbawm, 1993).

As we will notice in detail later on, Ricardo's theory of the distribution attempts to form a background for the interpretation of the above phenomena – often by making the mistake of generalizing under the form of 'laws' coincidental characteristics of this period. This was a mistake upon which the political strategy of the bourgeoisie was constructed.

### **MERGING RICARDO'S 'PESSIMISM' WITH HIS THEORETICAL ANALYSIS**

In his writings Ricardo made clear his conviction of the futility of wage claims by workers and the extremism of the demands of landowners. Let us briefly summarize his reasoning on these issues.

#### **The Parasitic Landowner and the Futility of Trade-union Action**

Referring to the differential conception of rent Ricardo stressed the parasitic character of landowners. His argument is well-known and we do not have to further elaborate upon it (see Ricardo, 1984; Rubin, 1989; Marx, 1991: 779 ff.). Rent was finally the result not of a fertile soil, but of a parsimonious and scarce land. The landowners were the only ones who benefited from this situation.<sup>6</sup> Ricardo (1984: 42-43) was

well aware of the fact that the advance of technology reduces the price of the produced corn. Nevertheless, he did believe that this technological advance could *only temporarily* retard or mitigate the 'law' of diminishing fertility of the soil considering it impossible to overcome it as the capitalist development goes on.

Contrary to Schumpeter's argument (see in the introduction), we think that Ricardo's 'pessimistic' attitude towards technology constituted an effort to interpret the economic phenomena that had characterized the specific conjuncture of the first phase of the industrial revolution. Nevertheless, behind this 'hurried and mistaken generalization of the temporary phenomena'<sup>7</sup> we should see that Ricardo gave an interpretation which worked to the benefit of the ascending industrial fraction of the bourgeoisie in its battle against landowners class for the hegemony in the power bloc, in other word for the subjection of the interests of this bloc to the capitalist developmental priorities and their presentation as general interest of the people/nation.<sup>8</sup>

On the other hand, Ricardo, in this first phase of the Industrial Revolution, actually endeavoured to explain that in the process of capitalist development the working class will have to be content with stagnant subsistent wages. While it was not contradictory for his system to accept that the level of real wages could be the outcome of class correlations of power, Ricardo indeed retreated to a strict biological determination arguing that in the longer period trade union action is totally useless (for this line of argumentation see Economakis and Sotiropoulos 2008: 23-7).

Ricardo's theoretical schema for the wages of labour *incorporates two theoretical notions* of the natural real price of labour, namely the one positing a cultural minimum (*long run* period) and the one positing a physiological minimum (*longer* period). The former makes cautious overtures to class struggle as being among the factors determining wage levels in the long run (establishing a cultural minimum). It introduces class struggle – Ricardo gave qualified acceptance to such conceptions – to the extent of assigning it a role among the *extra-economic* (cultural) determinations of natural real wages, prescribing a cultural minimum and transforming it into a 'political' minimum, which in turn exercises a determinate influence on people's habits. The population principle here – *incorporating a cultural element* – functions as a means for preserving the long-term equilibrium of natural real wages, which thus become an exogenously predefined cultural-political centre of gravity. This makes it possible for there to be different long-term levels of the

natural price of labour as a result of the correlations of power between capital and labour. Nevertheless, Ricardo's second theoretical conception totally precludes the possibility of class struggle determining the wages of labour (the physiological minimum). Workers' real wages in the *longer period* are determined from within a closed system as an exclusive outcome of the action of autonomous variables, impenetrable to class struggle: *natural laws*.

Under these conditions any practice benefiting workers (such as trade union organization), any legislation favouring the labouring class, is futile, simply because the population principle (in its strictly biological manifestations) ensures imposition of a biologically determined center of gravity of labour price, totally unaffected by labourers struggle<sup>9</sup> (also see Rubin, 1989: 280-282). Ricardo (1984: 61) writes:

These, then, are the laws by which wages are regulated, and by which the happiness of far the greatest part of every community is governed. Like all other contracts, wages should be left to the fair and free competition of the market, and should never be controlled by the interference of the legislature.

Thus, Ricardo did not recognise in his *Principles* any capacity of (autonomous) trade union action to improve labourers' income.

