

Maurice Dobb— Communist, Economist, Historian

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THIS summer Maurice Dobb retires from his present academic post of Reader in Economics at Cambridge University. Most of his academic life has been spent at Cambridge, though he was for a time visiting Professor at the School of Economics in New Delhi, and during the war visiting lecturer at the School of Slavonic Studies. He has of course travelled widely throughout Europe and through the ex-colonial world in general and has studied their problems on the spot.

It would be entirely wrong however to regard him as mainly an academic, who, sheltered behind the defences of an ancient university, happens to have a scholar's interest in communism. On the contrary Dobb has always played a major part, as an open dedicated communist, in all the major political struggles in Britain in the last forty years. The student body at Cambridge played a part in all the major struggles of the period, the anti-war struggles of the early 1930s, aid for the unemployed marches, the great movements against Fascism, and against the Fascist war danger, and in the post-Second World War period the great struggle for nuclear disarmament. Above all throughout the period Dobb helped to show many students the relevance of Marxism to an understanding of the major events of the time.

Controversies

He had to engage in most of the major economic and political controversies, from the 1920s to the 1960s—and what controversies they were. He had to make the comparison between Marxist political economy and the neo-classical political economy then taught in the Universities as means of investigating capitalist society and as guide to action. Dobb saw Marxism passing in the estimation of academic circles from the stage when it was regarded as a rather outmoded system of political economy, hardly worthy of the trouble of being refuted, to the position of much greater respect with which it is regarded by the controversialists of the present day. For after all Marxism had something exceedingly relevant to say with regard to the great economic crisis of the 1930s; something that

could not be claimed for the neo-classical school before Keynes.

The controversies around wages have surrounded Dobb from the moment in which he went to Cambridge in the 1920s, in the midst of a great post-war capitalist offensive against the wage standards of the British worker, until the incomes policy controversies of the present day. His little book on *Wages*, published in 1928, has gone through ten issues, with of course emendations and one major revision in the process. Economic development both capitalist and socialist has always been at the centre of his interest and besides participating in all the discussions around these questions his major works have been written in relation to them. Dobb's main concern has always been with the great central economic and political themes of the day, and not with the peripheral questions which occupy so many economists most of the time.

Emergence of Industrial Capitalism

His first major work, written at the age of 24, was *Capitalist Enterprise and Social Progress*. Enforced leisure in H.M. Prison, Wandsworth, in 1925-26 gave me the opportunity of closely studying this work, which helped me to understand that the questions of how capitalism emerged within feudalism in England, how it did and why it did, were not the simple questions that I had imagined. Dobb returned to the same theme, as a mature scholar, in the publication of *Some Aspects of Capitalist Economic Development* in 1951. This provoked a lively controversy with the well-known American economist Paul Sweezy which ranged through several issues of *Science and Society*.¹

Marx in the third volume of *Capital*, dealing with the development of industrial capitalism out of simple commodity production, in a state which was still in the main feudal, had noted the two ways in which this process took place:

¹ The various contributions to this controversy were assembled in the booklet *The Transition of Capitalism to Feudalism*, Fore Publications, 1954.

"The transition from the feudal mode of production takes two roads. The producer becomes a merchant and a capitalist, in contradistinction from agricultural natural economy and the guild-encircled handicrafts of medieval town industry. *This is the really revolutionary way.* Or, the merchants take possession in a direct way of production. While this way serves historically as a mode of transition—instance the English clothier of the seventeenth century who brings the weavers, although they remain independently at work, under his control, by selling wool to them and buying cloth from them—nevertheless it cannot by itself do much for the overthrow of the old mode of production, but rather preserves it and uses it as its premise".²

Sweezy argued that Marx's phrase "the producer becomes a merchant and a capitalist" could mean that, "the producer whatever his background starts out as both a merchant and an employer of wage labour", whereas Dobb saw the emergence of small capitalists from the ranks of those engaged in petty commodity production, both in industry and in agriculture.

A Japanese professor who contributed to the symposium in the main supported Dobb saying that:

"one of Dobb's most valuable contributions to historical science is that he sought the genesis of industrial capitalists not amongst the *haute bourgeoisie*, but in what was taking form with the class of the petty commodity-producers themselves, in the process of freeing themselves from feudal land-property; that is, he looked for their origin, in what was being born from the material economy of the body of small producers; and therefore he set a high value on the role played by this class of small and medium-scale commodity producers; as the chief agents of productivity in the early stages of capitalism".

