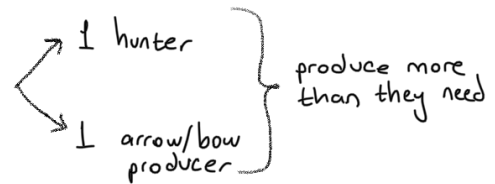# adam smith, david ricardo, karl marx

adam smith

book: the wealth of nations - 1776
- first classical political economist, father of modern economics

I. division of labour

def: different people doing different things

example from his book: society of two people
- 1 hunter
- 1 arrow/bow producer
} produce more than they need

① technical d.o.l.
difference in factory workers activities

② social d.o.l.
difference in society

③ international d.o.l.
difference in countries

II. conditions of division of labour

$\underline{supply}$ + $\underline{demand}$ = possibility of exchange

determined by surplus   determined by
① density of the population   ② transportation   ③ wealth
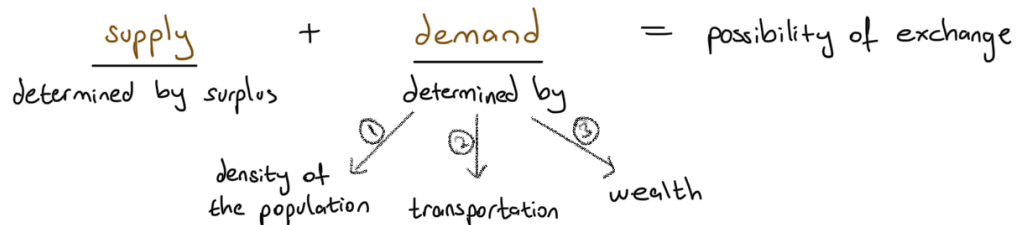
III. consequences of division of labour for individuals

① increase in productivity
→ ① increase in dexterity (el becerisi): skill, ability
→ ② time saving: no time waste for swithing task, just one task
→ ③ innovation + mechanization

② simplification of workers
- they do only one little task, does not mean anything on its own
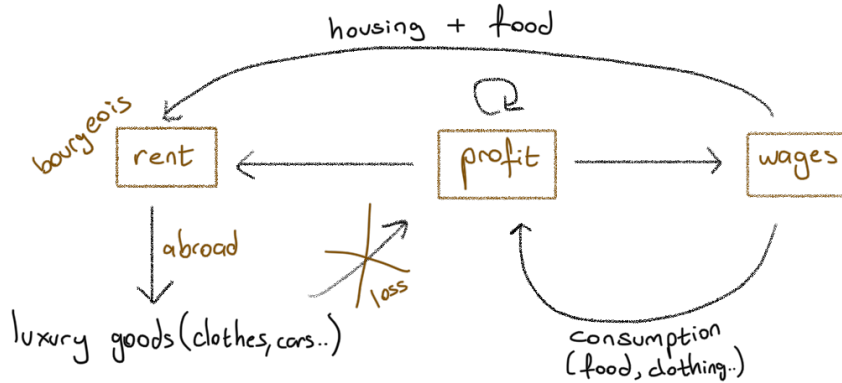- it is like alienation of mark's.

IV. consequences of division of labour for society

① general opulence (eenginlik, ferah) / universal plenty

② rise of interdependence / dependence

③ rise of cooperation

V. division of labour and social classes

housing + food

bourgeois

rent ← profit ↺ → wages

↓ abroad   ✗ loss

luxury goods (clothes, cars..)

consumption (food, clothing..)

david ricardo

book: principles of political economy and taxation — 1817
• improved the class theory of smith

theory of different rent → length to corn laws = if you have corn laws you will not be able get from abroad, continue exploit more non-product lands, rents will increase

• with same capital (semaye), rent must be determined by least productive

A field   B field   C field

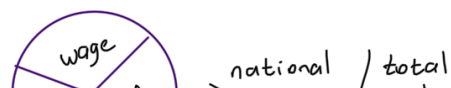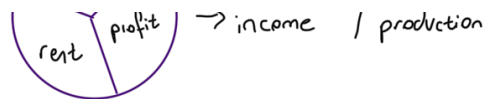most productive land   least productive land

