

# Class Analysis in the Classical Political Economy

An alternative view of contemporary global challenges

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New Economic Questions

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- 1 Introduction
- 2 The rise of the surplus approach
- 3 Physiocrats
- 4 *Adam Smith and David Ricardo\**
- 5 Karl Marx
- 6 Marginalist Revolution
- 7 Cambridge Keynesian Tradition
- 8 Concluding Remarks

Several global issues:

- Rising inequality
- Lack of good jobs
- Climate change
- Populism and democracy

Aims:

- To explain the rise and evolution of the class analysis
- To discuss the relevance of class analysis as an alternative to approach barriers to economic development

## Sir William Petty

- English political economist (1623-1687)
- *Treatise of Taxes and Contributions* (1662)
- The First statement of Surplus approach (Aspromourgos 1995)
- **Physical** surplus of necessities is a condition for the social division of labour (Vaggi & Groenewegen 2003).
- Social division of labor:
  - ***Producers-of necessities***, export goods and luxury goods.
  - Governors, professionals and traders.

- Main exponents: **Francois Quesnay** and Richard Cantillon
- *Circular Flow*
- Tableau Economique: Landowner, productive class, and sterile class.
- Surplus comes from **agricultural sector**

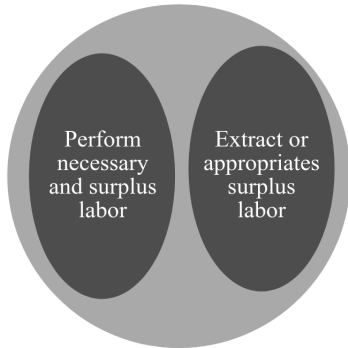
- Smith generalizes Quesnay view: not only agricultural, but also other sectors produce surplus.
- *Division – of – labor* → *Specialization* → ↑ *Productivity* → ↑ *Output*
- Class defined in relation to the form of income received: Capitalists (Profits), Workers (Wages), Landowners (Rents)
- Ricardian theory of rent. Embodied labor theory of value.

- Marx develops a social theory whereas class analysis represents an *entry-point* (Stephen Resnick and Richard Wolff 1987).
- His theory of social classes is more complex than thought.
- He proposes a completely different understanding of the origin of Surplus: Social Relation

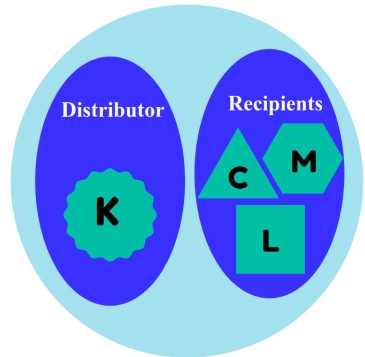
Necessary Labor

Surplus Labor

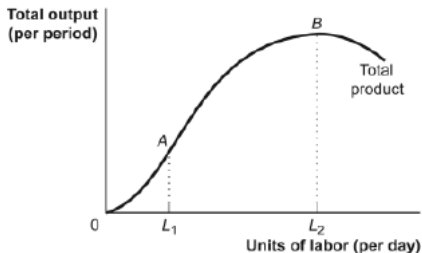
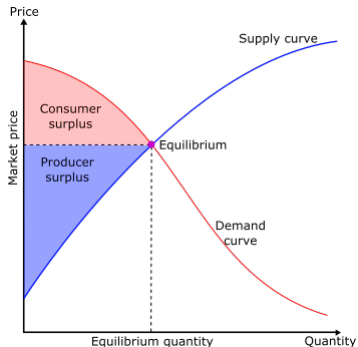
## Fundamental Class Process:

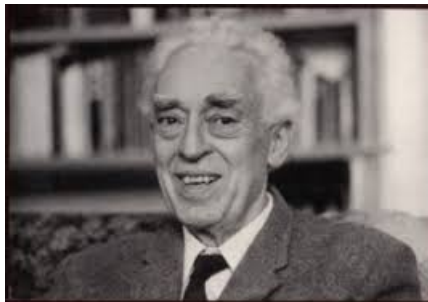
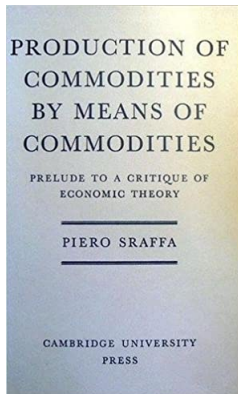


## Subsumed Class Process:









- Classical Political Economy as a source of inspiration.
- Surplus Approach as an unconcluded project.
- The necessity of a comprehensive Class analysis framework as a tool to approach development issues.

# Thanks!