

From Classical Political Economics to Neoclassical (Mainstream) Economics: The Ideological Reproduction and Depoliticization Process of Economics

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Klasik Politik İktisattan Neoklasik (Ana Akım) İktisada: İktisadın İdeolojik Yeniden Üretimi ve Depolitizasyon Süreci

Abstract

The first school of thought that allowed economics to be treated as a separate discipline was classical economics, known as classical political economy. Classical economics is described as the science of distribution. However, the extent to which science prioritises distributional dynamics is debatable. On the other hand, after the marginalist revolution in the 1870s, the birth of neoclassical economics led to the separation of economics from social sciences. Pure economic logic has separated the economy from society, politics, and all kinds of social factors and put it into positive sciences that operate with an autonomous mechanism within itself. In this way, it is thought that it is aimed to exclude the secrets that can question the structural depth and distribution dynamics of the capitalist system. In all these contexts, the ideological-based reproduction and depoliticisation process of classical and neoclassical economics will be discussed within a historical materialist framework. Thus, it is thought that it will be possible to reveal the theoretical and ideological realities behind the visible faces of classical economics, characterised as classical political economy and neoclassical economics, known as mainstream economics.

Keywords : Classical Political Economy, Neoclassical Economics, Capitalism, Marginalism, Distribution.

JEL Classification Codes : B1, B12, B13.

Öz

İktisadın ayrı bir disiplin olarak ele alınmasını sağlayan ilk düşünce okulu klasik politik ekonomi olarak bilinen klasik iktisattır. Klasik iktisat bölüşümün bilimi olarak tanımlanır. Ancak bilimin bölüşümsel dinamiklere ne ölçüde öncelik verdiği tartışmalı bir konu olduğu düşünülmektedir. Öte yandan 1870'lerdeki marjinalist devrimin ardından neoklasik iktisadın doğuşu, iktisadın sosyal bilimlerden kopuşuna yol açmıştır. Saf ekonomik mantık, ekonomiyi toplumdaki siyasetten ve her türlü toplumsal faktörden ayırarak kendi içinde özerk bir mekanizmayla çalışan pozitif bilimlerin içine yerleştirmiştir. Böylelikle kapitalist sistemin yapısal derinliğini ve dağılım dinamiklerini sorgulayabilecek sınırların dışlanması amaçlanmıştır. Tüm bu bağlamlarda klasik ve neoklasik iktisadın ideolojik temelli yeniden üretim ve depolitizasyon süreci tarihsel materyalist bir çerçevede ele alınacaktır. Böylelikle, klasik ekonomi politik olarak nitelendirilen klasik iktisadın ve ana akım iktisat olarak bilinen neoklasik iktisadın görünen yüzlerinin ardındaki kuramsal ve ideolojik gerçekliklerin açığa çıkarılmasının mümkün olabileceği düşünülmektedir.

Anahtar Sözcükler : Klasik Politik Ekonomi, Neoklasik İktisat, Kapitalizm, Marjinalizm, Bölüşüm.

1. Introduction

Since its emergence, economic thought has been constantly evolving, transforming, and developing as a requirement of dialectics. The power of thought reflects the power of the social classes (dominant classes) represented by the thought on the ideological plan. It is thought that reflecting the power and interests of the dominant classes on the ideological plan determines the power of economic thought.

Although the birth of economics as a systematic discipline was based in the 18th century, the history of economics reaches a much earlier point. In the era dominated by Ancient Greece and Rome, economics made some progress in law, politics, history, and philosophy and attracted the attention of thinkers related to state administration. The rise of trade in the modern era has partially developed economic thought. However, the economic views put forward until the 18th century remained incomplete, limited, and passive ideas that could not be separated from the content of other sciences, far from concrete reality.

Scottish ethics professor Adam Smith's book, *The Wealth of Nations*, published in 1776, realised the acceptance of economics as a science. The source of ideas that constitute the theoretical framework of the book Economics is based on liberalism and natural order philosophy. Classical economists, such as Smith and later David Ricardo, coined the term political economy instead of economics. They used the idiom in their works to investigate normative issues with social extensions, such as the source of wealth accumulation or the distribution among the classes participating in the production process. However, the views of classical economics on distribution seem open to debate. It can be argued that classical political economy also creates some assumptions that answer how capitalism would consolidate its place as a system. The most prominent assumptions are economic liberalism, the natural order, and the invisible hand. It is thought that the assumptions take the form of an attack on the individual's freedom, let alone ensure individual freedom. In addition, the fact that man is a social being is denied. In this context, the problem of whether classical political economy is the science of distribution may become apparent.

The marginalist revolution in the 1870s gave birth to neoclassical economic thought (mainstream economics), giving it momentum. With the birth of neoclassical economics, economics has entered into a qualitative and quantitative trajectory change. Thus, economics has started to develop from a science that stems from analysing historical processes and whose laws consist of a process of temporal and spatial tendencies to a science with definite and universal laws. In addition, economics has been completely freed from concepts such as class and distribution and has turned into a bourgeois science that strengthens the capitalist system with some ideological presuppositions. Economic thought acted following the requirements rather than the facts. The pure economic logic initiated by the marginalists has separated the economy from society, politics, and all kinds of social factors and introduced it into positive sciences that operate with an autonomous mechanism within itself. By neglecting human behaviour's history, complexity, and dialectic dimension, an individual type called *homoeconomicus*, claimed to be universal and always rational, has been formed.