→ rent ←

no rent
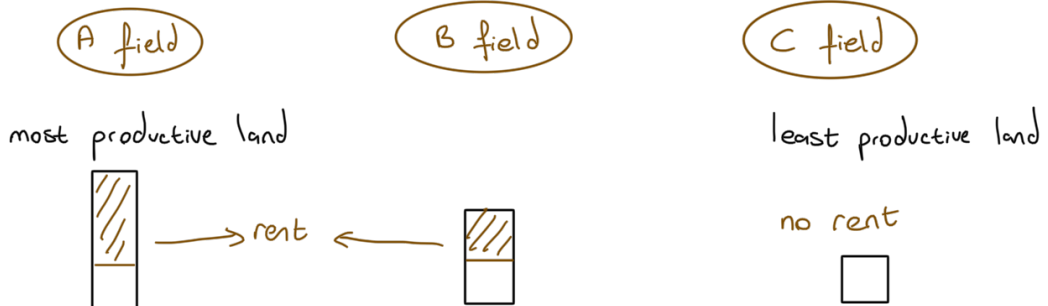
• price and productivity remains same, but need rises
  ↳ new bad fields open, they produce less then C, then others pay rent more

classical political economist

question → distribution of the income between classes → how is it?
                                        the best way of it?

wage   national / total

rent | profit → income / production

① adam smith → class base economic analysis → there are three classes, three functions
→ division of classes increases productivity (being specialized on that field

	landlords	workers/peasents	bourgeois
own →	land	labor force	capital
income →	rent	wages(subsistance)	profit

② david ricardo → developed on smith's theories, furter
↳ wages and profit have antagonist relation
↳ wages are determined first, because people need to live
natural wage = minimum amount necessary for subsistance

actual wages
natural wage
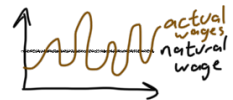
↳ rents have direct impact on wages → through agricultural prices
• corn laws: tariffs on imports of foreign corn/any grain (landlords want to increase
their income
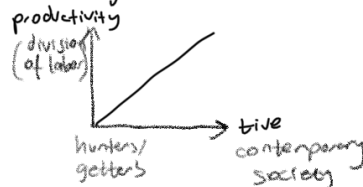→ artificially increases the level of the wages → ends up decrease in profits
increase in rents
same wages

classical political economy → does not have dynamic historical analysis,
↳ for smith
economy is just like =

productivity
(division of labor)

hunters/getters   live contemporary society

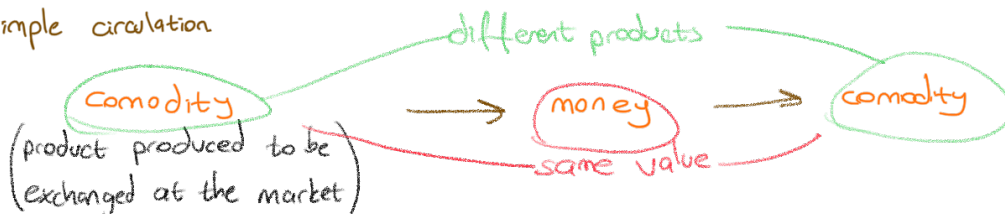linear vision of history

☆ mark thoughts are more complex

karl marx

• 1818 - 1883
book: das kapital (1867)   [the communist manifesto (1848)]