Dobb's emphasis on this group was that when they became employers of labour (on a small scale at first):

"they prospered greatly (as employers of labour) from the falling of real wages of the 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 force in the bourgeois revolution of the seventeenth century, providing in particular the sinews of Cromwell's New Model Army. Moreover the fact that they were is, I believe, a key to the class alignments of the bourgeois revolution; in particular the reason why merchant capital, far from playing a progressive role, was often to be found allied with feudal reaction".

Controversy on Wages

The usual dissertation on wages to be found in economic textbooks takes the facts of a class-divided society for granted, without showing any curiosity

as to how it came about that the majority of the adult population of a developed capitalist country appear on the market, looking for an employer, while a small group owning the means of production (or their managements), appear as the purchasers of the labour-power of the workers. Most bourgeois economists accept this transaction as a contract, in which both sides are able to bargain freely, and the result is as a whole equitable—so equitable indeed that the interference of any organisation, trade union, or even the State itself, was found to have harmful results, not only for the employers but for the workers themselves. Many economists came close to asserting that the laws of nature would be grossly interfered with, if there was any interference with this wage bargain. Dobb had to remind us that the proletariat, with no means of living except by selling its labour power to the employers, was created, over a century or so, by political as well as economic forces, which separated the petty producers—peasants and artisans—from their means of production and left the workers heavily dependent economically on the capitalists:

"Hence the labourer, because of his smaller economic freedom—his more circumscribed choice—is dependent to a great degree and in a more significant sense than the capitalist is on him: a fact that will have a fundamental influence on the wage-contract between the two. Such a dependence, economic and no longer legal, will be a dependence, not of a labourer on one particular employer, but of labourers in general on the whole class of employers and potential employers".³

This suggests caution in the use of the phrase "free collective bargaining". To stop the state, *à la* Stewart and Gunter, interfering with specific wage or salary bargains is good, but one must not imagine that the outcome is really "free collective bargaining"—which is precluded by the monopolist position of the capitalists as buyers of labour power.

Dobb conducted a sharp polemic against those economists who contended that wages could not really be influenced by trade union action and showed the possibilities of doing so in a number of ways. The views that he combated, not only in the thirties but since the Second World War, seem to be superseded in the writings of some latter-day economists by the view that it is precisely the success of trade unions in raising wages that accounts for the post-war malaise of British capitalism, and that this necessitates the imposition of state curbs on the unions. We need I think another study by Dobb of the working of wage bargaining in a State Monopoly capitalist society which has maintained a comparatively high level of employment, even when periods of recession are taken into account.

² *Capital*, Volume 3, page 393, Kerr Edition.

³ Dobb, *Wages*, page 8.

Bourgeois Political Economy

In a collection of essays on *Political Economy and Capitalism*, published in 1937,⁴ Dobb traced the development of economic theories from Adam Smith and David Ricardo through Marx and Engels to the neo-classical economists of his day. He was able to contrast these latter-day economists with Marxism, showing their basic differences in method and in outlook. The founders of the classical political economy—Smith and Ricardo—were concerned with clearing away the barriers to the full development of industrial capitalism, and with the reduction of the power of the land monopoly which they regarded as a barrier to that development. They regarded the growth of industrial capitalism as the greatest possible boon to the human race and sought to present it, objectively, as a functioning social system. Ricardo was concerned, in particular, with the distribution of the revenue between the three great social classes of capitalists, landlords and workers and how this came about in the form that it did.

Their doctrine was in some ways defective and Marx had to thoroughly work over it and correct it in the writing of *Capital* in which he was concerned with laying bare the law of motion of capitalist society. We had to find the source of the accumulation which enabled capitalist society to expand over the years. Smith and Ricardo had formulated a labour theory of value of a kind, but were unable really to explain how accumulation resulted.

If workers sold their labour at the market price how did a surplus arise, which was the source of rent, interest and profit? Marx showed that what the workers sold on the labour market, at its market price, was their labour power, which had the unique quality of creating a surplus for the employers over and above the cost of wages, and this surplus value was the source of rent, interest and profit. Throughout his life Marx had to contend with two schools of thought on wages—the first, comprising workers as well as capitalists—who contended that the workers were unable to increase their wages in real terms under capitalism, and he had to make clear to the second school that, no matter how well the workers were organised, they would be unable to push up their wages to such an extent that they could cut into surplus value and decisively reduce it.