The concept, which corresponds to a supra-historical universal human being, further strengthened the sharp dichotomy between economics and politics.

The study aims to scrutinise the theoretical approaches of classical and neoclassical economics and to carry the existing hypothetical knowledge about these two economic schools to a different level with a unique method. The fundamental question in this context is: *How genuine was the claim of economics about distribution, or could it protect this claim?* Since it is thought that this claim cannot be protected in the study context, it can be argued that economics is reproduced in the axis of the historical process on the ideological and depolitical ground that hides the distribution issue. In this regard, the study is based on evaluating the ideological-based reproduction and depoliticisation process of economics in the context of classical and neoclassical economic thought. The schools of thought in question have been chronologically assessed in the context of the problem from a modern, contemporary, and rationalist point of view. It is thought that the study may be helpful in simultaneously evaluating both the evolution of economic thought and the events that are the subject of economic history and revealing the background of the evolution in thought. The failure to achieve the predicted social and economic results on the foundations of mainstream economics shows that there are black holes that need explanation in the assumptions on which the theories are based and in theoretical analysis. It is foreseen that the study can contribute to the literature in the context of illuminating these black holes.

2. Foundations of The Birth of Economics as A Systematic Discipline

It is accepted that the foundations of the emergence of economics as a systematic discipline began with Adam Smith's 1776 book, *The Wealth of Nations*. However, the beginning of economic life is traced back to the existence of human beings and their struggle for survival. It is known that the great thinkers who lived in the first age had various views on economic life (Aktan, 2021: 96). These include Xenophon (430-354 BC), Plato (427-437 BC), and Aristotle (384-322 BC), who lived during the Ancient Greek era. In addition, there are some names such as Thomas Aquinas (1226-1274), Nicole Oresme (1320-1382), one of the leading thinkers of the Scholastic age, and Ibn-i Khaldun (1332-1406), and Ghazali (1058-1111) who lived in the Islamic geography (Landreth & Colander, 2002: 27).

On the one hand, Geographical Discoveries made the world begin to be recognised; on the other hand, critical scientific revolutions that emerged after the Renaissance and Reformation (such as astronomical physics under the leadership of Copernicus, Galileo, and Newton) took place. In addition, the concept of the free individual, whose mature form would be characterised by Enlightenment thought, emerged in philosophy. The modern period laid the groundwork for the emergence of economics as a separate discipline. In the words of Immanuel Kant (1724-1804), the Enlightenment was the beginning of one's use of reason. In other words, it is using one's mind in thinking and evaluation (Schmidt, 1992: 77). The guides were the religion, tradition, and customs present in the earlier tradition of thinking. In this new culture-oriented tradition, influencing and illuminating life with the

knowledge gained has been the fundamental principle beyond just knowing in the theoretical plan.

All these developments formed the basis of the collapse of the feudal order. Self-sufficient closed agricultural economies have begun to dissolve in this process, and the framework of the economy has expanded. Inter-regional relations increased, national languages were born with the combination of regional languages and Latin, and national states replaced feudal states¹. At this point, the bourgeoisie, which rose as a class with its changing position in the balance of power, transformed its reactive liberalism as a manipulation tool that would provide legitimacy for new naturalness. All these developments formed the dawn of classical political economy (Screpanti & Zamagni, 2005: 44).

3. Classical Political Economy as A Genealogy of Classical Liberalism: From the Philosophy of Enlightenment to The Natural Order

With the publication of *The Wealth of Nations* in 1776 by Adam Smith, who is described as the first academic economist, it is accepted that economics was born as a separate discipline (Roll, 1952: 148). Adam Smith is a name that is considered not only the founding father of political economy or the starting point of the history of economic thought but also the founder of a system that sought to combine virtue, morality, political economy, and law in a harmonious integrity (Formaini, 2002: 3-4). In this respect, discussing political economy within Smith's thought framework is essential. In this way, the political economy context of the Scottish Enlightenment in the late 18th century is made understandable, and its reflections in the 19th and 20th centuries can be observed². Adam Smith's book undoubtedly heralded the historical end of mercantilism and, in a way, became the Bible of market-oriented economists (Waterman, 2002). As a guide, *The Wealth of Nations* presented the reader with the philosophy, politics, and economic world through Smith's intelligent,

¹ *The main feature of this struggle was the freedom of movement of the newly developing bourgeoisie, especially the merchants. In Europe at that time, there were statelets, not states. At the head of each statelet was a prince or king. In addition, there was a church authority to which the prince and king were subordinate. Churches were also affiliated with the Papacy. In such a structure, the merchant, who was in trouble selling goods, was limited by the taxes imposed by the king. However, the king was also limited by the tax he had to pay the church. Churches had to pay taxes to the pope. This division of authority led to a remarkable transformation in Europe. The first started with the freedom struggle against the church, and the second was against the kings. Liberalism, as used here, was the freedom movement. Therefore, liberalism in Western societies meant the liberation of society from feudal lord authorities such as princes and kings or religious authorities such as the church and pope.*

