

Menger on Ricardo

— C. Menger's Notes on Ricard's
"Principles of Political Economy" —

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INTRODUCTION — Menger and Classical Economics —

As for C. Menger's relation to the Classical School of Economics, there remains some ambiguity. In the German speaking academic world of the late 19th century, this ambiguity was represented in a rather ironical situation that Menger, the very opponent in theory, had to stand for the Classical School and defend it from the misunderstandings spread by scholars of Historical School. Menger started his investigation, as he realized shortcomings of Classical Economics in the field of price theory. It was this "prevailing opinion" that he attacked in so many pages of his *Grundsätze* of 1871. But, as he later stated,⁽¹⁾ his effort found no appreciations among German scholars. On the contrary, he was regarded as "a man, who makes vain efforts to accomplish what A. Smith and his disciples once failed, in the same old way as before." Under such circumstances Menger's criticism on Historical School, in particular his resolute rejection of the charges such as "egoism" or "atomism" in the name of theoretical investigation (*Untersuchungen*, 1883), had to involve a sort of rehabilitation of the Classical School. The name of this school was so deeply disregarded by the majority of Historical

School (precisely by its second generation, organized in Verein für Sozialpolitik) that even in 1891, at the centenary of A. Smith's death, Menger took it for his duty to save "the founder of political economy" from "his enemy's hand" by distinguishing Classical Economics from "Manchestertum"⁽²⁾.

But Menger's remarks on Classical Economics after 80's are, as far as in his publications, rather of fragmentary nature or concerned with limited problems. They cannot afford us enough information about his view on Classical Economics to judge his place in the history of economic thought exactly. To answer the following questions, other materials which can give us the detailed knowledge of Menger's view on Classical Economics, especially in reference to its so many variations, are necessary; From what critical investigations of Classical Economics did Menger's theory appear? What peculiar interpretation lied behind its rehabilitation by Menger?

Under what viewpoint could Menger and his School be considered as the successor to Classical Economics?

Such materials as needed cannot be taken for lost. Beside published works we have two mines worth to investigate. The one is the notes which Menger wrote in the margin of his books now conserved in Carl Menger Library of Hitotsubashi University.⁽³⁾ The other is the transcripts of Menger's lectures at Universität Wien, probably scattered in some places of the world.⁽⁴⁾ In this series of articles the results of the investigation in the former mine will be published.

Menger wrote marginal notes in the following three most important works of Classical Economics:

1. A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1776 (Annotated is its German edition; *Untersuchungen über das Wesen und die Ursachen des Nationalreichthums*, translated by M. Stirner, 2 Vols, Leipzig 1846—Eng. 1249 of Carl Menger Library)
2. D. Ricardo, *On the Principles of Political Economy and Tax-*

ation, 3rd. ed., 1821 (Annotated is *The Works of David Ricardo*, edited by J. R. McCulloch, London 1846—Eng. 1247)

3. J. S. Mill, *Principles of Political Economy, with some of their Applications to Social Philosophy*, 5th ed., 1862 (Annotated is *Grundsätze der politischen Oekonomie*, translated by A. Soetbeer, Hamburg 1864—Eng. 983)

Menger Library contains also some other annotated books, which have respectively close relation to Classical School. But the list of these books will become longer during the research in Menger Library. They are ;

4. A. R. J. Turgot, *Réflexions sur la Formation et la Distribution des Richesses*, 1766 ; *Valeurs et Monnaies*, written in 1769 ? (Annotated is *Oeuvres de Turgot*, nouv. ed. avec les notes de Dupont de Nemours, Argm. de lettres inédites, des questions sur le commerce, et d'observations et de notes nouvelles par E. Daire et P. Dussard, 2 Vols, Paris 1844—Fr. 1834)
5. J. B. Say, *Cours complet d'économie politique pratique*, 1828—29 (Annotated is only a part of its German edition translated by M. Stirner ; *Ausführliches Lehrbuch der politischen Oekonomie*, Bd. II. Dritter Theil Vom Tauschverkehr und vom Gelde, SS. 1—71, Leipzig 1845—Fr. 1438)
6. F. Bastiat, *Harmonies économiques*, 1850 (Annotated is Vol. 6 of *Oeuvres complètes de Bastiat*, 1864—Fr. 69)
7. H. C. Carey, *Principles of Social Science*, 1858—59 (Annotated is its German edition ; *H. C. Carey's Sozialökonomie* published by A. Eichhoff, Berlin 1866—Eng. 246)
8. Peshine Smith, *A Manual of Political Economy*, 1853 (Annotated is its French edition: *Manuel d'économie politique*, Paris 1854—Eng. 1448)

Such a selection shows that Menger studied Classical School systematically. As for the notes in 1—3, the main objects of my investigation, none of them have the written date. But, considered

from the common features of these notes (mentioned authors, inter-relations of the contents), it is probable that Menger wrote at least the main parts of these notes in nearly same period. Of course, since not all notes are written in the same manner, it is not excluded that the date of their origin extends over several periods of Menger's life. From the theoretical point of view, the notes of 5–8 are not so important as the former group. But Menger's interest in these notes seems to have some correspondences with his notes in the author copy of *Grundsätze*.⁽⁶⁾ It may develop into the thought in his later years.