Unemployment, Crises, Growth

Marx showed that capitalism in the course of development created a pool of unemployment—the industrial reserve army—which hampered the wages movement even in booms and was a terrific drag upon it in slumps, and which thereby imposed an upper limit on wage increases. The credit squeeze, so

familiar to us in stop-go, helps to create this pool of unemployment today as a drag on wages. Many of the Government's advisers today seem to be insisting that this pool must in the future be kept larger than it has been since the war precisely in order to help to ensure that wages do not rise as fast as formerly.

The classical political economists were never able to explain in the light of their doctrines why capitalism periodically plunged into economic crises. When it did they usually explained it as being due to some event external to the normal workings of the capitalist system. Ricardo adhered to the opinion that increased production in capitalism created its own market in the long run and Marx had to show just how it could nevertheless give rise to devastating crises.

The classical economists were also weak in their explanations of how the system could grow but they tried to see the system as a whole and their feet were solidly on the ground of capitalist reality. They were not afraid to show the class structure of society in operation.

In the last three decades of the nineteenth century the main body of economists in the capitalist countries adhered to various variants of the marginal utility schools. This type of bourgeois economics tended to smuggle the class structure of society out of sight and to play down the monopoly power of the capitalists in relation to the workers. It was not concerned with the question of how society came to be divided into contending classes, how the class structure perpetuates itself from generation to generation, how free competition gives way to monopoly, what is the origin of the economic crises which disrupt the economy, least of all, did it concern itself with the emergence of imperialism—both in its traditional and neo-colonial manifestations—as linked with the growth of monopoly.

Bourgeois economics dealt in the main not with relations of production and of classes in society. Its concentration was on market relations, how demand operates in deciding what shall be produced; how prices—including the price of labour-power—were formed first in a competitive market and then in conditions of monopolistic competition, how in consequence each group appearing in the market, the powerful organised monopoly capitalists, the workers organised and unorganised got back from the economy what they had put in. All this resulted not from state decrees but from the material operations of the market. If workers were in miserably poor-paid jobs, this was because they were in branches of industry not highly regarded by the market. If they wanted to escape from this sad condition they could go and find “a better hole” elsewhere.

⁴ *Political Economy and Capitalism*, Routledge, 1937.

Until Keynes successfully discredited some of its basic lines of reasoning⁵ bourgeois economics rather disgraced itself. Senior British economists supported the Treasury in its view, successfully defended throughout the 1920s and 1930s, that little or nothing could be done by the State, to mitigate, let alone drastically reduce, the unemployment that was impoverishing large sections of the people. In several chapters of his book Dobb subjects this type of bourgeois economics to an intensive criticism.

Building Socialism

The problems of building socialism in the Soviet Union have been one of the major studies of Dobb throughout his life as an economist and economic historian, who is also a committed Communist. No one in Britain is better acquainted with all the Soviet economic material. He first went to the Soviet Union in 1925 and has been there frequently since. As the Communist Party's representative at the Communist International, I had in 1930 to rescue him from the attention of some minor Soviet authorities in Central Asia, who were quite sure that no one from an ancient British university would visit their area for any good purpose. His second major work, *Russian Economic Development since 1917*, published in 1928, dealt with the period from the seizure of power in 1917 till 1927—taking readers through pre-war Russia, the Revolution of 1917, the period of “war Communism” down to the New Economic Policy (NEP) (1921-27), in short right up to the beginning of the First Five-Year Plan. The English-speaking reader is introduced to the difference between the Russian Marxist conception of socialism and that of Fabian gradualism in Britain. We note the patron saint of Fabianism, Sidney Webb, who in later life became an admirer of the Soviet Union, describing it as “a new civilisation” and writing:

“The British Socialist movement, which derives from Robert Owen, and (without its knowledge) from Bentham . . . at no time has been predominantly or even appreciably ‘Marxian’. With hindsight one might ask, and where has that got it.”