² *Perhaps the most critical historical element that affected the age in which Adam Smith lived was the period called the Enlightenment, which roughly spanned the period between 1688 and 1800, and the ideas developed by the thinkers of this period, which were constructed in the exact opposite direction of the ideas of the Middle Ages. The ideas included demolishing all beliefs, dogmas, traditions, and principles that lead people to immaturity and placing people and the human mind at the centre instead. For this reason, there was the destruction of the past and the establishment of a set of ontological, epistemic, and ethical principles. New principles showed themselves in understanding rationalism, scientism, progressivism, and liberalism (Cevizci, 2009: 10-36).*

sceptical, optimistic eyes. The Industrial and French Revolutions had just exploded³. Also, as mentioned in the previous section, the liberation of mind and thought, which has accumulated and developed since the Renaissance and the Age of Enlightenment, created liberalism, capitalism's central ideology. Newton is also a scientist who significantly influenced the development of economics in terms of his influence on the history of economic thought. Newtonian physics has a special place in the emergence of economics (Birner, 2002). Newtonian physics expresses the existence of an order that operates spontaneously outside of human will in nature. In this sense, Smith, on the axis of classical economic liberal ideas, dealt with Newton's understanding of nature in a legal system and described society as a community of individuals pursuing their interests in the context of an economic order operating with the laws of supply and demand, in this context, he introduced the concepts of the invisible hand and homoeconomicus (Kaya, 2019: 84-95).

In those years, the concept of *political economy*, which has a very close connection with ethics and philosophy, was used, not economics as it is today. Adam Smith taught moral philosophy at Glasgow University, where he graduated in those years. All political economy writers of that period, such as Adam Smith, David Hume, Jean Baptiste Say, John Stuart Mill, and Thomas Malthus, considered economics a branch of philosophy (metaphysics, axiology, ethics, etc.) (Samuelson, 1978). The definition of political economy by Gamble et al. is thought to be illuminating for the study:

"Political economy has many different meanings and is not just a single point of view; it is a field of research. It deals with the issue of how political and economic systems work. The starting point is that social orders and the institutions that compose them must be analysed analytically as complex wholes rather than separate parts to understand the interrelationships between economic and political aspects and, second, to understand the broader political and economic framework of a given institution" (Gamble et al., 2000: 2).

Political economy is about the interaction of political and economic processes in a society; it refers to the distribution of power and wealth among different groups and

³ *The classical political economy developed and flourished while trying to discover and understand the social and political consequences of the radical economic and political transformations that occurred first with the spread of markets and then with the French and Industrial Revolutions. Since the political economy developed during commercial and industrial capitalism, the main object of investigation is the mass production brought by trade and industry and the distribution problems of this mass production between classes. It is not difficult to seek answers to relevant questions within the framework of political economy, which has a wide area of investigation, such as the role of trade and industry in increasing production, consumption, distribution, class, law, institutions, and human nature. Because political economy is directly the outcome of this process. The expansion of factories and the resulting division of labour has significantly increased productivity. The acceleration of production and the growth of its scale led to an increase in profits, and as a result, the distribution of wealth and power in society changed. Researching and explaining the interrelationships between the political and economic dynamics of production, reproduction, power and wealth distribution, and social change has become an urgent need to be met. These factors paved the way for the development and flourishing of political economy (Clift, 2019: 21).*

individuals and the processes that create, maintain, and transform these relationships over time (Collinson, 2003: 15). Political economy theories have examined a country's production, consumption, and distribution of goods and services and their management processes. In other words, political economy studies the social system of production. The social system of production is the total of the relations of production between people at every stage of social development.

3.1. The Partial Beginning of the Ontological Sleep of Economics: The Invisible Hand Fallacy

Adam Smith introduced the invisible hand theory in his book *The Wealth of Nations*. Through theory, he claims that the economic activities people will follow while thinking about their interests would create a general economic balance in society. In Adam Smith's philosophy, economic relations were embedded within the comprehensive social theory (Clarke, 1991: 12-15). Smith said, "A butcher or baker you are waiting for dinner is not doing you any favours thinks of his interests", claiming that a person who wants to improve his interests significantly benefits society (Smith, 2016). According to Smith, free markets are governed by the invisible hand that effectively distributes resources. However, to be effective in the market, the invisible hand had to be left alone without any intervention. For this reason, the classical economists' call for laissez-faire also calls for the depoliticisation of production and welfare⁴ (Smith, 1937: 18). According to Smith (1997: 26), the butcher does his job to get satisfied customers, that is, to make money, not out of magnanimity. The baker produces bread, brewer's beer, and candlesticks not to please people but to earn money. If the bread, the beer, and the candle are good, people will buy them. The baker, brewer, and candle maker produce good goods to sell. It is not because they care about serving people delicious bread, quality beer, and proper candles. These are not the driving forces; it is self-interest. Everyone would work for their benefit, and society would get the needed goods. Everyone's self-interest would harmonise the whole without anyone having to think about the whole.