### **How does Labour Theory of Value Fit into this Context?**

In the line of thinking outlined above Ricardo made clear his conviction of the futility of wage claims by workers, and the extremism of the demands of landowners. It was not after all the capitalists who were responsible for the low wages (on the limit of physical survival) of workers. On the other hand the landowners favoured by the physical scarcity of useable land should not further exacerbate the situation through legislation protective of agricultural production, such as the Corn Laws, which lead directly to increases in the price of corn. Any further improvement in the economic position of landowners is therefore contrary to interests of the other social classes.

This argument could only be formulated on the basis of a very specific presupposition: *the scarcity of land will finally count for more than the development of technology*. This position portrays landowners as the non-productive class par excellence. Their income in no way corresponds to any real productive contribution. *The fundamental contradiction permeating the economy is that between the latter and the other productive classes: the capitalists and the labourers*. Ricardo spells out his conviction of this quite explicitly: 'the interest of the landlord is always opposed to the interest of every other class' (cited in Dobb, 1973: 72).

But it is at this point that the really interesting question arises. Could one straightforwardly characterize Ricardo as ideological supporter of the rising industrial bourgeoisie? This question cannot easily be answered.<sup>10</sup>

It is difficult to see his theoretical system serving as an ideological platform for long-term organization of bourgeois hegemony, for consolidation of unity between classes with different economic interests under the rule of capital. And the reason for this is basically that Ricardo's argument is structured around the *labour theory of value*, i.e. a theory that presents capitalism as nothing more than a system for class exploitation of labour by capital. From this point of view, as we have already noted in the introduction, Ricardo could not be characterized as an organic intellectual of the capitalist class. Nevertheless we believe that what Ricardo's intervention advocated was the unity of the capitalist power bloc under capitalist class hegemony in a very specific conjuncture.

Ricardo not only explicitly espouses the labour theory of value (carrying out a conscious act in relation to Smith's text, notwithstanding some contradictions and hesitations) but he insists on it to the very end of his life,<sup>11</sup> in the face of vehement objections from his detractors. He uses this theory to determine the exchange values of commodities in a way that makes no reference to use value. But the labour theory of value is inseparable from a certain conception of *surplus value*, or more correctly *surplus labour*, which interprets capitalism as a *system of class exploitation*. The argument is a familiar one. The relationship between labour and capital is one of *unequal exchange*. The worker receives, as payment, commodities that embody less labour than he himself has expended in the productive process. Or, to put it differently, the capitalist *withholds* as his personal payment a part of the labour that the worker has expended in the production process. Profits are part of the value of the product that remains in the possession of the capitalist after deduction of wages.<sup>12</sup>

In spite of his own equivocations and his inability to give a clear formulation of the above mentioned reasoning, we are obliged to recognize that the idea of surplus value permeates Ricardo's entire analysis. Then, we agree with Cox's overall assessment (1987: 130) that Ricardo 'recognized more explicitly the existence of conflicts between capitalists and workers, and between both and landlords.' In an analogous manner Rubin (1989: 286) too came to the same conclusion, in this respect following the lead of Marx:

By posing the problem of relative distribution, Ricardo was able to clearly discern *the contradictions of class interests* in capitalist society. In complete accord with the characteristic features of his epoch and with his own social class position, Ricardo laid special and persistent stress on the conflict between the interests of the landowners and the interests of the remaining classes in society. (...) However, along with the basic contradiction (...), we can find in Ricardo's writings the outlines of the great historical struggle that was beginning to take place between the bourgeoisie and the proletariat.

The general interpretation of capitalism that emerges from Ricardo's analysis of distribution indeed presupposes a society in which the central feature is *an asymmetrical conflict of interests among three basic social classes*. Let us elaborate on this idea a little further. If what emerges from Ricardo's text is the logic of a conflict of interests, then why should it be characterized as *asymmetrical*?

The answer, as we have already seen, has been provided by Ricardo himself. Ricardo succeeded in representing the untrammelled perpetuation of capitalist accumulation as a common cross-class interest of workers and capitalists against 'parasitical' landowners. As he sees it, this is the basic and most fundamental conflict within capitalism. The conflict between workers and capitalists is a contradiction of *secondary* importance and almost marginal to the above mentioned process. As we have seen, for as long as technology lacks the capacity to compensate for the scarcity of land, capital accumulation (owing to the diminishing fertility of the soil) will trigger continual increases in the price of corn, blocking accumulation of capital and causing a deterioration in conditions for workers at the same time that it makes the idle landowners outrageously prosperous.