In his long career as scholar, Menger must have studied Classical Economics again and again. The years preceding to *Grundsätze*, those after *Grundsätze*, those before and during the "Methodenstreit" (1883–84), those when he lectured "Nationalökonomie", those when he undertook the task of coaching his pupil in the controversy over Classical Economics and wrote himself some articles in the same theme and those when he concentrated in the study of money, in each of these periods he need critical examinations of Classical Economics. But, as for the notes of 1–3, since most of them are concerned with basic problems or with general characterization of the related text, and furthermore no scholars of younger generation is mentioned, they seem to have been written in rather early period. On the other hand they contain names of scholars who are not seen in the page of *Grundsätze*. So, provisionally at this stage of my investigation, as for their main parts, I guess the 70's as most likely date of their origin. These are the years while Menger intended not only to advance his theoretical system but also to prepare for a new edition of his *Grundsätze*.⁽⁷⁾ It is possible that Menger planned a systematic study of Classical School in these years while Menger became aware of the misunderstanding of Classical Economics in the influential trend of German academic world.

At present, the work of transcription is accomplished only partly.

But even the result which I have till now had, couldn't be achieved without the friendly help given by Dr. Siegfried Kohlhammer (lecturer of Okayama University till March 1981). I thank Center for Historical Social Science Literature of Hitotsubashi University for the use of Menger Library and for the permission of the publication of the transcript.*

- 1) The unpublished preface to the planned second edition of 1889, cited in *Grundsätze der Volkswirtschaftslehre*, 2. Aufl., Wien /Leipzig 1923, S. VIII.
- 2) "Die Sozialtheorien der klassischen Nationalökonomie und die moderne Wirtschaftspolitik", in *Carl Menger Gesammelte Werke*, ed. by F. A. Hayek, Vol. 3, Tübingen 1970.
- 3) E. Kauder gave us not only some reports of his research in this Library but also transcripts of Menger's 2 important notes. But for such a precedent, I wouldn't undertake this investigation. E. Kauder, "Menger and his Library", *The Economic Review*, Hitotsubashi University, Vol. 10, no. 1 (Jan. 1959); "Freedom and Economic Theory", *Hitotsubashi Journal of Economics*, Sept. 1961. Bibliothek der Hitotsubashi Universität, *Carl Mengers Zusätze zu "Grundsätze der Volkswirtschaftslehre"*, Tokio 1961 (transcript of notes in Mon. 2142); *Carl Mengers erster Entwurf zu seinem Hauptwerk "Grundsätze", geschrieben als Anmerkungen zu den "Grundsätzen der Volkswirtschaftslehre" von Karl Heinrich Rau*, Tokio 1963 (transcript of notes in Comp. 266). In my former articles (in Japanese) I also used some of my findings in this library. K. Yagi, "Menger's Unfinished Effort for the Revision of his "Principles"", *Okayama Economic Review*, Vol. 11, no. 2 (Aug. 1979); "Menger and Weber II", *ibid.*, Vol. 11, no. 4 (March 1980).
- 4) A catalogue of the library of Universität Wien records the titles of *Nationalökonomie* (1888, 90) and *Finanzwissenschaft* (1888, 90). I am now asking for these materials.
- 5) In this list I omit those of German authors. For the purpose of better understanding of Menger's reception of Classical Economics on the base of German literature, we cannot neglect his notes in the following books: J. Kudler, *Die Grundlehren der Volkswirtschaft*, Bd. 1, Wien 1846 – Comp.

168 (written very early, estimated 1860–63). L. v. Stein, *Lehrbuch der Volkswirtschaft*, Wien 1858 – Comp. 373. W. Roscher, *Die Grundlagen der Nationalökonomie*, 6 Aufl., Stuttgart 1866 – Comp. 287B. K. Knies, *Die Politische Oekonomie vom Standpunkte der geschichtlichen Methode*, Braunschweig 1853 – Comp. 152. Furthermore 2 notes transcribed by Kauder.

- 6) See *Zusätze*. By the way, I use this chance to make some corrections to Kauder's transcript. 1. (p. 25) In reference to the crossed out sentence in S. IX, Kauder writes "Reason not clear". But this is the very cited sentence in the book review by F. Hack. See *Zeitschrift für die gesamte Staatswissenschaft*, Bd. 28 (1872), S. 183f. 2. (p. 45) Kauder reads the new headline in S. 7 "a) Betrachtungen über den Zusammenhang der Güter". But "a) Ueber den teleologischen Zusammenhang der Güter" is right. 3. (p. 2) Kauder mentioned the second edition of Knies's *Politische Oekonomie*. But the annotated page number is that of first edition. 4. (p. 19) Although Menger Library contains no copy of Buckle's German edition, Menger used also its original, *History of Civilization in England*, Leipzig 1865 – Eng. 209. 5. (p. 44) Menger's protest against Böhm-Bawerk in the blank page before S. 7 is the same that is mentioned in S. 22 (editor's footnote) of second edition of *Grundsätze*, 1923. 6. (p. 74) The mentined Neumann is Fr. Xav. Neumann. Menger wrote a review of his book, *Volkswirtschaftslehre mit besondere Anwendung auf Heerwesen und Militärverwaltung*, Wien 1873 – Comp. 225.

- 7) Also in these years (1873–75) Menger wrote many short articles – most of them were book reviews – in *Wiener Abendpost*. See "Verzeichnis der Schriften Carl Mengers" in Vol. 4 of Menger's *Werke*.

