THE CLASSICAL SCHOOL OF ECONOMIC THOUGHT

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Abstract

Classical economics asserts that markets function best without any government interference. It was developed in the late 18th and early 19th century by Adam Smith, David Ricardo, Thomas Malthus, John Stuart Mill and Jean-Baptiste Say. The following paper is an attempt at explaining the laws lay down by *The Trinity of the Classical School*, Smith, Ricardo and Malthus. Adam Smith's staunch belief of minimum state intervention, Ricardo's theory of differential rent and Malthus's theory of demographic transition are just a few examples of the exemplary role this school has played in forming a base to modern economic thought. The history of the classical school of economic thought throws light on economic laws and theories accepted in that era.

A classical economist would say that the economy is self-correcting and responds so rapidly that there can't be a recession. However, they would not have said the same thing during the stagflation of the 1970s. Similarly, the crucial problem for all these theories is that labour markets and the associated institutions operate mainly at the national level, making it essentially impossible for labour markets in many different countries to move together, except as the result of macroeconomic influences operating at an international level. Sharp tests of economic theories are rare and hard to find, particularly in macroeconomics. Any examination of particular episodes in economic history necessarily involves counterfactuals, and these provide room for endless dispute. Hence, it can be deduced that in order to understand and implement such theories in the modern world, we must first clearly understand them and analyze the reasons and situations in which they were formed.

Keywords: Adam Smith, David Ricardo, Thomas Malthus, Karl Marx's Crticism of the Classical School

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INTRODUCTION

The Classical School of economics was developed about 1750 and lasted as the mainstream of economic thought until the late 1800's. Adam Smith's *Wealth of Nations*, published in 1776 can be used as the formal beginning of Classical Economics but it actually it evolved over a period of time and was influenced by Mercantilist doctrines, Physiocracy, the Enlightenment,[1] Classical Liberalism and the early stages of the industrial revolution. Adam Smith [1723-1790] is recognized as the originator of Classical Economics. John Stuart Mill [1806-1873] is often regarded as the synthesizer of the school.[2]

Classical economics as the predominant school of mainstream economics ends with the "Marginalist Revolution" and the rise of Neoclassical Economics in the late 1800's. In the 1870's, William Stanley Jevons' and Carl Menger's concept of marginal utility and Léon Walras' general equilibrium theory provided the foundations. Henry Sidgwick, F.Y. Edgeworth, Vilfredo Pareto and Alfred Marshall provided the tools for Neo-classical economics. Neoclassical economics is an extension of Classical economics but, the focus of the questions changed as well as the tools of analysis. In spite of the dominance of Neoclassical thought, Classical Economics has persisted and influences modern economics, particularly the "New Classical Economics." The belief in the efficacy of a "free market" is central to both classical and neoclassical ideology.[3]

While Adam Smith would be regarded as the originator and leader of the school, David Ricardo [1772-1823] should be credited with establishing the form and methods of the school. The debates between Thomas Malthus [1766-1834] and David Ricardo about policy issues such as the "Corn Laws" and the "Poor Laws" contributed to the focus and form of the school. Smith was concerned about the nature of economic growth. Malthus, Ricardo and other classical economists were concerned about the question of "distribution."[4] One important debate among classical economists was whether there was or wasn't a "surplus" or "glut." Jean Baptiste Say [1767-1832] and Malthus were the two major protagonists in the question about the existence of a surplus and its effects on a market economy.[5]

MAJOR CONTRIBUTORS TO THE CLASSICAL SCHOOL

Major contributors to the Classical School include:

a) Adam Smith [1723-1790, founder] *Theory Of Moral Sentiments* (1759), *Wealth Of Nations* (1776)

b) David Ricardo [1772-1823], *On The Principles Of Political Economy And Taxation* (1817)

[1] A philosophical movement which dominated the world of ideas in Europe in the 18th century.
[2] Reynolds, R. Larry, *Classical School of Economics: An Outline.*
[3] Hollander, Samuel, *Classical Economics*, Basil Blackwell (1987)
[4] Spiegal, Henry William, *The Growth of Economic Thought*, Duke University Press (1992) pp: 221-394
[5] Blaug, Mark, *The New Palgrave Dictionary of Economics: Classical Economics*, pp: 434-445.

