

870 Views | 17 CrossRef citations to date | 0 Altmetric

Articles

David Ricardo: on the art of “elucidating economic principles” in the face of a “labyrinth of difficulties”

Heinz D. Kurz

Pages 818-851 | Published online: 11 Sep 2015

Cite this article <https://doi.org/10.1080/09672567.2015.1074713>

Check for updates

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Full Article Figures & data References Citations Metrics

Reprint

We Care About Your Privacy

We and our 880 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting I Accept enables tracking technologies to support the purposes shown under we and our partners process data to provide. Selecting Reject All or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the Show Purposes link on the bottom of the webpage. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device

I Accept

Reject All

Show Purpose



foreign trade

Acknowledgements

I am grateful to Jérôme Boyer des Roches, Christian Gehrke, Gilbert Faccarello, Neri Salvadori, Bertram Schefold, Yoshinori Shiozawa, Ian Steedman, Katsuyoshi Watarai, Takashi Yagi and two anonymous referees for most useful comments and suggestions.

Notes

1 On the relationship between the theories of Walras, Wicksell and Schumpeter, on the one hand, and Ricardo, on the other hand, see Kurz ([2000](#)) and Kurz and Salvadori ([2002](#)).

2 Marshall's concern with presenting his own theory as a continuation of the objectivist cost-of-production theory of the classical authors, integrated into and amalgamated with the subjectivist marginal-utility theory, made him downplay and even not see fundamental differences between the two.

3 This assessment is foreshadowed in a statement of 1839 by Henry Lord Brougham, who called Ricardo's views often “abundantly theoretical, sometimes too refined for his audience, occasionally extravagant from his propensity to follow a right principle into all its consequences, without duly taking into account in practice the condition of things

to which
taking in
strength
V, p. xxx
L. Mallet
p. 152 n

4 It h
Corre
scholars
available

5 In the
Christian
entirely



6 As one commentator remarked, Ricardo “meets you upon every subject that he has studied with ... opinions in the nature of mathematical truths” (Works VIII, p. 152 n. 2).

7 While Ricardo typically assumed wages paid ante factum (i.e. at the beginning of the uniform period of production), Sraffa assumed wages paid post factum (i.e. at its end). However, as can easily be shown this difference does not substantially affect the general argument in the above.

8 Ricardo's basic intuition extended to the cases of fixed capital and scarce land, and also in these respects he can be said to have been on the right scent, deficiencies of his analysis notwithstanding: several of his basic ideas were later given a coherent form by V. K. Dmitriev, Ladislaus von Bortkiewicz, Paul A. Samuelson, Luigi Pasinetti and especially Piero Sraffa.

9 For the following, see also Kurz ([2011](#)).

10 Paul Samuelson once asked Sraffa, whether Ricardo held a labour theory of value. Sraffa is reported to have answered: “He did and he didn't.” What might at first sight be considered a sibylline response turns out to reflect properly Ricardo's point of view, which, for example, in the third edition of the Principles comes to the fore when Ricardo speaks “of labour as being the foundation of all value, and the relative quantity of labour as almost exclusively determining the relative value of commodities” (Works I, p.

20; emp
as a com
be calle
used ‘lab
producti
sense). I
proportio
that
quanti
the two
recently
relations
As we ha
solve the
labour e

may be read
n that must
and Ricardo
ors of
he latter
at value is
have said
rather not a
nfusion of
y Morgan
t
is added).
nable to
clung to the
ished



manuscript on “Absolute Value and Exchangeable Value”, written in 1823 shortly before he passed away (see Works IV).

11 One should recall however that “corn” in Ricardo's early reasoning was a term designated to encompass all necessaries, like “bread” in the Bible (a meaning William Petty took up), and thus represented a bundle of commodities.

12 For the following, see Gehrke et al. ([2003](#)).

13 It is not difficult to rectify Ricardo's second numerical example and bring it into line with the first one without affecting the substance of what he says; see Gehrke et al. ([2003](#), p. 296).

14 Ricardo himself deplored his problems with “the difficult art of composition” (Works VII, p. 19). Indeed, as several commentators observed, the structure of the Principles leaves much to be desired and reflects the hurry in which it has been put together.

15 For the following, see Kurz and Salvadori ([2009](#), [2011](#)).

16 John Stuart Mill reiterated Ricardo's position, but went a step further. He insisted that the working of exhaustible resources is similar to the working of land (a resource that is taken to be inexhaustible); that in both kinds of activities there are two antagonistic forces at work – diminishing returns and technical progress; and that the

potentials are greater in the former than in the latter. The almost inevitable exhaustion of exhaustible resources is a process that is not to be considered [the] same as the exhaustion of land. (Krautkrahn, 1980, p. 100)

17 For the

18 For the following, see Kurz ([2009](#)). For Ricardo, see

19 The following is a translation of Ricardo's position. It may be said to have been rediscovered by modern economists. It has shown

convincingly, Ruffin had difficulties, in Keynes's words, “to escape habitual modes of



thought and expression.” In interpreting the route via which Ricardo is supposed to have discovered the principle of comparative cost, Ruffin looked at him through the distorting lens of marginalist theory. For a complementary discussion of Ricardo's theory of foreign trade to the one given here, see Faccarello ([2015](#), in this volume) and Maneschi ([2015](#)).

20 There is no presumption that cloth and wine are the only commodities produced or consumed in the two countries. However, all other commodities remain in the background in Ricardo's analysis and will also do so here.

21 Some commentators took the first step of his analysis (reflecting his research method) wrongly for a factual statement about the unimportance of technical progress; see most recently Piketty ([2014](#), pp. 5–7). (For a criticism of this view, see the argument in previous sections and Kurz [2010](#).) The fact is that Ricardo was keen to abstain from speculating about future technical improvements, because no reliable knowledge on them was available. He stressed, however, that “it is no longer questioned” that improved machinery “has a decided tendency to raise the real wage of labour” (Works IV, p. 35; see also VIII, p. 171), without necessitating a fall in the rate of profits, and that there are no indications that capital accumulation will slow down because of a lack of profits.

22 According to Adam Smith's argument about the social division of labour, which Ricardo... the invention of machinery... division of labour (see... discusses the factors of... to “the improve... r, and by the incre... 4).

23 The... of Nations in order... by investing at home... ty, but also unconsc... their fellow-countryr...

24 This... “great and... e dubious. The textual evidence he puts forward does not support his case; see Gehrke ([2015](#)).



25 The passage cited actually refers to the effect of technical progress in one line of production in one of the countries on the pattern of specialization (Works I, pp. 137-40). It has been adapted to the case we are concerned with.

Related research

People also read

Recommended articles

Cited by
17

Information for

Authors
R&D professionals
Editors
Librarians
Societies

Opportunities

Reprints and e-prints
Advertising solutions
Acceleration
Corporate

Keep up

Register to
by email

 Sign up

 

 

Copyright

Accessib

Registered
5 Howick Pl

Open access

Overview
Open journals
Open Select
Dove Medical Press
F1000Research

Help and information

Help and contact
Newsroom



or & Francis Group
orma business