In economic life, everything should be left to the invisible hand. In Smith's distribution theory, there is no room for improving poverty and income distribution injustices by balancing market forces through legislation. In this context, political governments make mistakes when favouring the rich with official charters and monopoly privileges and legislating to protect the poor. In this respect, laws enacted to protect people

⁴ *Some economists believe that Adam Smith developed the concept of the invisible hand from the work "The Fable of the Bees" (1714) by Bernard Mandeville (1670-1733), a Dutch psychiatrist and pamphletist. In the first edition, Mandeville describes how a well-to-do beehive was quickly impoverished and destroyed after it had decided on honesty and returned to a moral society. In the more popular second edition, Mandeville describes a prosperous society where all citizens have renounced their luxuries and disarmament. The result is a depression in which the commercial and housing sectors collapse (Skousen, 2005: 35). Mandeville concludes that private habits such as greed, avarice, and luxury lead to the public benefits of abundant wealth, and once evil is over, society is corrupted if not wholly destroyed. It is clear that, according to Mandeville's notorious paradox, self-interest leads to social benefit (Skousen, 2005: 35).*

experiencing poverty cause more harm than good because they limit labour mobility and slow economic development. Smith believes that natural wages will ensure economic balance and that the market's invisible hand will benefit everyone. Individual decision-makers acting as homo-economicus engage in economic activity for themselves and contribute to others.

In his book *The Theory of Moral Sentiments*, Smith expressed his view that the invisible hand and the invisible hand are the primary mechanism for achieving a fair distribution:

"The rich buy only the best and most beautiful produce. What the rich consume is only slightly more than what the poor consume. However, since the rich are selfish and greedy, they use the labour of thousands of people working under them for the sake of their comfort to satisfy their own futile and inexhaustible desires and divide everything produced between themselves and the poor. The rich distribute everything among people in the same way, thanks to an invisible hand, and without knowing it, and while doing this, they do not aim to progress the society and ensure that all of them are fed while the species multiply" (Smith, 2018: 267-268).

The invisible hand has been considered as the institutional guarantee of social balance. On the other hand, the invisible hand not only made a favourable reference to the increase in national income and the welfare of others through production by individuals but also, by adapting it to the concept of distribution, referred to the spontaneous and fair distribution of scarce resources as a result of everyone following their interests in consumption (Özel, 2009: 47-49).

In the first half of the 19th century, *Smith's The Wealth of Nations* became a destination for many academics and professionals. In Britain in the 19th century, the slogan of laissez-faire, whose main principles were formulated by Smith and glorified as an ideal by classical liberalism, became a state policy. The institutionalisation of the market economy in Britain was possible with three laws (Carlson, 2006: 32-39). The Poor Law Amendment Act of 1834, which made labour a commodity⁵; the Bank Charter Act of 1844 commodified money by establishing the gold standard; the Abolition of the Corn Laws in 1846 introduced the principle of free trade and completed the commodification of land (Sievers, 1968: 319). The final point in politics was Robert Peel's repeal of the Corn Law 1846 (Irwin, 1989: 43-55).

⁵ *The threat of hunger was the central dynamic that motivated people to sell their labour power in the market. Capitalism put people at its centre in every sense: dismantling non-market safeguards and replacing them with the threat of hunger; with markets breaking up social structures to segregate the labour element. In this period, as said in the 1834 Poor Law Amendment Act, just as labour was the source of wealth, poverty was also considered the source of labour (Westra, 2018).*

According to Smith, as long as the market operates with the principle of freedom, a natural or reasonable price would benefit both the seller and the buyer. That is, the beneficial results of the competition will not necessarily be shared unequally among each other, but on the contrary, the competition would bring reciprocal gain (Herzog, 2014: 867). It is thought that the economic game liberals determine in this way would end with the reciprocal enrichment of individuals and countries in the long run. If market liberalisation is to ensure simultaneous reciprocal and correlated enrichment for all European countries, the market must be further expanded and developed to include the whole world. The world will become a European market where European products are exchanged. However, what will the fate of the world's economy be outside Europe? Or will the distribution of resources there be fair? Inquiries on this issue seem to be in the background.

3.2. Overview of the Classical Political Economy Theoreticians and Their Thoughts on Distribution & Karl Marx's Criticisms on This Subject

Adam Smith characterised political economy sometimes as the reason for the Wealth of Nations and sometimes as the branch of science of legislation (Groenewegen, 1969). According to Smith, political economy, when considered as a branch of science related to a politician or legislator, pursues two purposes: The first is to provide abundant income or livelihood to the people, or more accurately, to enable them to provide such income or livelihood for themselves (Smith, 2018: 139). The second is to surround the state or society with an income sufficient for public services. The political economy aims to make the people and the ruler rich (Smith, 2013: 455).

Classical political economy essentially deals with the problem of how it is possible to increase society's wealth. This is the main reason they see the distribution phenomenon as very important. In this context, since the increase in wealth, that is, economic development is possible with capital accumulation, they aimed to explain the distribution of the product obtained in society between classes and the factors affecting this. They also aimed to reveal the resources that make continuous development possible and the factors on which these resources depend. Concepts such as market institution, personal interest, division of labour, and freedom lie at the basis of a country's wealth. In this stage, where the division of labour occurs in society and large-scale production is possible, wealth is created that cannot be compared to previous social stages (Skinner, 1990).

