

How can Marshall be still alive after Sraffa's 1925/1926 devastating critical appraisal?

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Just to let the cat out of the bag at once: the answer could be, in a nutshell, ***that we cannot do without the partial equilibrium method, and we cannot do without it for a number of reasons.***

Indeed, what would be the implications of accepting Sraffa's negative assessment of the Marshallian theory in its entirety?

This is of course a rhetorical question, just to recall that we know, if only from Kuhn (1970, p. 77), that:

... once it has achieved the status of paradigm, a scientific theory is declared invalid only if an alternate candidate is available to take its place. No process yet disclosed by the historical study of scientific development at all resembles the methodological stereotype of falsification by direct comparison with nature.

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Admittedly, Sraffa's 1925 assessment of Marshall's account of competitive firms and markets may appear to highlight its **internal logic** in order to expose its weaknesses between the Scylla of perfect competition and the Charybdis of partial equilibrium.

In the second part of his 1926 article, however, Sraffa employs a decidedly **factual** approach to justify the introduction of monopolistic elements.

Sraffa 2026, pp. 542-543):

*[The] two points in which the theory of competition **differs radically from the actual state of things** ... are: first, the idea that the competing producer cannot deliberately affect the market prices, and that he may therefore regard it as constant whatever the quantity of goods which he individually may throw on the market; second, the idea that each competing producer necessarily produces normally in circumstances of individual increasing costs. Everyday experience shows that a very large number of undertakings – and the majority of those which produce manufactured consumers' goods – work under conditions of individual diminishing costs.*

Sraffa (2026, p. 543):

Business men, who regard themselves as being subject to competitive conditions, would consider absurd the assertion that the limit to their production is to be found in the internal conditions of production in their firm, which do not permit the production of a greater quantity without an increase in cost. The chief obstacle against which they have to contend when they want gradually to increase their production does not lie in the cost of production – which, indeed, generally favours them in that direction – but in the difficulty of selling the larger quantity of goods without reducing the price, or without having to face increased marketing expenses.

Be that as it may, both kinds of Sraffa's criticisms have disappeared from modern textbooks on microeconomics.

At most, we may find some words of caution about the compulsory assumption of some kind of *ceteris paribus* clause.

If such a position could even be tolerated in introductory or intermediate textbooks, given their intended purposes, one might well expect to find more accurate accounts of this matter in advanced textbooks, but such an expectation would be doomed to remain unfulfilled.

However, in spite of their different purposes, and apart from one notable exception, even in these more challenging expositions of advanced microeconomic theory we find, more or less, the same kind of attitude.

As Freni and Salvadori (2013, p. 191) have complained:

[...] almost all microeconomics textbooks portray the Marshallian partial equilibrium model of competitive markets as the benchmark model. Moreover, the same textbooks either fail to mention Sraffa's criticism (a criticism, it is worth stressing, that has never been refuted), or devote to it just a brief footnote or a special appendix as if it were a curiosum in which only the most pedantic students could be interested (as an example consider Kreps, 1990, Section 3 of Chapter VIII, where Sraffa is not even mentioned as the author of the criticism).

I am unaware of whether people such as Hal Varian, Andreu Mas-Colell and other authors of advanced textbooks in microeconomics have read Sraffa's 1925 essay (whose English translation has been available since 1998) or the 1926 article in the Economic Journal, but I doubt.

Other scholars, who have instead undoubtedly read Sraffa's works, have nonetheless refrained from concurring with his frequently cited assertion in 1930 that the Marshallian theory should have been 'discarded'.

However, these two divergent attitudes have in common the fact that they contribute to the current oblivion of Sraffa's 1925/1926 sharp criticisms of the Marshallian theory.

The difference between the two is that while the first ignores Sraffa's criticisms, the second can offer reasoned reasons for their shelving. In this respect it may be interesting to quote a couple of explicit statements by two 'unrepentant Marshallians' such as Giacomo Becattini and Mark Blaug

Becattini (1986, p. 56, my translation)

*It depends on what we are looking for. If we seek a thought technique that - despite its recognized historicity and therefore 'compromise' with the world that produced it - helps us to untangle... the social phenomena that we face today, in order to make the fewer possible mistakes in our conscious interventions, then it is to Marshall-Keynes ... that we must, for the moment, turn. If, on the other hand, our thirst is not quenched except with truths that 'have the nature of mathematics', as Ricardo writes, it is to Sraffa (and not only to him, of course) that we must turn. **But these are two different things and it is not helpful to mix them up.***

Blaug (2009, pp. 241-242):

‘Is there no alternative to either Debreu or Sraffa? Of course, there is. I am not advocating loose thinking as a replacement for rigor but **rather Marshallian partial equilibrium analysis that tackles local questions in a subset of economic relationships**, taking account of as many interdependencies in the economy as possible but always favouring practical results rather than logical generalities, keeping close to what can be quantified and measured.’