c) Thomas Malthus [1766-1834], *An Essay On The Principle Of Population* (1789), *Principles of Political Economy* (1820), *The Measure of Value* (1823), *Definitions in Political Economy* (1827)

d) James Mill [1773-1836], *Elements Of Political Economy*(1821)

e) Jean-Baptiste Say [1767-1832], *Traite D'economie Politque* (1803, English 1821)

f) Nassau William Senior [1790-1864], *An Outline Of The Science Of Political Economy* (1836)

g) Karl Marx [1818-1883], *The Communist Manefesto* (1848*), Grundriss Der Kritik Politishen Okonomie* (1859) *Das Kapital* (1867)

h) John Stuart Mill [1806-1873, son of James Mill], *Principles Of Political Economy* (1848)[6]

THE TRINITY OF THE CLASSICAL SCHOOL OF ECONOMICS

Adam Smith, Robert Malthus and David Ricardo formed the Trinity of the Classical School of Economics.

ADAM SMITH

Adam Smith believed in a balance between social order and natural order. He is considered the father of economic science as well as of modern liberalism. He advocated Wagner's Law of Increasing State Activities, which says that as the state functions increase, government has to spend more. Also, taxation should be based on a person's ability to pay. His economic ideas include labour, distribution, wages, etc.

Labour

Labour is an important factor of production. It determines the wealth of nations. "The annual labour of every nation is the fund which originally supplies it with all the convenience of life which it annually consumes and which consists always either in the immediate product of that labour, or in what is purchased with the produce, from other nations."

According to Smith, labour supplies the required comforts and necessities of life. It produces what is being consumed by the people. The export of the produce facilitates the income. He is in agreement with Physiocrates. He says that land is the productive sector, and he attached importance to nature in economic activity. He emphasises on the quality of labour which is justifies by saying that it is dependent on the quantity of labour, and finally, the difference in the quality of labour in different nations can be understood by the nation's wealth.

Division of Labour

[6] Bhatia, H. L., *History of Economic Thought,* Fourth Revised Edition (2007), Vikas Publishing House Pvt. Ltd.

Division of labour can be defined as a sort of social corporation which created a natural combination of economic efforts designed to produce national dividend.

"Division of labour is not the benevolence of the butcher, brewer or baker that we expect our dinner, but from their regard to their own interests." Society is bounded together by mutual exchanges which are motivated by self-interest and division of labour.

Some benefits of division of labour include: greater efficiency, increased rate of production, when work is divided to your suiting; you tend to invent machineries of your specialization.

Some disadvantages of division of labour include: miscommunication due to distance between labourers, their incapability to adapt to new professions in times of crises, mental stagnation, etc.

Controversies surrounding division of labour: labour can be changed, but capital i given; capital is the main foundation of the building of a nation's wealth; and he could not accommodate the interrelation between labour and capital.

An important limit to his theory of division of labour is market extent. Factors like density of population; transport facilities; capital accumulation; exchange facilities (money value economy), etc played a role in determining market extent.

Importance of capital

Adam Smith said that "capital is the essential foundation of national wealth/national dividend". J. S. Mill also did not believe that industry is limited by capital. Industry is dependent on the availability of capital. If there is more capital in every nation, it will increase the rate of industrialization. Capital can be employed in processing crude product, in manufacturing and preparing crude product for immediate consumption, in transporting the manufactured product to the wholesaler, and finally transporting the finished product from the retailer to the consumer.

Agriculture

Agriculture was regarded highly in terms of economic activity, according to Smith. He has faith in Targot Quesnay's (a medical doctor, who from the philosophical point of view, remained in favour of natural law in order to demonstrate his biological analogy) table of circulation and introduced to it, the interdependence between different economic activities.

Origin of Money

He says that, to some extent, man works like a merchant. Money is required for trade. During the barter economy, commodities were sold for commodities. This gave rise to problems such as irregularities and inconsistencies in the value of the commodities exchanged. This gave the need for a standard medium of exchange. In order to facilitate trade, "money" as a concept originated spontaneously. However, issues regarding the fineness, weight, etc of the coins came about, which was a real concern to the state authorities.

Smith was against the bullion approach of mercantilists. He believed that the factor on which the volume of circulation of money was based was the internal economic activity level (macroeconomic factors such as GDP, inflation, real and expected growth rate, etc).

He also says that import of goods should not be curbed as there is nothing to fear when there is export of money. If you restrict trade from a particular country, that country will retaliate and reciprocate.