Present-day Marxists will note with some amusement that the prevailing opinion in the years immediately before the publication of this book was that, by adopting the New Economic Policy, the Soviet Union was well on the way to restoring capitalism. This New Economic Policy by giving increased scope to the market and to the individual peasant farms, would, many bourgeois economists believed, enable capitalism to grow out of petty commodity production, as it had done in the early

stages of capitalism elsewhere. True the commanding heights of the economy, the industries, such as they were, the monopoly of foreign trade, the financial system were firmly in the hands of the workers' state but many supporters of capitalism hoped that in the struggle then developing, the market, and the capitalist (kulak) representatives emerging from the peasant mass, would prevail over the State in control of the workers.

For years intense controversy raged inside the Soviet Union regarding the way forward. It embraced the great discussion on the role of the unions in Socialist society, which shook the party, in the months before the definite adoption of the New Economic Policy. It is interesting to note the fiercely autocratic attitude of Trotsky with regard to the unions (since some of his naïve present-day followers have cast him for the role of a valiant democrat fighting against the bureaucracy). With regard to the New Economic Policy this volume makes clear the extraordinary intricacy of pursuing a policy of gradual advance to socialism, in a country where the overwhelming majority of the population were individualistic peasants. It was in this controversy, that opposition groups with Trotsky and Zinoviev at their head, drew together, with their policy of enormously speeding up the role of industrialisation and their conception of soaking the peasantry by increased taxation in order to provide the necessary resources for this. It was a policy which, if accepted at that moment, would have led to a premature attack on the “rich peasants” before the political and economic conditions had matured.

History of the Plans

Most of the developments dealt with in this book, are summarised in Dobb's later work, *Soviet Economic Development since 1917*, which was published in 1948, and of which the sixth edition, revised considerably, takes developments up till 1965.

In this book those who talk glibly of planning find all the necessary explanations of what planning really involves and the alterations in planning methods and techniques up till the present day where a great change is in progress in which more choice of what should be produced and how is being given to the individual factory or group of factories, and naturally to the consumers.

Dobb was one of the first to attempt to convey to intellectuals outside the Labour movement the tremendous task involved in commencing Socialist planning in the conditions of the Soviet Union in the late 1920s. In a paper read to “The Heretics” in May 1929 he sketched the background:

“The policy in Russia today intends to dispense with this aid [foreign financial aid], to reconcile rapid industrialisation with the Communist goal of

⁵ Far be it from me to suggest that even in its reformed state it is in any way trustworthy.

a classless society, where the economic polarity between those who live by their property and those who have no property live by working for those who have, shall be no more, and all, instead, shall figure as workers, communally owning the means of production, with which they work. The combination of these three elements in one policy, rapid industrialisation on the basis of socialist planned economy, and classlessness, is what makes the new Russian Revolution of today unique in history. And some idea of the stupendous character of this effort as applied to Russia, can be gained if one remembers that the old open-field system prevails over the major part of Russian agriculture; that 60 per cent of the pre-war population were illiterate; that some 60 different languages are spoken within the Soviet Union, some not yet possessing a script; that for instance the major part of the people of one republic, Kazakhstan, is nomad, and that in parts of Turkestan, women still wear the veil and (until the present Government prohibited it) were sold in marriage like chattel slaves. What after all are the lives of a few of an effete ruling class, compared with historical tasks such as these?"

Soviet Economic Development deals with the growth of planning, outlining many of the problems on the way:

"Ought the goal of economic planning to be to steer the economy in whatever direction, and at whatever speed, the programme of the Soviet government dictated? Or should it, in the very nature of the situation, confine itself to enunciating the laws and tendencies which must inexorably be followed if economic crises and breakdown were not to result?"

"Put abruptly in this form, the antithesis is clearly seen, of course, to be unreal and absurd. To answer the first question with an unqualified affirmative would be to claim for the State divine omnipotence, and to assert the complete dethronement of economic law. To answer the second question in the affirmative would be to identify the Soviet economy with an anarchic *laissez-faire* economy, ruled by atomistic competition, and would be virtually equivalent to a complete negation of planning as an influence on the long-term trend of events. Any plan must in any form be a synthesis of forecast and directive. Like the process of history itself, it must necessarily be a blend of subjective and objective elements."