The significant issue that emerges pertains to why a work such as his – which has focused on certain aspects of class reality in capitalist society – should have comprised the theoretical reference point in the political strategy of the rising industrial bourgeoisie. The answer to this question also provides us with indications for answering another: why did Ricardo's intervention cease to attract the most prominent economists as the industrial revolution progressed? To answer these questions we must turn our analysis to the political conjuncture of Ricardo's time.

#### **THE POLITICAL CONJUNCTURE IN GREAT BRITAIN AT THE BEGINNING OF THE 19<sup>TH</sup> CENTURY AND THE ROLE OF RICARDO'S INTERVENTION**

We had the opportunity previously to refer in passing to the *specificity* of the political conjuncture in England during the first phase of the

Industrial Revolution. 'The success of the revolution in Britain [during the 17<sup>th</sup> century] is characteristically masked and appears to have miscarried on the political plan' (Poulantzas, 1987: 173).<sup>13</sup> The state form that had become predominant in England was the outcome of a *special representation of bourgeois interests by the class of landowners and nobles*, without this imposing particular limitations on capitalist development as such (*ibid.*: 168 ff.).

At the beginning of the Industrial Revolution, the landowners were part of the capitalist power bloc without occupying the hegemonic position in it. They could not be the 'actually' hegemonic class inasmuch as '[t]he hegemonic class is the one which concentrates in itself, at the political level, the *double function* of representing the general interest of the people/nation [...] and thereby to condition the dominated classes to a specific political acceptance of this domination [...] and of the maintaining a specific dominance among the dominant classes and fractions' (*ibid.*: 141, 221). They remained politically the 'ruling class' (*ibid.*: 249-250) being the main support of the state apparatus.<sup>14</sup> This class occupied the top posts in the state. The political bureaucracy and the military general staff came from their ranks without this meaning that they were in control of emergent economic and political transformations.<sup>15</sup> The parties of the landowners and the aristocracy remained in general terms *representatives* of the interests of the rising industrial bourgeoisie (*ibid.*: 168 ff., Marx, 1852) at the same time retaining a certain capacity, because of the institutional peculiarities of the British state, to impose wherever they could the specific class interests of landowners. In other words, the fact that the class of landowners continued throughout the industrial revolution to remain in a political sense the 'ruling class' provided it with the capacity to constitute itself as a 'social force' (see Poulantzas, 1987: 171) able to impose its own separate political and economic interests (not without contradictions), as characteristically occurred with the Corn Laws but also with their disposition to oppose generalization of the franchise (see also Marx, 1852).

If something characterized the ruling powers in the capitalist states of Western Europe in the first decades of the 19<sup>th</sup> century it was fear of the potential resonance of the French Revolution and thus the endeavour to avoid a second such revolutionary outbreak. The popular insurrections of 1848 on the European continent rekindled these bourgeois fears. The British bourgeoisie did not particularly like the reactionary absolutism that was re-imposed on all of Europe but it certainly did not support its violent overthrow. It was well able to

compromise with its *veiled presence* on the political scene, and with a project of 'slowing it down' to the pace of reforms of the state apparatus so as to avoid political instability and the spread of a new French Jacobinism, given that it was more or less taken for granted that the necessary reforms in the functioning of the capitalist state could not be avoided (Hobsbawm, 1993).

What was essentially involved was a necessary compromise at the political level, based on a fundamental presupposition: The capacity of rising industrial capital to remain at the forefront of political developments, retaining political hegemony within the power bloc and imposing on the 'ruling class' of landowners the role of 'representative' of its own interests, *depends in this first phase of the industrial revolution on its capacity to incorporate the working class and mobilize it in its strategic aspirations (securing suitable alliances on key questions)*.