* This is a result of Reserch Project, supported by Grant in Aid for Scientific Reserch, 1979, 80 of Japanese Ministry of Education.

ob. Smith? von Ricardo messen die Werte der
 Produkte: der Wert der Dinge (resp. Verhältnisse) richtet
 sich nach Produktionskosten. Der beste Charakter für
 den Wert ist die dafür zu erhaltende Quantität
 Arbeit und zwar verhält sich der Wert stets
 gleich & umgekehrt. Für denselben Gebrauch ist
 jeder andere Gebrauch eben so gut als charakter
 (obwohl selber also dann einseitig aus der Einheit
 heraus jeder best. sich mit) aber für einen Teil,
 nimmt er Wert von Produktion ab, so wird
 mit Arbeit von Werten nicht mehr ab, sondern
 der beim Kauf in Verhältnis des Wertes zu Arbeitskraft
 ob. Smith wird ganz entgegen & dies aber der Werte
 kann seine Theorie. Ricardo messen die Werte gleich

PRINCIPLES OF POLITICAL ECONOMY.

CHAPTER I.—ON VALUE.

SECTION I.

The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation which is paid for that labour.

It has been observed by Adam Smith, that "the word Value has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called value in use; the other value in exchange. The things," he continues, "which have the greatest value in use, have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange, have little or no value in use." Water and air are abundantly useful; they are indeed indispensable to existence, yet, under ordinary circumstances, nothing can be obtained in exchange for them. Gold, on the contrary, though of little use compared with air or water, will exchange for a great quantity of other goods.

Utility then is not the measure of exchangeable value, although it is absolutely essential to it. If a commodity were in no way useful,—in other words, if it could in no way contribute to our gratification,—it would be destitute of exchangeable value, however scarce it might be, or whatever quantity of labour might be necessary to procure it.

Possessing utility, commodities derive their exchangeable value from two sources: from their scarcity, and from the quantity of labour required to obtain them.

There are some commodities, the value of which is determined by their scarcity alone. No labour can increase the quantity of such goods, and therefore their value cannot be lowered by an in-

NOTES ON RICARDO'S "PRINCIPLES"

Explanatory Note of Editor

The annotated book is *The Works of David Ricardo, with a Notice of the Life and Writings of the Author*, by J. R. McCulloch, London 1846. Except for pages of CONTENTS and INDEX, all the annotated pages are those of "Principles". Menger's interest is apparently concentrated in the theoretical parts of "Principles". Among its 32 chapters chaps. 1-7, 19-20, 24, 27-28 and 30-32 have some comments (in words or sentence). Chaps. 8-9, 11, 13-14, 16-18, 21-22, 25-26 have only lines and signs and other chapters not at all.

In this transcript, only the notes in the form of word and sentence are shown. Menger used also underlines, lines beside the text, and signs such as NB (nota bene), ?, !, ×, +, †. These are omitted in this transcript. But when necessary for the understanding of Menger's remark, they are indicated in the explanations of editor i. e. notes in square bracket. Most of the notes are written in ink, but pencils (in some pages red and blue pencils, too) are also used.

At the first time of my investigation, a slip was found between P. 16 and 17. It is made from an envelope face, which has the postmark dated Oct. 6, 1899. It was sent to Menger at first with the address of University and later sent forward to Menger's residence in IX, Währingerstr. 12.

But it is too hasty to suppose from this slip the date of Menger's notes after 1899. This date is too late for Menger to deal Ricardo and Smith in such elementary points as shown in the notes. Furthermore, since the slip is not stained with ink, it is more probable that this slip was used as a bookmark, not as a blotting paper. Of course some of the notes may have been added in this time of re-reading.

The places of the notes and referred texts are shown by the page of McCulloch edition (P. xx, L. xx) and that of Sraffa edition (Vol. 1 of *The Works and Correspondence of David Ricardo*, edited by P. Sraffa, Cambridge 1951; Sr. xx L. xx). Underlines are those of Menger's. Explanations, additions and comments of editor are in each time shown in square brackets.

CONTENTS

"Principles" [Among headlines of Chapter I's Sections; the left side of Section II's is marked with a red pencil line, and that of Section III's with a blue pencil line and such words in it, "the employment of machinery and other fixed and durable capital", are underlined in blue pencil.]

[On the left of the headings of Chaps. XIX. XX, XXI, XXX, XXXI, XXXII, signs are written in ink. Those of Chaps. XX, XXI are underlined.]

P. x [Under the title of "High Price of Bullion ...", in pencil]

habe Original

[Under the title of "Reply to Mr. Bosanquet's ...", in pencil]

habe Original

P. xii [Under the title of "Proposals for an Economical ...", in pencil]

habe Original

Title page of "Principles" [Red pencil note under the title, signifying apparently publication years of first and second edition. But, correctly, that of second edition is 1819.]
1817, 20

P. 9 (Sr. 11) [Upper margin of the first page of the main text]
A. Smith's von Ricardo missverstanden Werttheorie ist folgende; der Wert der Dinge (resp Wertverhältnis) richtet sich nach Produktionskosten. Der beste Massstab für den Wert eines Gutes ist die dafür im Austausch zu erhaltende Quantität Arbeit und zwar deshalb weil die Arbeit stets gleich viel wert ist. Für denselben Zeitraum ist jedes andere Gut ein eben so guter Massstab (zB Gold [,] Silber etc [,] denn es weist uns die Einheit [,] hievon [?] jedes Gut sehr wo[h]l) aber für langen Zeitraum ist Arbeit ein vorzuziehender Massstab [,] weil Arbeit im Werte nicht wechselt, während dies beim Gold u Silber der Fall ist. Allerdings ist Smith nicht ganz consequent, dies aber der wahre Sinn seiner Theorie. Ricardo missversteht ihn gänzlich.