Smith defined political economy as a synthesis of efforts to prevent poverty. At least he saw it as a point of departure for studying nations' wealth and causes. The first two paragraphs of the *Wealth of Nations* point to the causes of wealth and poverty. Although Smith talked about the benefits of a free market economy, liberal economies were caught in the swirl of poverty. People experiencing poverty could not meet their basic needs and suffered from social isolation. At the time of the First Industrial Revolution in Western Europe, many people were forced to live in poverty without social security. When the doctrine identified with the slogan of *laissez-faire* dominated, the social and economic rights and freedoms of a large segment of people were trampled on who were burdened by

industrialisation under the mask of individual interest and freedom. With the Industrial Revolution, the need for labour for the industry increased, and the process of turning labour into a commodity inevitably started and gradually accelerated. People are no longer independent producers. They have almost turned into commodities that earn wages. In this transformation, the state also played an active role in accelerating the process of removing the producer from the means of production and determining the necessary institutional framework for this while fuelling the labour market's competition among the wage earners. The best-known examples are the D'Allarde Law (1791), which liberalised the sale of labour power and abolished guilds, and the Le Chapelier Law (1791), which aimed to promote competition among workers and, therefore, prohibited professional association (Lafferty, 2022: 1-20). Practices in Western Europe, especially in Britain and France, show that workers, in other words, the social class that does not own the means of production, are deprived of social security. These situations result from the distribution of the means of production among people, in other words, the distribution. Although Smith developed some discourses about distribution⁶, he did not seem to say much about the justice of distribution and how it should be distributed equally among different social classes (Baum, 1992; Nimura, 2016). He believed the market would naturally solve this distribution problem among the three social classes of landowners, capitalists, and workers. The core of Smith's

⁶ *The first scientific school that focused on distribution was accepted as the Physiocrats. The Economic Table, created by François Quesnay, one of the leading representatives of physiocracy, shows the distribution of the agricultural products created between classes. Classical economists, also influenced by the Physiocrats, accepted the importance of income distribution and tried to analyse the distribution phenomenon from an economic perspective (Alkin, 1992: 145). Several Physiocrats also influenced Adam Smith. Although Smith was not a physicist, he described Quesnay as the best physicist and the most valuable person one could meet in any country (Skinner, 2003: 100). However, Smith explained that the source of a nation's wealth was production and that the perspectives of physiocracy and mercantilism were therefore insufficient to explain everything (Myers, 1976: 567). Smith took his views on individuals' self-interest from the physiocrats. While the physiocrats stated that individuals would know their interests better than the state and act, accordingly, following the law of nature, they seemed to have based all their views on the economy on personal interest (Morrow, 1927: 330). On the other hand, Smith's ability to make pure economic analyses was partly influenced by A. R. Turgot, one of the leading physiocrats. Turgot explained Smith's arguments on the division of labour in his book *Reflections on the Formation and Distribution of Wealth* (Groenewegen, 1969). The point that the author drew attention to in this context was that he stated that increased productivity with the division of labour, the harmony of the mutual changes in people's needs, and meeting mutual needs kept the society together. In his book, Turgot divided the society into farmers, landowners, and artisans supported by the agricultural sector. In addition to this traditional division, Turgot moved his analysis beyond F. Quesnay by emphasising the role of capital and distinguishing between entrepreneurs, wage labour, and their income (Skinner, 2003: 101). In all these contexts, Smith undoubtedly gained much theoretically from the Physiocrats. The definition of natural order made by Mercier de la Riviere, another important representative of Physiocratic thought, in his book *L'ordre Naturel (Natural Order)*, can be considered as another proof that physiocracy was influenced by the popular thoughts of the period and reflected this influence on Adam Smith. On this subject, Mercier de la Riviere said: "Social order is not the product of a human being; on the contrary, it is an order established by the author of all nature, as in other areas of the physical order" (Cited in Welch, 1984: 200). It was determined that the three unshakable elements that Adam Smith put forward for the economic universe in *The Wealth of Nations* were freedom, competition, and self-interest (Skousen, 2007: 50).*

analysis in his works is based on scholastic and natural law philosophers (Schumpeter, 1972: 155-160).

With David Ricardo, income distribution between social classes came to the fore in more detail (Smith, 2016: xxi). Ricardo continues Smith's principles of political economy and distribution. In what proportion of the value of a well-produced product sold at a specific price will different factors, such as capital or labour, take part in producing this good? In the preface of the work, Ricardo (1817) emphasised that the main problem of political economy was the distribution relations between the workers, capitalists, and landlords, which Smith explained as the basic classes of capitalist society, and he portrayed these relations as a natural phenomenon valid at every stage of history:

“The products of the earth are divided between three classes in society: the owners of the land necessary for the cultivation of the earth, the owners of capital, and the labourers who work the earth with their labour. At different stages of society, the distribution of the total production from the earth, such as rent, profit, and wage, will be different among these three different classes. Rent, profit, and wages depend primarily on the actual productivity of the land, the accumulation of capital and population, and the ingenuity, creativity, and tools used in agriculture. Determining the laws regulating this distribution is the main problem of political economy” (Ricardo, 1997: 23).