Although the landowners and the industrial capitalists are both integrated into the terrain of political dominance (power bloc), there is a contradictory unity of interests between them, that is to say a strategic unity transcending and subordinating individual conflicts. Political hegemony belongs to the industrial fraction which, although absent from the central political scene manages through the state apparatus to organize all of society on the basis of the need for reproduction of class exploitation.<sup>16</sup> The industrial fraction is able to retain control of political developments and state strategy only to the extent that it is in a position to resist whatever aspirations of the landed nobility erect obstacles to capitalist accumulation. In other words the hegemonic position of the bourgeoisie requires continual reconfirmation (at least in this initial phase of the industrial revolution) in opposition to the separate class aspirations of the landowners. If in this struggle they are in a position to secure alliances, this is evidently to their political advantage.

Ricardo's intervention is truly valuable in this context for it successfully offers the basis for such a bourgeois strategy: *elevating into primary status the conflict within the power bloc between the bourgeoisie and the class of landowners (without however drawing into question the essential unity of that bloc) at the same time according a subordinate role to the capital/labour conflict*. Schematically, it could be argued that Ricardo's problematic occupies an intermediate position between two extreme scenarios which at least in this phase would be equally destructive for the rising bourgeoisie: (1) if the society were to be represented as a place of harmonized interests, this would favour the position of the institutionally entrenched landed nobility in the political disputes of

the time, and so would not serve bourgeois policies of consolidation of hegemony within the power bloc (and the subordination of the landowning class to this hegemony), while (2) if the capital/labour contradiction were to be portrayed as predominant, this would undermine the political dynamic of the capitalists themselves, depriving them of the ability to forge alliances, immediately negating the capacity of his theory to offer a strategy for bourgeois hegemony, in the specific conjuncture. At the same time, the attempts to attack the landed system at its roots (such as those of the radicals of the Manchester School: for example, Cobden argued for the abolition of primogeniture, entails and settlements, and the simplification of land transfers) were dangerous for capitalist class unity insofar as they helped to rally all men of property (landowners and conservative capitalists) to the defense of state power (Thompson, 1963: 283-285).

The Ricardian system to a large extent satisfied the conjunctural aspirations of the bourgeoisie. Ricardo succeeded in representing the unimpeded continuation of capital accumulation as cross-class interest of workers and capitalists at the same time, indeed, that the labour theory of value gave the opportunity to ideologues of the proletariat to acknowledge – at the level of a secondary subject – aspects (and in this way to be incorporated into bourgeois strategy) of a harsh class reality. In any case the evolution of capitalism had itself brought economic and social results less satisfactory than what had been predicted many years earlier by Adam Smith (Hobsbawm, 1993). The bourgeoisie succeeded in incorporating the demands of the working class into its political program, many times making use of the latter in its political struggle against the dominant aristocracy. All this is a reflection not of inadequate development but on the contrary of an exceptionally powerful political and ideological hegemony of the bourgeoisie. A class, as already noted, becomes hegemonic to the extent that it is able jointly to articulate different visions within a single (national) ideological discourse in such a way as to neutralize the elements antagonistic to them.

Ricardo's problematic is carried out in a specific political program centered on the dispute over the Corn Laws. It should be noted that the Corn Laws were primarily a defensive measure of landowners which nevertheless placed in question the political hegemony of the bourgeoisie. They placed in question in other words its capacity to organize state policy on the basis of its strategic interests. The return to protectionism in relation to agricultural imports boosted income from land, increasing the price of wage commodities. In this situation, even

if real wages remain stable, a fall in profits is inevitable, with obvious consequences for the accumulation of capital. There was a powerful reaction and the essence of the Ricardian argumentation set the tone for the conflict, seeing the stance of the landed nobility as pure robbery. At the same time, it provided an opportunity for definitive settlement of the question of political hegemony within the power bloc.

