

Piero Sraffa
(1898 - 1983)



My Sources

- Tsoulfidis, “Ch 8: Theory of Capital and Cambridge Controversies”
- Kurz, “Ch 6”

Works

- *Production of Commodities by Means of Commodities* (1960)
- **The preword** he wrote for Ricardo's collective Works in 1951

>>>**Neo-Ricardian school of economics.**

Life

- **Torino, 1898.**
- **The faculty of law** / “Monetary Inflation in Italy During and After the War”.
- He met **Keynes** in London School of Economics during the years 1921-1922.
- Keynes offered him an opportunity to write an article on Italian banking system in **Manchester Guardian**.
 - “The Bank Crisis in Italy” (in *Economic Journal*)

Life

- “The Laws of Returns Under Competitive Conditions” (“Sulle relazioni fra costo a quantia prodotta”) (in *Economic Journal*)
 - ◆ the constant,
 - ◆ decreasing and increasing returns
 - ◆ referring to Alfred Marshall’s partial equilibrium analysis.
 - ◆ monopolist competition

Life

- **Cagliari University** as “full professor” in political economy department.
- He would be in this department for the rest of his life, but never being there, and would **grant his all salary to the university library**
- In year 1927, a big change occurred in Sraffa's life
- With the support coming from Keynes, he was assigned to **Cambridge University** as an associate
- He started to instruct the **value theory** with all aspects
- **A librarian**
- in charge of **Cambridge graduate program**

Life

- He accepted this undeniable duty of **being the editor of Ricardo's collected works** in the name of Royal Economic Society.
- with his colleague **M. H. Dobb**

The Works and Correspondance of David Ricardo in 11 volumes, and will be published in 1951-1973.

Life

- Therefore he was obliged to pause his main theoretical study between years 1931-1942 and 1946-1956
- However in 1956, he restarted to work on his book and published ***Production of Commodities by Means of Commodities*** in 1960, with the subtitle **Prelude to a Critique of Economic Theory.**
- Sraffa died in 3 September 1983 in Cambridge

On Ricardo

- According to Pierro Sraffa '[t]he most revolutionary change in edition 3 is **the new chapter on Machinery**' (Works , vol. I, p. lvii).
- Machinery is also the reason why the cost are reduced. Two are the reasons for **the decreasing average cost**; the first is related to **the average fixed cost of the firm** which, naturally, as **the output expands decreases asymptotically**, and thereby, since **average fixed cost** is a part of **average total cost**, the total average cost curve tend towards a negative shape.

Sraffa's Critique of the Marshallian Theory of the Firm

- The critique of perfect competition
- (background: economies of scales)

- **The microeconomic revolution of the 1930s, the upshot of Sraffa's-based critique of the neoclassical theory of the firm, the neoclassical synthesis, capital theory.**

Economies of Scale

- https://www.youtube.com/watch?v=JdCgu1sOPDo&ab_channel=JacobClifford

Avarage cost and price

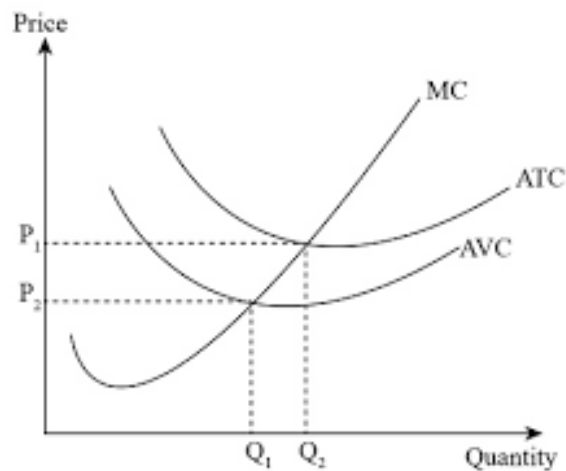
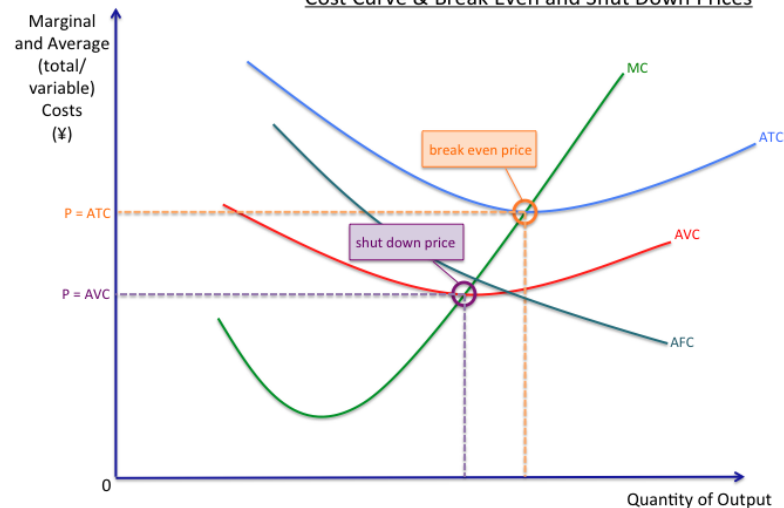