P. 10 [Menger's proposal of correction in L. 11, Sr. 12 L. 17, from "they may be multiplied" to]
they can be multiplied

[Marginal note at the left side, apparently, refers to the Smith citation in this page, Sr. 13.)

"In that early state" ist eben die Arbeit die einzige Element der Produktionskosten, aber

auch da nicht durchwegs.

[To the paragraph beginning with "That this is really", Sr. 13]

Beweis ?

[Lower margin under the printed text, Sr. 13 L. 23]

Es kostet zB 3 mal so viel Arbeit einen Biber als einen Hasen zu erlegen. Es haben aber von 12 Jägern 10 Biber gejagt, so kann dann doch, wenn Not eintritt [,] ein Hase 3 Biber gelten. [It is not easy to grasp the meaning of notes above. A hare will be more valuable than a beaver in the days of distress, because the former is eatable but the latter is not ??]

[Correction in the footnote, Sr. 13, from "chap. 5" to]

chap. 6

P. 11 [Correction in L. 1, Sr. 13 L. 24, from "labour realized in" to]

labour received [?] in

[To the underlined text of L. 7f., Sr. 13 L. 30f., "became more or less valuable in proportion as more or less labour is bestowed on their production, has".]

Ricardo hat hier den Smith ganz missverstanden.

[Correction in L. 13, Sr. 13 L. 31, from "labour bestowed" to]

labour received

[To the underlined text of L. 24f., Sr. 14 L. 17f.,
“the first is under many circumstances an invariable
standard”.]

Beweis ? und doch nur unter many circum-
stances

[Right side of L. 32ff., Sr. 14 L. 25ff.]

Hier ist die Kritik richtig

P. 12

[General remark at the lower left margin beside
L. 29ff., Sr. 16 L. 8ff.]

Ricardo's Theorie setzt sich aus 2 Grundsätzen
zusammen

A. Der Wert der Dinge verhält sich der
Regel nach wie die darauf gewandete Ar-
beit.

B. Der Arbeiter erhält für die Dauer das
Existenzminimum.

Beide Grundsätze sind falsch und unbewie-
sen heausgestellt.

P. 13

[To the partly underlined text of L. 1, Sr. 17 L. 2,
“but it is correct to say”]

Beweis ?

[To the text of L. 5–8, Sr. 17 L. 6–10]

Ricardo —→ Smith

[Vertical pencil note referring to the paragraph
below L. 10, Sr. 17 L. 11]

nicht im 1st Auflage

[To the underlined text of L. 21, Sr. 18 L. 5f.,

“quantity of labour and capital”]

!! also nicht bloss “labour”

P. 14

[Vertical pencil note, continued from the page before, refers to the paragraph of Section I, Sr. 19f..]
nicht im 1st Auflage

[At the left margin and below the text of Section I, reference to L. 32–38, Sr. 20 L. 6–12, especially to the underlined words, “Risen” and “Fallen”]

Sehr gut !

nur zu bemerken, dass nach Smith “labour” der Standard of value ist und “corn” nur infolge seiner Existenzminimum-Ansicht.

Wenn deshalb Ricardo hier dartat [,] dass ein Missverhältnis zwischen labour und corn eintritt, so ist damit nur beweisen, dass beide zugleich nicht standards sein können, was Smith auch nirgends strict behauptet.

P. 15

[Note concerned with the problem of different qualities of labour, especially with the explanation of L. 3–10, Sr. 20 L. 17–21 L. 2]

Ricardo umgeht hier die Schwierigkeit wie bei seiner Theorie nicht anders möglich. Er nimmt die Verschiedenheit des Arbeitswertes als gegebene Tatsache an, ohne sie im Ernste zu erklären (durch ihre Ursachen).

[To L. 31–35, Sr. 22 L. 6–9, especially to the underlined text, “it continues nearly the same from one generation to another”]

Dadurch enthebt sich Ric. auch der Pflicht [,]
die Ursache des tatsächlichen Wechsels zu er-
klären.

[Correction in the footnote, Sr. 21, from "chap. 10"
to]

chap. 5

P. 16 [To the underlined "time and labour" of L. 6f., Sr.
23 L. 5]

time and labour !

Capital zusammengesetzt aus time and labour.

[To the sentence beginning with "Or suppose...", L.
15–20, Sr. 23 L. 15–20]

nicht im 1st Auf[lage]

P. 17 [To the partly underlined text of L. 47, Sr. 25 L.
28, "the stockings would inevitably fall in value"]

? Falsch !

ZB Wenn Anbot fällt oder Begehr sich mehrt ?

Wenn Capital billiger oder teurer wird etc !