English agriculture – and with it the economic interests of the landowners – was particularly favoured by the industrial revolution. Agricultural output and productivity rose significantly (Hobsbawm, 1999: 83). In fact, the high price of corn and consequently of land rents were the result of a series of factors: the war with France (which significantly reduced grain supplies from the agricultural regions of Prussia and Poland), bad harvests and protectionist agricultural policy. Nevertheless, the most powerful factor was undoubtedly the country's rapid industrialization 'with the limitless expansion of the urban and industrial sectors' demand for food' (Hobsbawm, 1999: 174, Rubin 1989: 221 ff.). In reality, British agriculture enjoyed a natural monopoly of the domestic market ('for the transport costs made more than marginal food imports impossible until the third quarter of the nineteenth') and its dynamic was such that 'if British farming could not feed the British population under normal circumstances, nobody could' (Hobsbawm, 1999; see also Braudel, 1984: 563, Marx, 1990: 908-909). From this point of view, the Corn Laws (which imposed heavy protective tariffs on imported grain from 1815 to 1846) were not designed to save a tottering sector of the economy. They rather served to preserve 'the abnormally high profits of the Napoleonic war-years, and to safeguard farmers from the consequences of their temporary wartime euphoria, when farms had changed hands at the fanciest prices, loans and mortgages had been accepted on impossible terms' (Hobsbawm 1999; see also Thompson, 1963). To be sure, the Corn Laws themselves were a defensive measure being imposed mainly due to the political place of landowners and not a radical shift in the economic strategy of the capitalist state<sup>17</sup>. Such a shift would in any case, in the long term, have been much more damaging for the landlords themselves, insofar as they would have been mining the foundations of the economic edifice (capitalist accumulation) in which they themselves – and their interests – were housed.<sup>18</sup>

The above mentioned landed aristocracy was more willing to come to an economic compromise, retaining its political privileges and only the lesser gentry, rural and Tory, and the farmers, would fight firmly for the Corn Laws (Hobsbawm, 1999: 85; Gash, 1965: 52). It is no

coincidence that from a certain point and beyond, it is the Whigs who are the 'aristocratic representatives' (to quote the apt phrase of Marx, 1852) of the bourgeois strategy, having consciously subordinated their class interest to the capitalist one (not without contradictions, see Thompson, 1963).

In any case, with continual vacillations and deviations, the landowning class could, without exercising political hegemony, win acceptance from the capitalist class as 'ruling class' only to the extent that it was under pressure from an industrial capital that was able to secure toleration or consent from the lower classes to its economic and political strategy.<sup>19</sup> In the context of this strategy the capitalist class seeks to mobilize around its own interests the newly emergent proletariat which, though politically unorganized cannot be considered altogether politically harmless<sup>20</sup>. The Ricardian theory *provided the necessary foundation for such a strategy in the conjuncture in which it appeared*.

Marx (1990: 96) comes to the same conclusion, adding, however, that 'Ricardo's theory already serves, in exceptional cases, as a weapon with which to attack the bourgeois economic system.' The labour theory of value could be, and was, converted into a powerful argument against capitalism. The first ideologists of the working class had comprehended that abolition of the Corn Laws could not in itself offer so very much to workers. Thus, the root of the evil was not to be found in the power of the aristocracy and in the reform deficit that characterized the British peculiarity in the institutional organization of the state, but also in the capitalist system itself. It was in this direction that the thinking of the first utopian socialists was led, albeit inadequately. We should not forget that the core of the logic of the first utopian socialists was oriented towards a capitalism without capitalists, to a 'kingdom of labour' (see among other works Rubin, 1989: 346ff.). The absence of the working masses from the political stage restricted the sermons of the utopian socialists to narrow minority circles.

### CONCLUDING REMARKS

The political developments that followed between 1830 and 1848 prepared the ground for the marginalization of Ricardo's analysis, chiefly because the class struggle of the proletariat unfolded in a way that did not allow for the fellow-travelling with the capitalist strategy. But political time does not flow contemporaneously with theoretical time and the discrediting of the great thinker could not take place just like that in an act of erasure. The powerful wave of disapprobation

coming from Malthus, Torrens and Bailey was directed against the labour theory of value, and the 'defense' of it that was attempted by James Mill and McCulloch was totally inadequate (see Rubin, 1989). It could be said indeed that Ricardo's followers were, though indirectly, just as critical of Ricardo's system. Ricardo's day was irrevocably over. *If his intervention is examined outside of the social and political conditions of his day, it is difficult to understand the fact that the economic theory of Ricardo was the strike force of British bourgeois reform in the post-Napoleonic period comprising the mainstream economic thought of this era.*

However, the topology of relations between class struggle and theoretical thinking is singularly complex. Thus, any theoretical intervention must be seen as *relatively independent* from the sociopolitical context. From this point of view, Ricardo's theory was not a non-historical construction but it was shaped within the sociopolitical context of his time. At the same time, his theory was not a mere reflection of the sociopolitical conditions of his time. The labour theory of value did not disappear after Ricardo's era.