Theory of Value

Adam Smith says that if any commodity ahs its maximum value in use, then its value in exchange will be scarce (Water-Diamond Paradox).

In the Labour Theory of Value, he says that the real price of a commodity is the toil and trouble of acquiring it. It is the amount of labour engaged in its process of production that commands its exchange value. The only limit of this theory is that the only factor of production it takes into consideration is labour. The Cost of Production Theory of Value looks into the cost incurred in hiring land, labour and capital.

Theory of Distribution

Adam Smith defined rent as the part of the produce that is raised by the farmers of the cultivators who have worked on the land, but it goes to the landowners. As the distance to the market increases, the rent decreases and vice versa. Another factor that contributes to rent is the fertility of land. The distance from the market can be neutralised with better infrastructure and facilities. The relationship between rent and price was not known by him. When there is an increase in the economic progress, the nominal and the real rent increase.

Wages are based on bargaining and contract [issue of combinations of masters and workmen]. Wages fund argument and the amount necessary to bring up a family and more workers. Profits are subject to variations. Wages and profits are inversely related. For Smith, profits include interest, reduced capital stock increases profit, increased capital stock reduces profit, and profits equalize across industries.

He believed in minimum state intervention.

Some problems of state intervention are:

a. Individuals may know more about their own preferences than the government.
b. Government planning may increase risk by pointing everyone in the same direction-governments may make bigger mistakes than markets.[7]

[7] Meier, M. Gerard and Rauch, E. James, *Leading Issues in Economic Development*, 7th ed. (2000) Oxford University Press, pp-431.

c. Government planning may be more rigid and inflexible than private decision-making since complex decision-making machinery may be involved in the government.
d. Governments may be incapable of administering detailed plans.
e. Government controls may prevent private sector individual initiatives if there are many bureaucratic obstacles.
f. Organizations and individuals require incentives to work, innovate, control costs, and allocate efficiently and the discipline and rewards of the market cannot easily be replicated within public enterprises and organisations.
g. Different levels and parts of government may be poorly coordinated in the absence of the equilibrating signals provided by the market, particularly where groups or regions with different interests are involved.
h. Markets place constraints on what can be achieved by government, for example, resale of commodities on black markets and activities in the informal sector can disrupt rationing or other non-linear pricing or taxation schemes. This is the general problem of ‘incentive compatibility’.
i. Controls create resource-using activities to influence those controls through lobbying and corruption- often called rent-seeking or directly unproductive activities.
j. Planning may be manipulated by privileged and powerful groups which act in their own interests and further, planning creates groups with a vested interest in planning, for example, bureaucrats or industrialists who obtain protected positions.
k. Governments may be dominated by narrow interest groups interested in their own welfare and sometimes actively hostile to large sections of the population. Planning may intensify their power.[8]

DAVID RICARDO (1772-1823)

In England, the thirty years from the passing of the Corn Laws (1816) to their repeal (1846) can be defined, in terms of economic theory, as ‘the Age of Ricardo’. It was at the beginning of this period that David Ricardo proposed his own economic theory; and whether the economists of the period exalted, discussed, misrepresented, or criticized the Ricardian approach, it is a fact that all the English economic research of those years was involved with it. The controversies were at least as strong as the political implications of the theories in question and the violent class conflict to which they referred.

Ricardo was the son of a Jewish immigrant stockbroker who moved from Spain to Netherlands to Britain. He entered business as a broker at age of 14, married a Quaker at the age of 21, and his family disowned him. With the support of his friends, he entered the market on his own and within 10 years amassed a fortune [one estimate was 2,000,000 pounds]. His rule was that the market over reacted to most events. He anonymously gave wealth and maintained two almshouses. He studied math and science, encouraged his study of economics by reading Smith’s Wealth of Nations in 1799.

[8] Stern, Nicholas, *The Economics of Development*, Economic Journal (September 1989), pp-616.

Ricardo retired in 1814, aged 42. He used abstract, deductive, theoretical reasoning, [an economists' economist] to create an analytic approach to economics. His premises led to conclusions. The three basic premises used by him were: (1) Rent Theory; (2) Malthus' Population Theory; and (3) Wages Fund Thesis.