P. 19 [To the paragraph of L. 10–14, in particular to the
underlined word, "invariable", Sr. 27 L. 29–28 L.
3]

Ein solches invariables Gut ist für den ange-
deuteten Zweck gar nicht nötig. Wenn 1 Tisch
1 St [: Pfund Sterling] 1 Wald 2 St [,] und
nach einer Zeit 1 Tisch 1 1/2 St und 1 Wald
1 3/4 St wert sind [,] so mag Gold resp halbes
gefallen oder gestiegen sein, man weiss [,] dass

das Wertverhältnis zwischen Tisch und Wald zu Gnaden des Waldes afficiert wurde.

[Wald may mean Holz? In such case "Ungnaden" should be more relevant?]

P. 20 [To the underlined word, "A rise of wages", L. 13, Sr. 29 L. 25]

Die "Wages" behandelt Ricardo exceptionell, wie eine ganz sondere Gattung von Gütern und doch sind Arbeitsleistungen Güter, die unter denselben Gesetzen des Wertes stehen, wie alle anderen.

P. 21 [To the underlined text "heads of circulating, or of fixed capital", L. 7, Sr. 31 L. 10]

Capital

[To the underlined text, "obtain no return for a year", L. 18, Sr. 31 L. 22]

nicht deshalb, sondern weil das Saatkorn zum Betriebe der Wirtschaft dauernd nötig ist [,] nur benutzt nicht consumiert wird.

P. 22 [Lower left margin beside L. 30–48, Sr. 33 L. 29–34 L. 14]

Bei Ricardo's Theorie muss sich naturgemäss die Schwierigkeiten herausstellen, die Zinsen zu erklären, die doch mit der Arbeit nichts gemein haben, und insbesondere die Erklärung wie der Capitalzins ein Element des Preises resp Tauschwertes ist.

P. 23 [To the underlined text, "they must obtain a further sum of 550 l. for the profit on 5,500 l.", L. 5f., "must", L. 7, Sr. 34 L. 20–22]

must ?

warum ?

P. 31 [To the underlined text, "difficulty of procuring the necessaries on which wages are expended", L. 24f., Sr. 48 L. 27f.]

ad Arbeitslohn

P. 32 [On top of the page and upper left margin, reference especially to the underlined text, "though the absolute quantity of commodities had been doubled, they were the produce of precisely the former quality of labour", L. 3f., Sr. 49 L. 28–50 L. 1]

Ricardo geht hier von der Anschauung aus, dass Güter, auf die gleich viel Arbeit verwendet wurde, gleich viel Wert haben. Folglich muss er auch, wie dies hier geschieht, sagen, dass wenn durch Verbesserungen in der Technik etc die Quantität der mit derselben Arbeit hervorgebrachten Güter sich vermehrt, diese grössere Quantität doch nur denselben Wert hat, wie früher die geringere.

[Marginal note at the left side of the sentences following the second list of the distribution, Sr. 50 middle]

!

Hier führt Ricardosche Werttheorie selbst ad absurdum.

P. 34 [To the underlined words, “valuable commodity”, L. 31, Sr. 68 L. 7]
ad Gut

P. 35 [Note, apparently referring to the text of L. 6f., Sr. 68 L. 18f., “the compensation given for the mine or quarry, is paid for the value of the coal or stone”]
Wie kommt es aber [,] dass diese Kohlen resp Steine plötzlich (ohne Arbeit!) Wert erlangen?

[Note at the right side of L. 30, Sr. 69 L. 13, maybe referring to the text, “nothing is given for the use of air and water”]
Wert !

P. 38 [Greek words at the left side of L. 12f., Sr. 73 L. 22f.]
ὕστερον — πρωτερον

[These mean “after—before”, probably come from Aristotle’s *Nicomachean Ethics* 1132b, where he defined the justice in transaction as “having an equal amount before and after the transaction”. Related to Ricardo’s text of L. 14f., Sr. 25f., “price proportioned to the quantity of labour bestowed on its production”? By the way, Menger wrote nearly the same Greek words also in the notes to his author copy of *Grundsätze*, but its context shows some difference. See *Zusätze* p. 68.]

P. 40 [To L. 1–7 of the footnote, Sr. 76 L. 21–31 of the footnote]

Physiocrat !

P. 43 [To the underlined text of L. 10f., Sr. 82 L. 14f.,
“Less capital, which is the same thing as less la-
bour”]

Capital

P. 45 [To the underlined text of L. 14, Sr. 85 L. 14,
“the poorest mine that is worked”]

But which is the poorest mine that is worked,
and because ?

P. 47 [Note on top of the page, apparently referring to
the underlined texts, “the accidental and temporary
deviations of the actual or market price of commod-
ities from this, their primary and natural price”,
L. 5–7, Sr. 88 L. 5–7, and “to be supplied pre-
cisely in that degree of abundance, which the wants
and wishes of mankind require”, L. 9–11, Sr. 88
L. 9–11]

Die Güter werden (nach Ricardo) in [?] so lange
das Anbot die Nachfrage eben deckt [,] ausge-
tauscht nach dem Verhältnis der auf sie, oder
vielmehr auf die letzten Quantitäten [underlined
with blue pencil] verwandten Arbeit. Nebst
diesen beiden Ausnahmen jedoch noch alle in
Chapter I bezeichneten.

[To the second paragraph, L. 8–11, Sr. 88 L. 8–
12]

ad Bedarf !

