

## Classic Study of Classical Economics

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Students, often very distinguished ones, of the discipline of economic theory have often been seen to break their heads upon a proper understanding of what may be called classical economics. J Schumpeter and J M Keynes toyed with the question, but could not provide a satisfactory answer. It may be argued with some justification that the classical political economy represented a system of economic theory which looks, 'beneath the veil of market phenomena, for the human relations that emerge in the process of production and exchange in a capitalist society.' If this very definition is accepted, it follows that the classical system is much deeper in insight, and more far-reaching in its implications than the neoclassical or neo-neo-classical economics that remain dominant till today. Yet the classical political economy has been discussed by mature minds and refined continuously.

It should be recognized that to the dominant body of classical thinkers, labour was the source of value, and hence they formed the labour theory of value. This theory of course underwent various changes along with the passage of time, as well as with the corresponding changes in the capitalist society. The course of these changes is emotionally exciting and intellectually stimulating. It may be true that the fact of global recession and the consequent erosion of faith in the invincibility and capability of the market have provided the space for a rekindling of interest in the labour theory of value. But at the same time, it should be emphasized that this theory at least in the forms it evolved before Marx did not consciously represent a socialist doctrine. What stands out is the enquirers' search for the social relations, and to place the subject of economic theory on this footing.

Be whatever it might, it cannot be gainsaid that the labour theory has a rich history, knowledge of which is essential for any student of economic thought.

Considered in this perspective, the publication of an Indian edition of Ronald Meek's celebrated \*book, 'Studies in the Labour Theory of Value' must be a matter of revelry. First published by the Monthly Review Press in 1956, the book acquired a familiarity in the sixties and the seventies of the last century. The book halts at every port of call of the long tradition of economic thought, but it is not a chronicle, nor a summing up. The author has a rich analytical mind, and has a standpoint. But he is aware of the problems of interpreting and establishing his standpoint, and hence carefully examines the history of long opposition to the labour theory of value. This may be illustrated with one or two citations.

"Numerous critics, it may appear, have assailed the theory from every conceivable angle and refuted it a dozen times from each of them, but 'official Marxism' continues to uphold it in its original form. It sticks to it so dogmatically, we are often told, simply because it serves to 'demonstrate the exploitation of the working class under Capitalism'.

....No one will deny, of course, that many of the basic propositions of Marxism have often been denied dogmatically by Marxists in the past and that 'vulgar

Marxism ' is to some extent still with us today... No one will deny, of course, that some of the popular appeal of the labour theory still lies(as it did in the days of the Ricardian socialists) in the political and ethical implications which are sometimes read into it. But this is not at all to imply that the view I have just been describing is a correct one... this view is based on a complete misunderstanding of the role of labour theory in the Marxian system as a whole."

The author, however, does not confine himself to a defense of the Marxist position. For example, when he goes to study Ricardo's presentation of the labour theory of value, he points out that Ricardo was concerned with a problem of his time, that of justifying the proposition that it was profit, not rent that was the exclusive vehicle of accumulation. Ricardo, when amending labour theory of value, probably thought that he was correcting the logical inconsistencies of his great classical predecessor, but what he was in fact doing was to correct the 'real inconsistencies which emerge between an old theory and new facts'. The author, however, carefully notes the methodological similarity between Smith and Ricardo. In the early chapters of the 'Wealth of Nations', for example, we find a deliberate attempt to work upwards from 'simple conceptions, such a labour, division of labour, demand, exchange value, towards the living aggregate.'.He has also carefully traced the development of Ricardo's theory of value, Ricardo developed a labour theory of value, but found that it was too shaky to fit in with his theory of distribution. He then began the search for an invariable measure of value, which can be described as his concern for absolute value. Ricardo's ideas developed through a protracted process of debates and disputes. Professor Meek has provided a fascinating description of the debates which should interest a serious reader to learn more on the subject.

Professor Meek has then turned to Marx's theory of value. What is remarkable about his treatment of the subject is that he has introduced the subject in the broader context of the intellectual current of the post-Ricardian period of economic analysis. As Professor Meek has elegantly pointed out, Ricardo's labour theory of value came under severe attack, and Ricardo and his disciples were somewhat responsible for it. First of all, Ricardo could not provide a clear presentation of his theory in case of commodities produced with different capital-labour ratios; the contradiction was seized upon by the critics to pour scorn on the labour theory itself. The second was that the labour theory was taken to be associated with an ethical and political viewpoint, and the then radical writers used it to argue that labour was the creator of all wealth. It was left for Marx to make the labour theory of value stand on its own feet by removing its contradictions. Now there is a pertinent question : was labour theory a starting point in the Marxist conception of political economy and history? Professor Meek suggests an answer that is worth noting. "Indeed, if we limit ourselves to that early period in which he developed and gradually coordinated the leading ideas which were to serve him as a basis for his future work, his adoption of the labour theory of value appears rather as a condensation, a summing up of his main conclusions, than as a starting point". Professor Meek also shows how the investigation into the impact of the relations of production on the forms of consumption, distribution and exchange was reduced, in Marx's scheme of things, to the task of showing the operation of the law of value with the

development of commodity production. Here the author correctly emphasizes one particular point, namely that the replacement of simple commodity production by capitalist commodity production implied that the relation between exchange ratios and embodied labour ratios would become different and much more complex. Professor Meek then proceeds to trace the development and refinement of the labour theory of value in Marx's hands and presents a graphic picture of this process as demonstrated in the successive volumes of Capital. He has been careful to observe that the treatment of the transformation problem, one major innovation made by Marx in course of his attempt to crack the Ricardian riddle was left incomplete, and it was left for some later Marxists, most importantly Bortkiewicz, to give it fuller shape.

In the last three chapters, Professor Meek has presented his carefully considered opinion on a number of subjects including the general character of the utility theory. He has correctly observed that the utility theory was the generalized expression of a new approach, the essence of which was to abstract from the social relations of production. He has noted the problems associated with the existence and application of the theory of value under modern capitalism and also under socialism. He has quoted Stalin, but the point, not adequately understood, is to change the relations that make it difficult to dispense with the operation. When one considers monopoly capitalism it is necessary to substantially modify the original presentations, but the basic philosophical underpinning remains more or less the same. The final chapter, containing as it does an attempted elucidation of Marx's economic method, is immensely useful, even to the relatively uninitiated. An adequate review of this brilliant work, is both time and space consuming. But yet it can be suggested that although the study of the discipline of economics has recently concentrated more on subjects that have banished the theme of relations of production from its area of investigation, the thousands who teach economics in colleges and universities will not lose if they encourage their students to study Meek's book. This book should find a place in all the college and university libraries of the country.□□□