Ricardo's starting point is that Smith failed to clarify the relationship between growth and distribution. As the title of his book reveals, Smith researched how to increase general wealth in capitalist society, in other words, how to achieve growth in today's world. Smith investigated the effect of distribution on growth but did not focus on the impact of growth on distribution. Ricardo's starting point is Smith's inability to explain the relationship between growth and distribution. For Ricardo, investigating the relationship between distribution and growth is the primary purpose of political economy. He also stated his research program in this context in the book's preface he wrote above. In other words, examining the distribution dynamically within the growth process is the main problem of the Ricardian political economy. There is no concept of factor of production in Ricardo; the main ideas he focuses on are classes and economic surplus. The shares of each class under the names of rent, profit, and wage differ according to the societies. This class structure consists of workers, capitalists, and landlords. Ricardo spoke of a model of economic thought shaped according to the roles of these classes in the economic process. However, Ricardo also illuminated his model within the framework of ideological assumptions based on the class structure of capitalism. He acted from the idea that there would be no social differences and power relations in an environment where the free market is in question and that the economy guided by the free market is equal and fair (Mihalyi & Szelenyi, 2019: 28-30). Marx included the criticism of political economy for the first time in his *Economic and Philosophical Manuscripts*, which he wrote in 1844 but was published only in 1932:

"Political economy departs from the reality of the private property. This does not explain the truth. It does not understand the laws from which it arrives; it does not show how they follow the nature of private property but assumes what it is supposed to explain. We must now grasp the fundamental relationship between private property, greed, the separation between labour, capital, and land, this whole system of alienation, and the monetary system" (Marx, 1964: 106).

Although Marx criticised the main views of classical political economy in certain respects, there is no doubt that classical political economists, especially Smith and Ricardo, inspired him on fundamental issues⁷. The idea of value, the antagonistic relations between the class view of income distribution and wages and profits, the relationship between alienation and property, and the realities of the existence of state institutions constituted an essential part of Adam Smith's findings, which inspired him during the construction of Marxist economics (Pack, 2013: 523-538). According to Smith, the three elements that make up the price of good are wage, rent, and profit. By showing that the annual labour of society turns into these three elements, he formed the principal basis of his views on income distribution from a macro perspective:

"Just as the price or exchange value of each commodity, taken separately, is converted into one, or the other, or all of these three parts, so the price of all the commodities, which constitute the whole product of the annual labour of each country, necessarily turns into these same three parts, taken altogether. It must be distributed among the various people living in that country, either as the wages of their labour, the profit of their assets, or the rent of their lands" (Smith, 1937: 52).

⁷ *When his work titled Contribution to the Critique of Political Economy is examined, it is seen that Marx tries to explain the phenomenon of distribution through the phenomenon of class. Marx divided the classes into three classes: capital owner, land ownership, and wage labour, and focused more on capitalist circulation, commodity, and money. He found the three-volume work called Capital with a chapter titled Classes, which Marx did not have the opportunity to finish and which started by following Smith and Ricardo's categorisations of classes. In his answer to what determines classes, Marx rejected the approach of income and income sources, which emerged as the first striking factor. Giving examples from various occupational groups and their incomes, Marx argued that the differentiation of income sources would not lead to separate classes and focused on the material conditions of class formation (Öngen, 2002: 18). The concept of class in Marx's analysis is also defined within the framework of social production relations. Classes have existed in every period of history and continue to exist in different forms in the capitalist formation. Explaining production in capitalist organisation as the production of surplus value, Marx argues that the classes in this phase are determined according to their place in the production of surplus value. The essence of surplus value production is that workers cannot own what they produce. Workers have become commodities that can be purchased on the market and are prevented from owning what they produce. In the case of capitalist society, the relationship between wage labour and capital must be taken into account. A relational class approach is fundamental to understanding the functioning of the capitalist system (Bassiry & Jones, 1993: 622). In all these contexts, according to Marx, unlike classical political and economic thinkers, the differentiation of income sources and the classes formed in this context is insufficient to explain the phenomenon of unfair distribution. Concepts such as the antagonistic relationship between labour and capital, exploitation, and surplus value are essential in explaining the phenomenon of unfair distribution.*

However, Smith could not clarify the processes by which land and capital accumulated in the hands of some people. This gap opened a door for Marxist economics to historicise exploitation. The analysis of capitalist dynamics and the internal contradictions of capitalism, which the classical and neoclassical understanding of economics covered up, could not explain, and could not predict, were systematically constructed step by step by Marx in *Capital*. It can be said that both Adam Smith in *The Wealth of Nations* and Marx in *Capital* tried to reveal the basic functioning mechanisms of the capitalist mode of production (Satlıgan et al., 2012: 10). Adam Smith and David Ricardo's labour theory of value has long been a vital theoretical tool in the hands of Marxists to criticise the essence of capitalism based on labour exploitation (Satlıgan et al., 2012: 10-11).