The first attitude to planning, of course, tended to reduce it to forecasting economic developments, and to stress how greatly the progress of agriculture influenced economic developments. This in the late twenties was to create for many active workers engaged on this question "the baffling sense of a closed circle of interdependent limiting factors to which all economic discussion seemed to lead". It almost reminds us of George Brown's "National Plan" where all discussion of the various projections for industry seemed to lead back to the deficit in

the balance of payments, with no real propositions in sight on how it should be eliminated.

However the Soviet way out of this dilemma was to attack the agricultural bottleneck itself by the drive for the formation of collective farms, which would put agriculture on a new and more productive basis.

"The system of economic planning in the USSR did not spring full grown from the head of Lenin as some people seem to have assumed. It had a history of growth and change over two decades, at some stages of tortuous growth; and certain historical prerequisites were needed, before economic planning could be anything more than partial or tentative—a fitful hand on the reins rather than a curbing and steering of the team."

"Questions to Reality"

In these terms Dobb warns the reader at the beginning of his chapter on "The Planning System" in *Soviet Economic Development*. The plans however carefully prepared had to be tested in operation, and modified in the light of practice:

"To start upon the plan is to put questions to reality (as a scientist does in his laboratory) which could not be answered in any other way. The way that the programme shapes when translated into practice gives fresh experience and new data to the planning organs which need to be continually alert, not only to receive and sift new data, but to adjust the shape of the plan as it proceeds, in whatever way this closer acquaintance with reality shows to be required. Thus the plan, like a living organism, can be made to grow, and modify its shape, as part of its activity."

From Dobb's descriptions of the many and varied problems confronting the Soviet government it is clear that it had to move in the light of certain imperatives such as the maximum development of heavy industry (particularly after Hitler came to power), the breaking of kulak resistance, the accelerated collectivisation of agriculture, and, in view of the scarcity of cadres, the close supervision of most activity from the centre.

In the recent period there has been considerable criticism of the shortcomings of the way that centralised economic planning has been operated in various Socialist countries, and, as usual, capitalist critics see in the reforms undertaken in those countries a confirmation of their long cherished wish for visible signs that Socialist economics were returning to capitalism. They heard the word profit being mentioned, and that was regarded as proof that there was a return to the fold. In fact it was proof that the Soviet Union and the other countries had entered a new stage in their development and that new planning methods particularly between the centre and individual enterprises or groups of

enterprises had to be devised. But this emphatically does not mean that such changes should have been introduced at a much earlier period, nor that the Soviet Union by ignoring the advice of economists in the capitalist world, had been wandering around in an unnecessary maze. (Though in my opinion some of the imitations of Soviet planning by other socialist countries were, to say the least of it, unnecessary.)

Old and New Methods of Planning

Dobb gave his opinion of the changes, particularly in the Soviet Union, in a lecture delivered in January 1967.⁶ The highly centralised planning of early years he argued, was necessitated in many cases by the need to make the most careful use of such political, technical and scientific cadres as existed, even if some of them were infected by their capitalist outlook and prejudices. Hence from the first a very high degree of centralisation of management and of planning activities was an absolute necessity—and this inevitably limited initiative below. Both administrative pressure and incentives were necessary to achieve results, but, in early stages, administrative pressure was predominant. Whatever disadvantages this high degree of centralisation was to create later, it eliminated the possibility of the growth of capitalist elements in agriculture and created a powerful heavy industry (including an armaments industry) without which the Soviet Union would never have emerged successfully from the Second World War, and would never have become the second industrial country of the world. It is possible using hindsight to say that this or that modification could have been made in planning methods, or that this or that alternative policy in relation to agriculture should have been adopted. However close an analysis of the actual situation that had to be confronted, the main lines of what were done in the first phase of planning could not have been very much different, even allowing for the economic consequences of the repression in the Stalin period.⁷

The first phase of planning had to be concerned with the rapid extension of the productive apparatus of the countries. It was not merely a case for developing the means of production, which could then be set immediately to the production of consumer goods. The country had to be covered with a network of modern industries. The first factories manufacturing means of production had to be largely used to create still more factories manufacturing means of production and of communication before proceeding to the mass production of every variety of consumer goods. There was, before the Second

World War, no limiting factor like labour shortage, as masses of peasants from the collective farms were being recruited to industry. There was a high rate of growth of productivity. Agricultural workers of low productivity became industrial workers of relatively high productivity.