Ricardo and his followers, the Ricardian socialists, have placed the accent on the 'quantity of labour' with which the goods are produced or which is commanded by them.[9]

Ricardo's Policy Work in the Parliament [elected in Pocket borough in Ireland]: Independent, conscientious, respected often argued and voted against his own interests, sided with reformers in political matters: (1) Abolish flogging, for secret ballot, extend suffrage, free speech, reduce capital offenses, for civil liberties (2) In monetary matters, Ricardo espoused a narrow quantity theory of money, free trade.[10]

Theory of Value

He follows Smith in value in use and value in exchange, but he focuses on value in exchange. Utility is not a measure of value, it is a necessary but not a sufficient condition, it assumes utility. There are two types of goods (1) Those which derive value from scarcity, for example: a rare painting (2) Those which derive it from the quantity of labour required to obtain them. These relative values depend on the quantities of labour required, and profits and wages (rates) are equalized in all industries. There is equality of labour. Capital can be assumed to be stored up labour. There may be differences in the durability of capital that allow value changes like values, wealth, riches or welfare. *"It is true that the man in possession of a scarce commodity is richer, if by means of it he can command more of the necessaries and enjoyments of human life: but as the general stock out of which each man's riches are drawn, is diminished in quantity, by all that any individual takes from it, other men's shares must necessarily be reduced in proportion as this favoured individual is able to appropriate a greater quantity to himself."*

Theory of Rent

In 1815, at the climax of the debate on Corn Laws, Ricardo published a pamphlet in which he used the theory of differential rent- a theory that seems to have been formulated independently by Malthus, Edward West and Robert Torrens.

This theory can best be understood with the help of a simple example. Assume you have an area of cultivable land, let's say 1acre. You use this land for the cultivation and tillage of corn and corn only. The wages for labour must also be considered. That one acre of land is divided into four parts on the basis of their fertility, A, B, C, and D, in decreasing order of fertility. Let us assume that the quantities of both, the seeds and the labour, are fixed. If we begin from a situation in which only A is required to be cultivated, the production of corn will be g(A).

[9] Screpanti, Ernesto and Zamagni, Stefano, *An Outline of the History of Economic Thought*, 2nd ed., Oxford University Press, 2006, p. 75

[10] <https://en.wikipedia.org/wiki/Schools_of_economic_thought>

Now, if we need to increase production, we must cultivate B, then C, and so on. Let us assume that on the least fertile area of land, D, there is no rent. The capitalist working on plot D will undoubtedly, make lesser profits than the one working on the other three more fertile plots. In conclusion, we can deduce that this theory aims to say: more fertile the land, higher the rent, and hence, higher the profits.

The Differential Theory of Rents: (1) Land of different qualities (productivity), (2) Labour is homogeneous (3) As population increases, the price of corn rises, bringing marginal land into production. (4) Rent accrues to the best land, no rent on the marginal land.

Ricardo also says that rent is the result, not the cause of value.

Theory of Distribution

Distribution is related to the theory of value. What principles determine the shares of Labour, Capital and Land? We must correlate the values of products with the incomes of producers. Profits depend on high or low wages, wages on the price of necessaries, and the price of necessaries chiefly on the price of food. He said that distribution is the desire, which every capitalist has of diverting his funds from a less to a more profitable employment that prevents the market price of commodities from continuing for any length of time either much above, or much below their natural price. "*The natural price of labour, therefore, depends on the price of food, necessaries, and conveniences required for the support of the labourer and his family. With a rise in the price of food and necessaries, the natural price of labour will rise; with the fall in their price, the natural price of labour will fall*." His view was that with a population pressing against the means of subsistence, the only remedies were either a reduction of people, or more rapid accumulation of capital.

"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; for the supply of labourers will continue to increase at the same rate, whilst the demand for them will increase at a slower rate." "The natural tendency of profits is then to fall; for in the progress of society and wealth, the additional quantity of food required is obtained by the sacrifice of more and more labour. This tendency, this gravitation as it were of profits, is happily checked ate repeated intervals by the improvements in machinery, connected with the production of necessaries, as well as by deliveries in the science of agriculture which enable us to relinquish a portion of labour before required, and therefore to lower the price of the prime necessary of the labourer."

In the long run, wages at subsistence, the rate of profits fall, rents rise. When the rate of profit is zero, there is not inducement for further capital accumulation. Welcome the arrival of the stationary state.