To sum up: Ricardo's 'pessimism' was not the outcome of some strange psychological inclination. It rather formed a particular interpretation of the facts that characterized the first phase of the Industrial Revolution. Such an interpretation was based on the precondition that technology is by no means able to permanently suspend the falling of the economy into the trap of a stationary state as a result of land scarcity. In this frame, Ricardo's theory presents landowners as a *parasitic, or un-productive, social class*, whose income is benefited by the diminishing fertility of the soil. Thus, landowners' interests impede capitalist growth and oppose those of the remaining 'productive' classes. This argument succeeds in representing as unified the class interests of labour and capital. The Ricardian argument provides the necessary analytical background for the development of the political strategy of industrial capital in the peculiar conjuncture of the first phase of the Industrial Revolution. When the political conditions changed, his argument (based on the labour theory of value) was not useful anymore; it was rather dangerous for the unity of the capitalist strategy. So, gradually, it 'disappeared' from mainstream economics.

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### *Notes*

1. See among other works Rubin (1989: 229).
2. For the definition of these terms, see below.
3. Ricardo's work served as basis for a critique that was: 'widely disseminated among the working classes by the unstamped press. Although the new radicalism won the total support of only a minority, the working classes now possessed the weapons for a formidable attack on the injustices of industrial society. Even, workingmen whose political views remained within the framework of traditional radicalism were capable of a sophisticated insight into the apparatus of inequality and the mechanisms of exploitation and class rule (Tholfsen, 1971: 59).
4. For more on these issues see Milios and Sotiropoulos (2009, ch. 7).
5. At the same time, the wages in the first phase of the industrial revolution were so low 'that only unremitting and uninterrupted toil would earn them enough money to keep alive, without providing the money which would take them away from labour for more than the time to eat, sleep and – since this was a Christian country – pray on the Sabbath' (Hobsbawm, 1999: 64; see also 70-74).
6. According to the above reasoning (theory of differential rent), the income of the landowner does not derive from the special productivity of the agricultural economy but, in contrast, derives from the diminishing fertility of the soil, from the 'imperfection' of this productive agent 'compared to the natural agents by which manufacturers are assisted' (Ricardo, 1984: 39).
7. According to Rubin (1989: 274-275) 'Ricardo's erroneous idea that technical progress in agriculture tended in a direction opposite to that of industrial development was simply a theoretical reflection of *fortuitous* economic phenomena that *temporarily* appeared in England at the beginning of the 19<sup>th</sup> century. (...) Ricardo's famous law of "diminishing fertility of the soil" was formulated (...) as a hurried and mistaken generalization of the temporary phenomena that he was witnessing'.
8. Nevertheless, at this point we should highlight that Ricardo is not in favor of the expropriation of the great landowning, which in a political level would equal to the destruction of the class of landowners as a part of the power bloc (see Ricardo, 1984: 38-39).
9. Before and during these 'early phases' of the industrial revolution (i.e. at the time that Ricardo was writing his works) 'organised unions hardly (...) existed in the trades' (Hobsbawm, 1952: 59). Contradictory pictures of the labour movement ('desperate revolt and retreat, so familiar from 1815-1848', *ibid.*: 57) permeate Ricardo's writings and are crystallized in the variety of

ways he apprehends the mode of formation of workers' wages. Realizing the hopelessness of labour resistance to the masters' objective of reducing wages to starvation level, Ricardo theorized it as the deterministic consequence of a natural law. Moreover, taking into account that the time between the appearance of Ricardo's theory and that of Smith was a period of deterioration in the social and economic status of the working class (Rubin, 1989: 226), it is perhaps not difficult to understand why Ricardo was 'more pessimistic than Smith was' (Stirati, 1994: 151) about the tendencies in real wages (also see Rubin, *ibid.*: 205, Brewer, 2002: 363-364).