Increased Autonomy

That stage of building up a powerful industrial apparatus and limiting increases in the supply of consumer goods has been over for a number of years. It is now possible greatly to increase the supply of consumer goods not only in quantity but in quality and variety, and to bring the consumer and his wants closer to the enterprises producing consumer goods. It is equally necessary to lay increasing stress (in view of present labour shortages) on productivity—on production per worker—and this means giving direct and better incentives to workers and managements to make better use of existing equipment and to undertake innovations which will lead to higher productivity and through this to a higher all round standard of life. To some “left” critics of the Soviet Union “material incentives” appear to be “dirty words”—as if some wicked capitalist practice were just being introduced into the Soviet Union. This and not the return to private ownership of the means of production is what some Chinese Communists evidently regard as “the restoration of capitalism”. In practice of course, material incentives, various piecework systems, have been in operation in the Soviet Union since the days of Lenin and have been widely utilised.

The question is “incentives to do what?” In the past the incentives were often based on the quantity of commodities produced rather than their quality and acceptability to the mass of the consumers. It paid managements to do this and to keep production going on the basis of the existing equipment. The widespread introduction of new equipment would involve some interruption of the production process and was not undertaken. There were incentives but they were incentives of the wrong kind.

The new developments presuppose giving the enterprise more autonomy in deciding what to produce and to encourage it to make profit in supplying its customers with a greater quantity, a better quality and a wider variety of consumer goods. The profit—which is, of course, not private profit accruing to private owners of the means of production—is the basis for providing higher incomes to workers and managements, particularly encouraging managements to pay more attention to the possibilities of obtaining the best possible equipment for the job they are doing. Managements are also encouraged to get as much as possible of the resources they require direct from the enterprises

⁶ *Recent Economic Problems and Changes in Socialist Countries*, Marx House, 2s. 6d.

⁷ This at any rate is my opinion.

producing them and not waiting on planning allocations.

If I understand Dobb's writings on the planning question⁸ he is for giving greater scope to the market but not allowing it to dominate.

"What is evidently needed is some blend of centralised direction and steering with decentralised decision-taking; and this in turn must mean some blend of planning and the market, in the sense that planning utilises the market mechanism, with market prices and consumers' choice between the shop-goods available, while at the same time treating that mechanism as subordinate to general planning policies, without allowing it to dominate the latter. It must not let the tail wag the dog."

In his *Economic Growth and Planning* (1960) he firmly argued the superiority of Socialist planning as a promoter of faster economic growth compared with the market under monopoly capitalism, or state monopoly capitalism with the so-called indicative planning. This work is a refutation of market worshippers and indicative planners alike and is a powerful contribution to the discussions now proceeding throughout the Socialist world and in the underdeveloped countries. In the lecture already mentioned he expressed some doubts as to the Czech proposals of allowing the enterprise "considerable latitude in taking investment decisions out of funds at its own disposal, supplemented by bank credits (which would of course carry an interest charge) such as investment in modernisation and reconstruction, and *even* extension of the plant". In the Yugoslav model (here I express my own opinion) the market appears to become the dog and any state regulation a rather erratically working tail. If the various enterprises start from a position of inequality (some highly modern, some fluctuating about the average of efficiency, some definitely sub-standard), there can be wide variations in performance, which in a number of cases could relate more to the equipment which the workers have at their disposal, than to the efficiency of a particular management or labour force. In such a situation there could be a growing inequality in the remuneration of workers in different plants, that is quite unrelated to any contribution they may have made to efficiency. To give scope to the market, until it reaches a point of dominating the whole situation, may lead very far indeed from socialist objectives.

There are obviously questions that are much better handled at the level of the enterprise than at the planning centre, leaving the latter greater freedom to deal with what Dobb calls "the

major framework to the development plan".⁹

One of the great advantages of decentralisation, in many ways, is that it brings the workers in an enterprise closer to the point of decision. The enterprise is their enterprise in a more immediate sense than before and there is a visibly closer connection of their interests with that of society:

"Situations in which initiative from below is encouraged and appropriately blended with planned co-ordination from above; in which democratic participation is combined with the 'collective discipline' that modern productive techniques demand—this may serve to develop these new attitudes, leading to a level of 'collective consciousness' such as in an individualistic exploiting society (with its pay-pocket bias) were unknown."