There are some critics of the Ricardian thesis who say that as society progresses, there must be an increase in the share of national income received by landlords as rent, while the profit share declines. This prognosis is qualified by the argument that there are limits to the use of land, and hence, to the growth of the rent share. These limits are provided by "the ordinary rate of profit" in some circumstances, and by "the ordinary rate of wages" in others. The demand for land will always be limited by the net productivity gain which accrues from its use. It is only where profit rates and wages remain relatively low for long periods, that there will be a marked progression towards the use of increasingly less fertile soils of low yield.[11]

THOMAS MALTHUS (1766-1834)

Thomas Malthus was the son of a lawyer. He studied at Cambridge; was a curate in the Church of England. He married at the age of 40. David Ricardo was a close friend of his and an opponent in policy issues. He was the first professor of Economics at Haileybury College (owned by the East India Company). He was interested in demography (undermining the doctrine of human perfectibility) and economics, particularly distribution. His theories were popular until the 1830's and had lasting influences on social and economic thought. He influenced Charles Darwin, Ricardo, and many others. He opposed Poor Laws, and was in favour of Corn Laws.[12]

Theory of Population

Malthus' population theory became an integral part of classical economics. It is a mixture of moral judgment and Positive Economics. The inciting themes of his theory include: 1) Reasons for economic inequality; 2) Role of self interest, laissez-faire rather than benevolence in human affairs; 3) The nature of the future and progress; and 4) Relation between religion with a benevolent God and existence of widespread poverty.

He provided an insight for Charles Darwin that led to his theory of evolution and *survival of the fittest*. He gave three propositions: 1) Population cannot increase without food; 2) Population invariably increases if food is available, *passion between the sexes* is a given; and 3) The superior power of population cannot be checked without producing misery or vice..

Food production increases arithmetically, limited by land and diminishing returns whereas population increases geometrically. The increase in population is due to: 1) Function of age at marriage; 2) Natural sexual instinct; 3) People never considered contraception or abortion. Population could be limited by keeping preventative checks, marrying later in life, abstinence, moral restraint, abortion, contraception. "Irregular connections" are preventative measures, but labelled as vice. Positive checks like disease, pestilence, famine, wars, etc also kept a check and control on the population growth.[13]

Population and Wages

If we increase wages above subsistence due to the increase in population, wages fall. If we decrease wages below subsistence due to decrease in population, wages rise. Wages at

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[11] Gordon, B. J. W. E. Hearn, *Rent: An Early Item*, Australian Eco. Papers, June 1967, pp. 103-112

[12] <https://en.wikipedia.org/wiki/Classical_economics>

[13] <http://www.economicsonline.co.uk/Economic_schools.html>

subsistence in the long run is a variant of Ferdinand Lasalle's (1825-1864) *Iron law of Wages.* The result is a stationary state at subsistence.

In subsequent revisions of the *Essay on Population*, Malthus concedes that a normal feature of economic development is "industrialization" which raises the standard of living of even the poor. Malthus' population theory is not testable; if a population is not starving, it means that preventative checks have been implemented.

Malthus' Economics

His 1814 publication (Observations on the Effects of the Corn Laws) was one of the first to suggest the use of calculus in economic analysis. However, he complained that Ricardo was "too abstract." Malthus was an agrarian. He felt that agriculture was morally superior to commerce, which according to him, was exploitative. As agrarians opposed importation of corn into Britain, he argued for the Corn Laws [tariffs on imports of corn and bounties on production]. Cheap corn would encourage excessive population growth. For the same reasons, he opposed the Poor Laws.

Malthusian theory of "Gluts"

There are two ways to spend income, (1) acquisition of goods for consumption; (2) accumulate capital (it follows that savings=investment). Malthus disagrees with Say's law. Land owners hire menial servants and capitalists hire productive or industrial workers. As a result, total production rises, total income of workers is constant (there is a shift from unproductive to productive employment), the capitalists' demand for consumer goods is down, and the result is general glut. In 1818-19, there was a general depression in Britain where agricultural prices dropped, labour became militant [Manchester, Peterloo Massacre]. It was a concern of revolutionary danger. *"The interests of no other class in the state is so nearly and necessarily connected with its wealth, prosperity and power as the interests of the landowner."* There was imbalance in the circulation of money and commodities. There were more goods than workers at subsistence could consume. Ultimate cause of gluts was excessive profits, increased capital, improved technology, and subsistence wages. The conclusions were: (1) if you increase wages, you increase population and wages fall to subsistence; (2) if you increase income share to capitalists, they save and invest, result is more goods; and (3) if you increase share of landowners, they build bigger estates and hire more servants.