P. 54 [To the underlined text of L. 9–12, Sr. 99 L. 22–25, “In rich countries, where all the fertile land is already cultivated, the latter remedy is neither very practicable nor very desirable, because its effect would be, if pushed very far, to render all classes equally poor.”]

Carey ! hat hier Recht.

[Probably, Menger meant criticism to Ricardo in H. C. Carey, *Principles of Social Science*, 1858–59.]

[The same note also refers to the underlined text of L. 30–32, Sr. 101 L. 9–11, “In the natural advance of society, the wages of labour will have a tendency to fall, as far as they are regulated by supply and demand.”]

Carey !! hat hier Recht.

P. 55 [General remark starting from top of the page and ending below the text, Sr. 102–03. But it may be related to the underlined text of L. 25f., Sr. 102 L. 21f., “essential difference between the rise of rent and the rise of wages”.]

Ricardo und früher McCulloch fassen den Produktionsprozess der Nahrungsmittel und Unterhaltungsmittel überhaupt so auf, als ob jedes Plus mehr Arbeit kosten mu[ü]sste und solcherart der natürliche Gang der wirtschaftlichen Entwicklung eines Landes ein finestes sein mu[ü]sste. Inzwischen kann ich mir sehr wo[h]l denken, dass eine hoch entwickelte Gesellschaft mit ihrer Capalkraft und ihrer Intelligenz den

Boden eines Landes selbst relativ besser ausbeutet als eine Unentwickelte. Ich glaube ein Metzen Getreide kostet in Polen mehr Arbeit als in England. Carey hat in entgegengesetzter Richtung zu betreiben. Es mag immerhin richtig sein, obwo [h]l noch dies der factischen Sachlage widerspricht, dass in jedem gegebenen Momente jede mehrere Metzen mehr Arbeit kostet. Case [?] in Steigen der Cultur kosten unter dann die früheren Metzen weniger Arbeit.

P. 60

[General remark on top of the page, Sr. 110]

Es gehört zu den Grundanschauungen Ricardo's, dass die Löhne steigen [,] wenn die Gewinne fallen [,] und so umgekehrt, [Here followed "Es ist", later struck off with ink dots.] und dass das Steigen der Löhne oder der Profite auf die Waarenpreise keinen Einfluss hat. Es ist dies eine Konsequenz seiner Tauschwerttheorie [,] wenn der Tauschwert des Gutes a sich zu jenen des Gutes b verhält wie die auf sie gewandten Arbeitsquantitäten, so ist hiedurch schon ihr Wertverhältnis (resp Preis) fixiert. Wie dann Arbeiter und [Here followed "Produzent", later struck off with a line] Unternehmer den Preis verteilen, ist Sache ihrer Übereinkunft. Die Waarenpreise werden hiedurch nicht berührt.

[To the first or second paragraph, Sr. 110]

Über die letzten Ursachen des "profit" spricht Ricardo nirgends aus.

P. 65 [To the underlined text of L. 43–45, Sr. 118 L. 31–33, “For nothing can affect profits but a rise in wages; silks and velvets are not consumed by the labourer, and therefore cannot raise wages”.]
Gehälter von Direktoren etc !!

P. 68 [Note on top of the page, apparently refers to the underlined text of L. 10f., Sr. 122 L. 14f., “Their motive for accumulation will diminish with every diminution of profit”.]

Hier zieht Ricardo aus seinem Bodenrentengesetze Konsequenzen, gegen welche Carey mit Recht auftritt.

[Note referring apparently to the partly underlined sentence of L. 40–42, Sr. 123 L. 15–17, “we should expect that the whole amount of profits received by those successive owners of capital would be always progressive”]

? p. 64 [Sr. 113f.] NB

P. 71 [To the last sentence, especially to the underlined text of L. 14f., Sr. 127 L. 17f., “a rise of wages would not raise the price of commodities, but would invariably lower profits”.]

Ricardo meint: Wenn solches bebautes Land, das keine Rente gibt, nur eben so viel Lebensmittel hervorbringt um die Arbeiter zu ernähren, dann hebt der Gewinn (Capitalg.) gänzlich auf.

P. 73 [To the text of L. 3–6, Sr. 129 L. 12–16, “Our variance consists in this: They contend that the

equality of profits will be brought about by the general profits; and I am of opinion, that the profits of the favoured trade will speedily subside to the general level.”]

Die Wahrheit liegt hier zwischen beiden Anschauungen in der Mitte.

[Concerned with the treatment of “demand” at the beginning of the second paragraph, Sr. 129 L. 17ff.]

Ricardo hält den demand für eine fixe Grösse.

P. 160

[To the sentence of L. 18ff., Sr. 265 L. 12ff., “It is often protected, too, by the restrictions and prohibitions to which the absurd jealousies which prevail between the different States of the commercial commonwealth give rise.”]

Freihandel

[At the left side of the footnote, Sr. 264]

Tausch

P. 161

[To the sentence of L. 28–31, Sr. 265 L. 12–14, “The best policy of the State would be, to lay a Tax, decreasing in amount from time to time, on the importation of foreign corn, for a limited number of years, in order to afford to the home-grower an opportunity to withdraw his capital gradually from the land.”]

Freihandel !

