

Guide for grading of student papers, History of Economic Thought, Winter 2011-12, Re-exam 25-27 February 2012, 48-hours take home paper

A top-level paper should contain:

Smith's theory of value is based on the common character of commodities: that they are produced by labour. Labour is a numeraire, it determines the terms of the exchange, it determines the costs of production. It gives the power to command over the fruits of others' labour. Smith's supply theory is based on the long-term costs of production with no role for demand.

The individual components of the value of a product are discussed: wages, profits, rent. The natural price versus the market price, where the latter is accidental.

The more consistent labour theory of value in Ricardo is presented and discussed: the amount of labour bestowed on the production of a commodity, not the amount of labour that the commodity exchanges for. Labour is an invariable standard. The role of skilled labour only counts as a multiple of simple labour. It is discussed how Ricardo regards this as a minor empirical problem.

The role of gold production and the corn standard in Ricardo's empirical explanation of his labour value theory is discussed. Ricardo's analysis of capital and machinery as labour saving is presented, where the value of capital is reduced to past labour. The role of wages as subsistence wages, and capital as a wages fund. The returns to capital is analysed as a problem of distribution.

Wages and profits determine value, while rent is a deduction. The amount of labour bestowed and the returns to labour are not identical. It is then explained, how Marx' theory of labour value is based on Ricardo, and how it is different. The difference is in his theory of surplus value.

Marx' theory about the dual character of the commodity form, and of the dual character of labour. The concept of socially necessary labour is presented and discussed, and Marx' emphasis on the social aspects of these forms are explained incl. of a discussion of the fetish character of a commodity.

The difference between absolute and relative surplus value, and the passive role of machinery as constant capital is presented.

Finally, Marx' theory about the exploitation of labour is presented, discussed, and compared to the other classical economists' theory of rent and of the exploitation of land.