According to Smith, just as every good has a natural and market price, labour bought and sold in the market like a commodity should also have a natural market price. This view also has been criticised by Marx himself and Marxist economists. The antagonistic relationship between labour and capital constitutes the main crux of Marx's theory of value. At this point, classical political economy has failed and has not achieved an authentic and holistic analysis of the capitalist mode of production. To understand the exchange process in the capitalist system, the production process and relations underlying this process must be examined first. In addition, Karl Marx started from the idea that Smith and Ricardo's labour theory of value, which stated that all production belongs to labour, could not explain some facts. The fact that landowners and capitalists take a share of this production means that Marx evaluated labour exploitation as one of the facts that classical economics could not explain or did not want to explain.

Smith's labour theory of value states that the value of a good derives from labour, and therefore, the exchange rates between goods during the exchange will be according to the labour spent on those goods. However, in this case, it will be necessary to reduce the value of all produced goods to labour, ignore the income of capital, land, and entrepreneurs, or accept it as a kind of exploitation income. Smith's approach would later be used harshly, especially by socialist and Marxist economists, and would form the other basis of the criticism of exploitation directed at the liberal economy. The first is to question why and for what reason the capital owner gets a share from production, even though the entire production value belongs to labour. It is claimed that the sales value of a good is divided between wages and profits after inputs are removed, forming the basis of the antagonistic relationship between workers and capitalists who earn these two incomes and that capitalists suppress wages as much as possible to increase their income. Moreover, it should be noted that in such a division, the distinction between workers and capital owners presents the class antagonism that arises due to class polarisation in society to Marxist economists as a given. Ricardo also argued that the value of goods is determined by the amount of labour required for their production, and this formed the basis of Karl Marx's labour theory of value. However, Ricardo could not discover surplus value or separate profit from surplus value. Therefore, according to Marx, Ricardo could not overcome the bourgeois point of view (Savran, 2012: 67). This is the reason for the blindness of classical political economy, despite all its greatness, and Ricardo, one of its most important representatives. This is why Marx

said that classical political economy, with Ricardo, had reached the limits beyond which bourgeois economics could not go (Savran, 2012: 67). The primary purpose of Marxist value theory is to explain the relationship between labour and exploitation in capitalism:

“Value theory allows us to analyse capitalist exploitation in a way that overcomes the fragmentation that arises from the experience of this exploitation. It enables us to understand capitalist exploitation as a contradictory process ravaged by crises subject to constant change. It enables us to understand how the process of exploitation works and the possibility of action that will end it” (Elson, 1979: 171).

The relationship between wage labour and capital determines the entire character of the mode of production. The second thing that notably marks capitalist production is the production of surplus value as the direct aim and determining motive of production. Capital essentially produces capital and can do so only insofar as it produces surplus value (Marx, 1981: 1019-1020). In other words, “The capitalist production process, therefore, appears as a holistic process in which all its elements are related, a process that not only produces commodities, surplus value, but also the capital relationship itself, the relationship between the capitalist on one side and the wage worker on the other.” (Marx, 1976: 764).

In this context, Marxist value theory is not focused only on exchange and distribution, like the labour theory of value in classical political economy, but a theory that sheds light on the class relations underlying a commodity-producing society. The theory of value developed by Marx also reveals that capitalism is only one of the forms of exploitative class society, a historical explanation of the transition from pre-capitalist society to capitalist society, a theory of the concrete functioning of the capitalist economy, and why others explain the functioning of the capitalist economy within an alternative theoretical framework (Milios, 2000: 285-294). In Marx's analysis, income or wealth does not explain distributive inequality. Inequality is presented within the framework of the unequal relationship of two factors of production, labour and capital, in other words, in the context of the conflict between the worker and the bourgeois class. This unequal distribution relationship between capital and labour is related to the production of surplus value and its appropriation.

Classical political economy is fixated on the appearance of economic relations and thus feels good. From Marx's perspective, economic ties and the distribution phenomenon can only be understood by looking at the true nature of capitalist society, that is, social classes (Milios, 2000: 283-302). In Marx's analysis, exploitation is the central process that defines class relations. One class gains an advantage at the expense of another class. Classical political economy is far from explaining this issue. To explain the phenomenon of distribution and get to the foundations of the phenomenon, Marx, following the tradition of classical political economy, conducted a comprehensive and robust analysis of social classes and the conflicts between these classes. The most fundamental element that distinguishes Marxist class analysis from other class analyses is the mechanism of exploitation, and an

exploitation-centred class analysis offers theoretically powerful tools for examining many issues in contemporary capitalist society (Wright, 2005: 1-26).

3.3. Is Classical Economics Genuinely the Science of Distribution in All Aspects? Discussion Over a Misconception

The issue of distribution is a crucial issue for the economy. Why are some people rich while others are poor, and is that fair? According to the approach of classical economics, economics mainly tended to explain long-term capital accumulation, production, and the distribution of production among social classes (Hollis & Nell, 1975: 19). However, although classical economics focused on distribution, did it focus on the distributional dynamics formed by the inequality structure of the capitalist system? Did they dwell on the unequal distribution? Or have they accepted this situation as inherent in the capitalist system? In the theories of classical economists such as Smith and Ricardo, the concepts of labour-value and labour-time were highlighted as the only factor that creates value. However, how the capitalist could claim the product of labour and own the profits alone could not be demonstrated sociologically satisfactorily. Moreover, while the capitalist class was getting more prosperous step by step, the income differences between them and the labourers increased, and the balance of political power changed in favour of the capitalists in this process. However, there was no satisfactory answer to all these issues.