List [pencilnote, cf. F. List, *Das nationale System der politischen Oekonomie*, 1841]

[At the right side of the footnote, Sr. 267]

Freihandel

P. 162 [Pencilnote concerning with the “temporary tax” for importation in the first paragraph, Sr. 268 first paragraph]

List

P. 165 [General remark on top of the page, Sr. 273]

Die Wirklichkeit des Verhältnisses zwischen Quantität und Bedeutung einer Bedürfnisbefriedigung führt hier Ricardo wie alle Economisten in grosse Irrtümer und Albernheiten.

[After the Smith citation of L. 1ff., Sr. 273 L. 1ff.]

Smith I Chap V Basil P. 43 I [this is the same edition that Menger mentioned in *Grundsätze*, but not conserved in Menger Library]

[General remark on the left side, but in particular refers to the expression such as “rises or falls in value”, L. 11, Sr. 273 L. 12.]

Ricardo spricht hier immer von “rising in value” [underline and quotation mark were later written in pencil] etc. Was ist denn der Massstab des “value”? Die auf die Güter verwandte Arbeit resp die zu ihrer Reproduktion nötige Arbeitsquantität.

vide pag 166 NB

[Note apparently to the Ricardo’s treatment of the effect of the improvement in production on the goods,

“which were manufactured previously to the improvement”, L. 31f., Sr. 274 L. 7f.]

Rein die Lehre Carey's, dass die zur Reproduktion eines Gutes nötige Arbeitsquantität das Wertverhältn. [is] der Dinge bestimmt. [cf. H. C. Carey, *Principles of Political Economy*, 1837–40]

P. 166

[On both sides of the underlined sentence of L. 18f., Sr. 275 L. 3–5, “But why should gold, or corn, or labour, be the standard measure of value, more than coals or iron? ’]

NB [at the right side, referred by the note of the preceding page]

vide p. 171 [at the left side, written in pencil]

[Note located with a reference mark after the underlined text of L. 28, Sr. 275 L. 3–5, “That commodity is alone invariable, which at all times requires the same sacrifice of toil and labour to produce it. Of such commodity we have no knowledge \triangle ”]

\triangle cloth, die Arbeit selbst, aber von der sagt Ricardo einige Zeilen vorher aber, dass sie kein standard measure ist.

P. 171

[Concerned with the partly underlined sentence of L. 31–36, Sr. 284 L. 21–27, “A franc is not a measure of value for any thing, but for a quantity of the same metal of which francs are made, unless francs, and the thing to be measured, can be referred to some other measure which is common to both. This, I think, they can be, for they are both”]

the result of labour; and, therefore, labour is a common measure, by which their real as well as their relative value may be estimated.”]

Hier gibt Ricardo [corrected from “Destutt”] sehr gut die Gründe an, die zu seiner falschen Doktrin [here followed “der Ricardo”, later struck with lines] führten.

Wenn man nicht das Bedürfnis als den gemeinsamen Mittelpunkt erkennt, liegt das Irrtum mit der Arbeit am nächsten.

P. 172 [Left to L. 25–27, Sr. 286 L. 7–10]
 Carey !
 Kosten der Reproduktion !

P. 173 [Right to L. 1–6, Sr. 287 L. 3–9]
 Bastiat. [cf. F. Bastiat, *Harmonies économiques*, 1850]
 Carey.

P. 198 [General remark starting from top of the page and continuing in the left margin, Sr. 328f.]

Die Rente stellt sich nach Ricardo's Theorie nicht lediglich als eine Relation der Ertragnisse der verschiedenen Grundstücke dar, sondern lässt sich auch sodann bei jedem einzelnen Grunds. [tück] für sich vernehmen. Man braucht nur das letztes Capital, das nur Ersatz und den gewöhnlichen Profit fordert zu ausgleichen mit dem Ertrage der früher angewandten Capitalien und man erhält Verwend. [ungs] ertrag
 (letztes Cap. [ital])

$$x + \text{profit} = x + p$$

vorletztes

$$x + p' \quad x + p + a$$

$$x + p \quad x + p + a + b$$

- P. 213 [To L. 6, Sr. 352 L. 6, pencilnote]
Gold
-
- P. 214 [Pencilnotes on top of the page, apparently refer to the text of L. 2–5, Sr. 353 L. 16–20, “On the same principle, too, namely, by a limitation of its quantity, a debased coin would circulate at the value it should bear, if it were of the legal weight and fineness, and not at the value of the quantity of metal which it actually contained.”]
Hier hält Ric.[ardo] das Gesetz als Ursprung des Wertes für möglich.
-
- P. 228 [Note at the left margin, maybe concerned with the underlined text of L. 9, 13, Sr. 376 L. 9, 10f., “the quantity of labour which they can purchase” and “silver is only a superfluity”]
nicht in seiner Eigenschaft als Geld
-
- P. 232 [Note on top of the page, but located with a reference mark at L. 8, Sr. 382 L. 8, “Diminish the cost of production of hats”]
Diminish! Dies kann aber nur erfolgen, wenn solche Productionselemente aufgefunden werden (durch neue Productionsmethod) welche eben in grosser Menge vorhanden sind.
-

P. 234 [Note on the left margin, apparently referring to the discussion on the role of demand in the determination of bread price, Sr. 385]

?

Brod [? "Brot" or "Bread"] ist allerdings ein Gut [,] das man bei niedrigeren Preisen nur in weniger grösserer Quantität konsumiert. Dieser Unterschied ist indess nur ein gradueller. Es wird doch mehr konsumiert.