The Demographer in Malthus

As a guide to demographic trends in his own society during the first three decades of the nineteenth century, Malthus has been criticized for paying insufficient attention to the quantitative evidence that was available to him, and for misinterpreting it when he did. His account on the effects on marriage and birth rates of the old Poor Law, the incompleteness of his system of checks as a model for affecting fertility, notably with respect to age-structure and sex-composition and his assignment of the causes of population growth have all been subject to attacks of this kind.

Some critics have taken the matter further by suggesting that Malthus was guilty of a less venial crime, that of confusing moral and scientific categories, of allowing the former to influence his understanding the latter, and of propounding a theory that was inherently untestable by virtue of its deductive, even tautological features.[14]

CRITICAL ANALYSIS OF THE CLASSICAL SCHOOL AND ITS MODERN DAY APPLICATIONS

Sharp tests of economic theories are rare and hard to find, particularly in macroeconomics. Any examination of particular episodes in economic history necessarily involves counterfactuals, and these provide room for endless dispute. As an obvious example, assessing the impact of the Obama Administration's 2009 stimulus requires an estimate of how things would have gone without the stimulus, and that is obviously hard to do.[15]

To understand the Classical School better, let us apply it in the modern context and implement the theories laid down by the classical thinks in current economic problems across the world.

What would a classical economist do in a recession?

A classical economist would say that the economy is self-correcting and responds so rapidly that there can't be a recession (i.e. falling output for two quarters). However, they would not have said the same thing during the stagflation of the 1970s.[16]

There is, although, one way in which the current Great Recession/Lesser Depression provides a sharp test of a critical proposition in economics. All forms of classical economics involve, in one form or another, the claim that the causes of unemployment are to be found in labour markets, and not in macroeconomic variables such as the level of aggregate demand. That's equally true of the Say's Law version of classical economics criticized by Keynes.

The crucial problem for all these theories is that labour markets and the associated institutions operate mainly at the national level. Even within the EU, different countries have very different labour markets. So, it is essentially impossible for labour markets in many different countries to move together, except as the result of macroeconomic influences operating at an international level. That means that the occurrence of a sharp and sustained increase in unemployment, taking place in many countries at once, is inconsistent with classical economics.[17]

[14] Winch, Donald, *Malthus*, Oxford University Press, 1997, p.203

[15] <http://johnquiggin.com/2012/04/27/classical-economics-and-recession-in-many-countries-wonkish/>

[16] <www.cliffsnotes.com/study_guide_/classicalschooltoday/>

[17] <http://crookedtimber.org/2012/04/27/classical-economics-and-recession-in-many-countries-wonkish/>

CONCLUSION

"Classical political economy seeks to reduce the various fixed and mutually alien forms of wealth to their inner unity by means of analysis and to strip away the form in which they exist independently alongside one another..."

-Karl Marx

Just when theories of economic harmony were spreading all over the capitalist world, Karl Marx was working on a 'critique of political economy'. The defeat of the workers' movement in 1848 ended a cycle of struggle which had lasted for more than thirty years and had opened a face of bourgeois cultural hegemony and capitalist economic growth previously unknown in Europe. In Marx's estimation, classical political economy constituted a decisive stage in the investigation of the capitalist mode of production; around 1830 this phase begins to draw to a close, a close intimately bound up, for Marx, with the appearance of a new social and political force increasingly conscious of itself, the working class. Marx did not, of course, mean to imply that in a somewhat mystical manner the modern working class 'killed' political economy. Rather he wished to stress that the methodological limitations of classical political economy increasingly paralysed it in the face of this new phenomenon.[18]

There is a close relationship between Marx and the Classical Economists. In fact, he himself never had any difficulty in acknowledging the merits of these great economists, especially Ricardo. By using the term 'classical', he intended to distinguish them from the 'vulgar economists, the apologists of capitalism who worked to produce consensus rather than science'. His definition of 'classical political economy' is simple and rigorous, and coincides with that of Ricardian economics, a theoretical system based on the theory of surplus, the labour theory of value, etc.

Marx considered classical political economy as a theoretical expression of the bourgeoisie in the period when modern the modern capitalist economy was asserting itself.[19]

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[18] <https://www.marxists.org/archive/pilling/works/capital/geoff1.htm>

[19] Screpanto, Ernesti and Zamagni, Stefano, *An Outline of the History of Economic Thought*, 2nd ed., Oxford University Press, 2006, p. 143