circulations of money
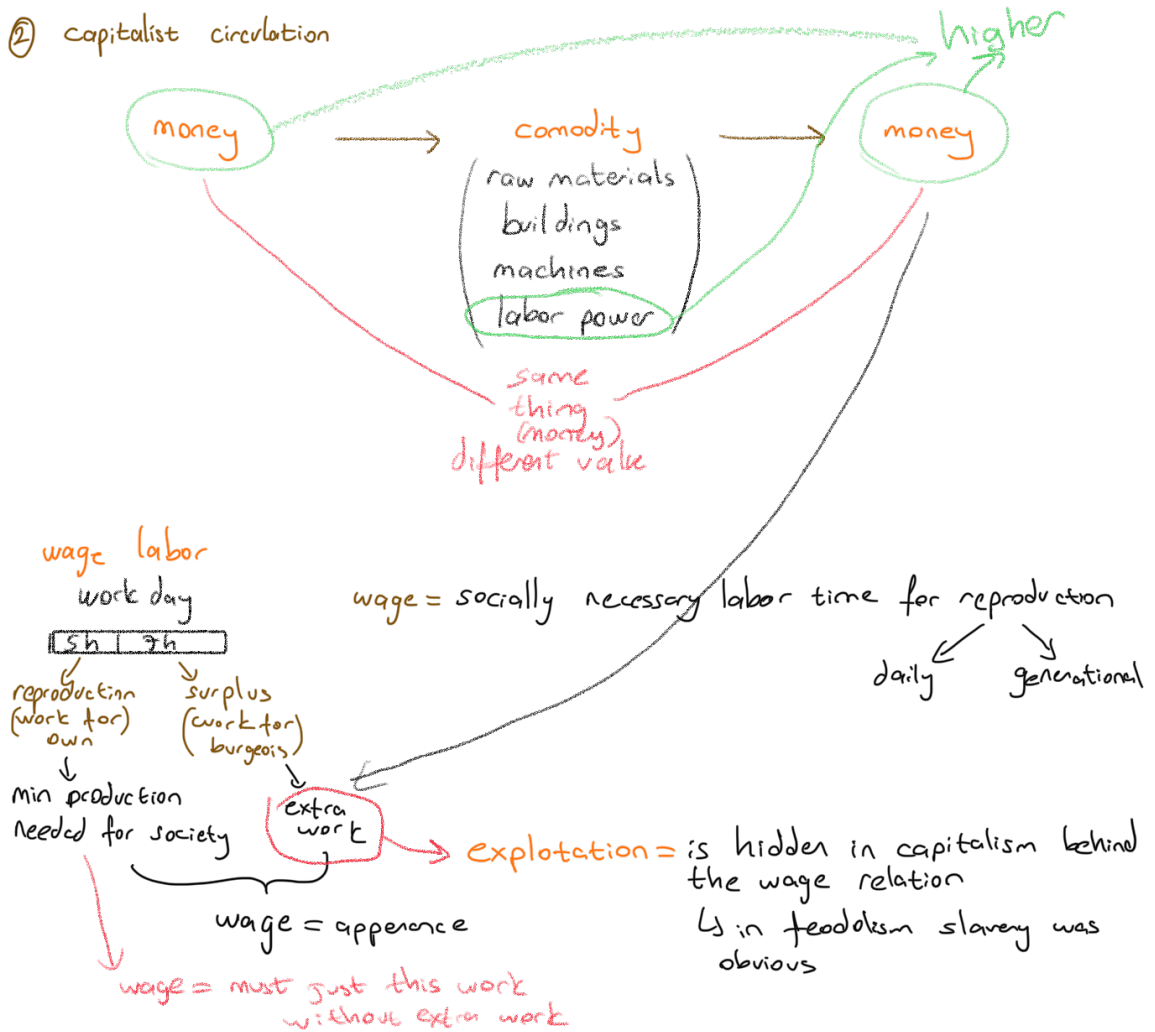two ways of using money

① simple circulation
different products

comodity → money → comodity
(product produced to be)
(exchanged at the market)
same value
☆ if you grow corn
to eat → subsistance

to exchange/sell ⇒ comodity

✳ ⬚labor force⬚ is contemporary society's comodity

② capitalist circulation

money → comodity → money higher
　　　　　raw materials
　　　　　buildings
　　　　　machines
　　　　　labor power

same thing (money)
different value

wage labor
work day
| 5h | 9h |
reproduction   surplus
(work for)   (work for)
own   burgeois

wage = socially necessary labor time for reproduction
daily　　generational

min production
needed for society

extra work

wage = appearance

explotation = is hidden in capitalism behind the wage relation
↳ in feoddism slavery was obvious

wage = must just this work without extra work

③ dynamics of capitalism

↳ workers/proletariat: own nothing/no property, just have offspring/sons
　(işci sınıf)
　　↳ hidden explaitation = extraction of surplus value hidden in wage
　　↳ reserve army of labor = people cannot find job
　　　　↳ migration
　　　　↳ keep wages low — to create competition between workers

↳ capitalists: competition between capitalists
　　↳ necessity of rising explotation (to gain more ⇒ decreasing wages)
　　　　↳ decreasing the time for workers own needs (relative surplus value)
　　　　↳ extending the working hours (absolute surplus)
　　　　　　　　　　　　　　　　　　　　　　　　bigger

⇒ consequence: rise of polarization/gap between classes
                – crises of abondance / over production

final crises of capitalism

smith: optimictic, trickle down, general apulence/universal plenty

ricardo: pessimistic

marx: pessimistic at first, because of final crises
        then optimictic with the rise of communism

Capitalism

private ownersip

motive for production: profit

classes: bourgeois & wage
                workers

socialism

state/public ownership
(but there is still private ownership)

motive: human needs
↳ rewarded how much you work

classes: ∅

ex: USSR

       social democracy ≠

       wallfare capitalism ≠

Communism

social ownership

no state

motive: human needs
↳ rewarded according to your needs

classes: ∅