P. 236 [To the underlined sentence of L. 23–25, Sr. 388 L. 6–8, "but I am convinced that the substitution of machinery for human labour is often very injurious to the interests of the class of labourers."]

Sismondi [cf. J. C. L. Simonde de Sismondi, *Nouveaux Principes d'Economie Politique*, 1819]

P. 237 [Note at the upper right margin, apparently relating to the difference between "gross produce" and "net produce", L. 3f., Sr. 389 L. 3]

Amortisation des fixen Capitals?

P. 238 [To the second paragraph, in particular to the underlined text of L. 7f., Sr. 390 L. 24f., "the discovery and use of machinery may be attended with a diminution of gross produce"]

widerspricht der Erfahrung

[Apparently to the text of L. 33, Sr. 391 L. 19, "food and clothing"]

necessaries

- P. 239 [Faded pencilnote below the text, but located with a reference mark at the underlined second paragraph, Sr. 392 L. 9–12, “3rdly, That the opinion entertained by the labouring class, that the employment of machinery is frequently detrimental to their interests, is not founded on prejudice and error, but is conformable to the correct principles of political economy.”]
- dagegen Senior; of the causes affecting wages p. 12ff.
- [Senior’s article of such title couldn’t be found. But, p. 162ff. of *An Outline of the Science of Political Economy*, 1836 are concerned with the same problem.]
-
- P. 243 [Note at the lower right margin, apparently referring to the underlined expression, “rent to be a clear gain, and a new creation of riches”, L. 20f., Sr. 398 L. 21f.]
- Vom Standpunkt der Privatwirtschaft ist rent : a clear gain
- Vom Standpunkt der Geldwirtschaft, wo alles in Geld ausgetauscht und darnach die Grösse des Reichtums bestimmt wird [,] ist Rent : a new creation of riches oder vielmehr a creature [,] das Wert hat
-
- P. 244 [Between L. 41 and L. 42, apparently the translation of the “quality” in L. 42, Sr. 400 L. 24]
- Eigentümlichkeit
-
- P. 245 [Note referring apparently to the Malthus citation of

L. 9–12, Sr. 401 L. 6–9, “One hundred and fifty quarters of corn at 3 l. 10 s. per quarter, would yield a larger rent to the landlord than 100 quarters at 4 l., provided the cost of production were in both cases the same.”]

?

Wenn ZB die cost of prod.[uction] per quarter 3 l. 8 s. sind? [Under such assumption, not the first case, but the latter yields the larger rent.]

[Note on the right margin, referring to the second and the third paragraphs, Sr. 401]

Die Tatsache, dass eine Rente in der Wirtschaft vorhanden ist [,] erklärt Malthus daher, dass das auf den Boden verwandte Capital (nicht selten) ein surplus über alle Kosten (Profit inbegriffen) gibt [,] Ricardo geht etwas tiefer. Doch sehe ich hier keinen Gegensatz [.]

P. 246

[Note at upper left margin, referring to the partly underlined text of L. 7–10, Sr. 402 L. 23–26, “he appears to me to state it as a general principle, true under all circumstances, that rent will rise with the increased fertility of the land, and will fall with its diminished fertility”]

Malthus hat den einzelnen Fall im Auge. Ricardo das universelle Gesetz. Daher der scheinbare Widerspruch

[Note at lower left margin, referring apparently to the sentences, “The price of corn will naturally rise with the difficulty of producing the last portion of

it, and the value of the whole quantity produced on a particular farm will be increased, although its quantity be diminished." L. 34–37, Sr. 403 L. 22–25, and "rent, must rise with the diminished fertility of the land, unless it is counteracted by a great reduction of capital, population, and demand.", L. 41–43, Sr. 404 L. 2–4]

Um so mehr aber wird die Rente steigen [,]
wenn ceteris paribus der Boden der individu-
ellen Farm an Fruchtbarkeit zunimmt.

- P. 249 [To the underlined sentence of L. 32–35, Sr. 409 L. 12–16, "In America population increases rapidly because food can be produced at a cheap price, and not because an abundant supply has been previously provided."]
ad Malthus's Gesetz
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INDEX

- (P. 567–84) [To the detailed index of McCulloch edition, Menger wrote not only lines and marks, but also several additions.]
- P. 569 [Addition under the head of "Capital", referring apparently to the sentence of L. 43–45 in the mentioned page, Sr. 279 L. 4–7, "Capital is that part of the wealth of a country which is employed with a view to future production, and may be increased in the same manner as wealth."]
168 Definition
- P. 571 [Addition under the head of "Demand and Supply",

referring apparently to the underlined text of mentioned page, "the demand for any particular manufactured commodity is subject, not only to the wants, but to the tastes and caprice of the purchasers.", L. 7-9, Sr. 263 L. 8-10]

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P. 573 [Addition with a new head, referring to the pages of Chap. XIX "On Sudden Changes in the Channels of Trade", Sr. 263ff.]

Krisen vide pag 159ff

P. 579 [Addition under the head of "Rent", apparently referring to the underlined text of mentioned page, "rent : I always consider it as a result of a particular monopoly, never really regulating prices, but rather as the effect of it." L. 13f., Sr. 284 L. 2-4]

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P. 584 [Addition with a new head, concerning with the distinction between wealth and value in P. 168, Sr. 277-79]

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