10. His biography certainly gives every reason for answering this question in the affirmative: son of a prosperous banker, successful stockbroker himself from an early age, elected member of parliament towards the sudden unexpected end of his life. It is true that Ricardo was theoretically and politically a proponent of free trade, without ever reaching the point of planning (like the Manchester radicals, see below) the expulsion of the landowning class from the capitalist power bloc.
11. 'When Ricardo, in the last months of his life, sat down to write a paper on 'Absolute and Exchange Value,' he used language as emotive as anything written by Marx: labor is the measure of value, labor is the 'cause' and 'substance' of value, labor is the original purchase price of everything, and the like. For the first time Ricardo referred to 'what I mean by the word value' and explained that it meant not labor and waiting but labor alone' (Blaug 1968: 120).
12. For more on this issue see Milios, Dimoulis, and Economakis (2002).
13. See also Hill (2002), Braudel (1984: 536).
14. According to Poulantzas' (1987: 331-332) formulations, while the 'hegemonic class' of the power bloc is the class 'which ultimately holds political power and has the role of politically organizing the power bloc', the 'ruling class' is the class 'which has the role of representation in the political scene'.
15. As Cox (1987: 128) points out: '[a]ristocratic managers understood that the limits within which they must manage were fixed by the conditions necessary for the bourgeois economic expansion'. In the same line of argumentation Hobsbawm (1999: 9-10, emphasis added) also notes that: '*nominally*, England was not a 'bourgeois' state. It was an oligarchy of landed aristocrats, headed by a tight, self-perpetuating peerage of some two hundred persons, a system of powerful rich cousinages under the aegis of the ducal heads of the great Whig families (...). Yet, as the foreigners saw much more clearly than we may do, the grandees of Britain were not a nobility comparable to the feudal and absolutist hierarchies of the continent. They were a post-revolutionary elite, the heirs of the Roundheads'.
16. Hobsbawm argues that from the beginning of the 18<sup>th</sup> century the manufacturing interests (including those of provincial traders or the *go-between* merchant-entrepreneurs as against those of big merchants with their chartered exporting monopolies) *already determined government policy*, 'and this in spite of the modest wealth and influence of the budding industrialists' (Hobsbawm, 1999: 8, see also in this connection Dobb [1984: 160-176, 210-220], Hill 2002).

17. At the end of the French Wars (1815), the corn prices almost halved, causing panic among the farmers. The Tory government of Lord Liverpool passed the 1815 Corn Law. The objective of large farmers and the landlords 'in most cases, was to petition Parliament against falling corn prices' (Dyck, 1992: 65). What we have here is a class alliance between landlords and agricultural capitalist not only for the purpose of high agricultural prices but also for the expansion of available lands for capital investments (see also Thompson, 1963: 212-237).
18. From this point of view the attitude of Prime Minister Sir R. Peel, architect of the repeal of Corn Laws, in his speech of 4 May 1846 is indicative: 'I said long ago, that I thought agricultural prosperity was interwoven with manufacturing prosperity; and depended more on it than on Corn Laws. (...) I believe that it is for the interest of the agriculturalist that you should lay a permanent foundation on manufacturing prosperity; and as your land is necessarily limited in quantity, as your population is increasing, as your wealth is increasing, that the true interests of land are co-existent with the manufacturing and commercial prosperity. (...) I believe the interests, direct and indirect, of the manufacturing and agricultural classes to be the same' (cited in Gash 1965: 140).
19. According to Rubin (1989: 228), '[t]he first decades of the 19<sup>th</sup> century England were passed in an atmosphere of bitter struggle between landowning class and the commercial and industrial bourgeoisie supported by the broad mass of workers and petty bourgeoisie'.
20. It is important to notice that the repeal of Corn Laws came not only from the fear of the hindering of the capital accumulation but also from the fear of the 'underdogs.' In his letter to Arbuthnot in October 1842 Peel's wrote: 'The true cause of alarm to Ultras [-Tories] and to all other agriculturalists is not the reduction of prices form a good season, or even from Tariff, but it is from the increase of the Poor Rate, from outbreaks from distress and above all from the inability to buy agricultural produce on account of poverty and distress. (...) The true friend to the astounded and complaining ultra is the man who would avert the consequences which would inevitably follow, if some of them could have their own way' (cited in Gash 1965: 150).

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