Figure 2: Short-Run Costs of Production / Cost Curve & Break Even and Shut Down Prices



Differences between markets

Characteristic:	Perfect Competition	Monopolistic Competition	Oligopoly	Monopoly
Number of Firms	Many	Many	Few	One
Type of product	Identical	Differentiated	Identical or Differentiated	Unique
Ease of Entry	High	High	Low	Entry Blocked
Examples of Industries	Growing wheat Growing apples	Clothing stores, restaurants.	Manufacturing computers, manufacturing automobiles	First class mail delivery, tap water.

Contradiction/Inconsistency in perfect competition

- (increasing production) Perfect competition
>>>> monopoly or monopolistic competition
- Average cost
- Uncertainty of demand and supply curve
- - Product differentiation

Theory of Production

A Long-Period Analysis

Heinz D. Kurz
Neri Salvadori

Understanding
'Classical' Economics
Studies in long-period theory

Heinz D. Kurz and
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Classical Economics

Old and New Growth Theories

AN ASSESSMENT

EDITED BY
Neri Salvadori

Economic Theory and Economic Thought

Essays in honour of Ian Steedman

Edited by
John Vint, J. Stanley Metcalfe,
Heinz D. Kurz, Neri Salvadori and
Paul A. Samuelson

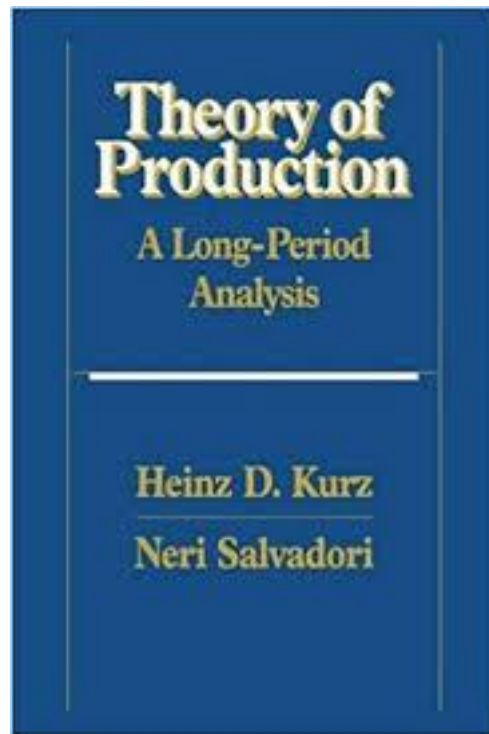


Routledge Studies in the History of Economics

The State of Classical Economics

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A ~ K



Ajit Sinha

<https://www.youtube.com/watch?v=DLSkTtitwcs>

Heinz Kurz

<https://www.youtube.com/watch?v=bryC6JVxreA>

İktisadi Düşüncede Piero Sraffa'nın Yeri (1/5)

<https://www.youtube.com/watch?v=UNf1Z8gQ7CQ>

<http://www.iktisadiyat.com/2016/08/08/cambridge-sermaye-tartismalarina-taniklik-etmek-14/>

<http://www.iktisadiyat.com/2016/08/15/cambridge-sermaye-tartismalarina-taniklik-etmek-2/>

<http://www.iktisadiyat.com/2016/08/23/cambridge-sermaye-tartismalarina-taniklik-etmek-34/>

<http://www.iktisadiyat.com/2016/09/01/cambridge-sermaye-tartismalarina-taniklik-etmek-4/>

- <https://www.youtube.com/watch?v=hC38X92qCJU>
- Economies of scales
- https://www.youtube.com/watch?v=JdCgu1sOPDo&ab_channel=JacobClifford