Underdeveloped Countries

The experience of economic planning in the Soviet Union proved that unless there was a planned break-out of the existing market situation, no large-scale decisive growth could be achieved. To wait upon the expansion of agricultural production and agricultural experts before attempting large-scale planned industrialisation would have led to a stagnation such as would have imperilled the very existence of the revolution itself. Yet the idea of relying, above all, on the innate tendencies of the economy is being sedulously preached to the underdeveloped countries today. This is what Dobb sets out to combat in his *Economic Growth and Underdeveloped Countries*.

Many capitalist theorists (some from countries like Britain, which have had no conspicuous record of economic growth for a century or more) have hammered in the idea of making full use of one's most plentiful resource—if it is labour, then the crux of economic policy should be to ensure that it is fully employed, even on the basis of pick and shovel techniques. That there might be some increase in the gross national product by such methods is beyond the possibility of a doubt but it provides no perspective for any advance out of the situation of general backwardness.

There must be in any fairly large developing country a policy which aims at maximising the "growth potential", that is increasing the investment in industries devoted to improving the means of production:

"A policy of maximising the latter even if it is at

⁸ *Economic Growth and Planning*, Routledge, 1960; *Economic Growth and Underdeveloped Countries and Argument on Socialism*, both Lawrence & Wishart.

⁹ It is clearly necessary to reduce the unnecessary growth of administration at the centre. It is equally necessary to watch it lower down. Those who imagine that decentralisation and market competition can by itself reduce bureaucracy should take a good look at the proliferation of unnecessary administration not only in the state apparatus but in the larger companies. Where does advertising come in here?

the expense of making immediate output and employment smaller than they would be under an alternative policy, will enable both output and employment (and hence consumption) to grow more quickly, and before long to be larger than they would otherwise have been at such an early date. *The point is that a smaller share of a total that is growing fast can very soon become larger than a bigger share of a total that is growing more slowly*".¹⁰

Underdeveloped countries comprise states of all shapes and sizes but as Dobb explains:

"The argument about investment priority for heavy industry is best thought of applying to fairly large countries and to those as large as China, India or the USSR without any qualification; or else to a group of smaller countries, say in Africa or Asia, co-operating together in their development plans, as the Socialist countries in Eastern Europe are now doing."

Many Other Works

This sketch of Dobb's published works is obviously incomplete. There are many important lectures and articles which must be read.¹¹ We liked particularly the article on "Historical Materialism and the Economic Factor", which appeared in *History* in 1951, and which not only corrects some misunderstandings of Marxism, current not only amongst bourgeois thinkers, but amongst vulgar Marxists as well, a species fairly numerous in Great Britain and America. The lectures on Marx (1942) and on Lenin (1939) are masterpieces of exposition

and compression. Bernard Shaw's relation to Marxism is treated in an article, originally published in 1946, in a volume of essays commemorating the dramatist's 90th birthday. Despite Shaw's fierce denunciation of the workings of capitalism, his distrust of the working class as an agency of social transformation stands out in all he wrote. Here also will be found the discussions amongst economists as to the possibility of rational economic calculations in a Socialist society, which singularly enough seem to have been conducted without much reference to the actual problems faced by the Soviet Union in its take-off into planned industrialisation. One feels that some of the economists holding Socialist views in general, were too closely influenced by bourgeois economic theory and too ill-grounded on what was actually taking place to have given any light or guidance to those who were actually grappling with the problems.

It is remarkable that Dobb, a known Communist, survived in an academic post in Cambridge in the 1920s and 1930s. (We lack confirmation of the story that George V expressed a certain amount of alarm at learning he was there at all.) Though Dobb has never complained, we would think that his political background impeded his economic advance so that today he is probably more widely known amongst economists in other parts of the world than he is in Britain. It would be beneficial to all party members to make an extended use of what Dobb has written,¹² perhaps as an encouragement for him to write still more. All of us should express our admiration for him as a dedicated Communist, and a brilliant economist and economic historian, and wish him many fruitful years.

¹⁰ *Economic Growth and Underdeveloped Countries*, page 48.

¹¹ The representative selection will be found in the book *On Economic Theory and Socialism*, Routledge, 1955.

¹² We suggest that beginners should start with the three recent Lawrence & Wishart publications.