Smith and Ricardo were also aware that there was a distribution problem in the market, that there were different classes, and that the social product was not shared equally. However, they have not been able to demonstrate that the source of this is surplus value (capitalist exploitation); in other words, the phenomenon of exploitation lies based on the unequal relationship between labour and capital. That is why, despite all their good thoughts and intentions, they have not been able to take a determined stance against economic inequalities and offer a permanent solution. In a sense, Marx carried out the analysis of the capitalist mode of production by starting from the point where classical political economy stopped due to its internal limits and took the theoretical approach of this school to its logical conclusion and expanded it (Savran, 2022: 75). According to Marx the theoretical framework of classical economics is valid (labour theory of value, struggle for distribution between classes). However, some of the conclusions reached within this theoretical framework are wrong. Marx attempted to correct these mistakes by criticising them (Savran, 2022: 75). The fundamental problem of political economy is the formation of the value of goods and the distribution of the social product between classes. However, political economy, which investigates the determination of value and distribution categories of profit, rent, and wage, treats them as given without thinking at all about the nature of these categories themselves:

“(Classical political) economists have a bizarre method. For them, there are only two types of institutions: artificial institutions and natural institutions. The institutions of feudalism are artificial; those of the bourgeoisie are natural institutions. In this respect, they are like theologians who recognise two types:

For them, all religions other than their own are a fabrication of men, but their religion is a commandment of God. In other words, history has existed, but it no longer exists. Our view is fundamentally different from that of economists, who, because they are trapped in the capitalist system, can see how production is produced within capitalist relations but cannot understand how this relation is produced and simultaneously creates the material conditions for its dissolution. Unlike them, we have seen both how capital produces and how it is produced" (Marx, 1978: 115; Savran, 2022: 78-80).

According to Marx, political economy is related to bourgeois ideology. Despite all its scientific and political economy, it cannot reach the essential social relations of capitalist society because it is confined within the boundaries of bourgeois ideology, and it tries to understand the world from the point of view of this ideology. In Marx's words, "Classical political economy approaches the real nature of the problems by bumping left and right in the dark, but it can never express this quality in a conscious formula. He can't do this as long as he remains in his bourgeois skin (Cited in Savran, 2022: 84-85).

It is impossible not to point out that Marx's ideas are in a dialectical relationship with the works of the economists before him (especially Smith and Ricardo). However, while classical political economy analysed the capitalist society, it accepted the categories valid in this society (value, price, profit, wage, rent) as data and never questioned them. The reason for this is that political economists treat the categories of capitalist society as natural forms, not as social forms belonging to a historically determined, temporary mode of production. Thus, these forms become general, unchanging, and universally valid forms. Therefore, the question of under what historical conditions they will emerge and exist is necessarily excluded from the field of research (Savran, 2022: 93). In Engels' words, where classical political economists saw a solution and positivity, Marx himself saw nothing but a problem (Savran, 2022: 93). According to Marx, "political economy has analysed value and its magnitude, albeit inadequately, and discovered what lies beneath these forms. However, he has never asked the question of why labour is represented in value and labour time in the size of the value of the product, in other words, the emergence of surplus value, and more importantly, the question into whose pockets the surplus value goes" (Savran, 2022: 101-102). However, despite everything, according to Marx, Smith, and Ricardo, especially Ricardo was interpreted as the last representative of political economy:

"Ricardo, the last great representative of classical political economy, naively mistook the contradiction of class interests, wage and profit, profit and rent, for a social law of nature, and finally made this contradiction the starting point of his research. Nevertheless, with this contribution, bourgeois economic science had reached limits beyond which it could not go" (Marx, 1954: 85).

The text above is the preface written by Sungur Savran for the Turkish translation of the masterpiece of David Ricardo, one of the two great geniuses of classical political economy, along with Adam Smith, *Political Economy and Principles of Taxation*, first

published in 1997. According to Marx, Ricardo is the most outstanding representative of classical political economy and the last great representative. After Ricardo, the science of economics gradually separated from the horizon and depth of classical political economy. It turned first to an approach that Marx called *vulgar economics* and then to neoclassical economics, which can be considered a formalised, systematised version of this approach, drowned in mathematical models. Marx also emphasised that vulgar economics was consciously constructed as a field that sought to provide plausible explanations for the most glaring phenomena in the daily practices of the bourgeoisie (Kurz, 2022: 18).

4. Neoclassical Economics and Its Methodological Framework in The Context of The Atomization of Social Theory and The Rejection of Political Economy

By the 1870s, many economists thought that classical economics was outdated. William Stanley Jevons described the state of economics as a complete mess in 1879 (Jevons, 1879: 40). Economics overcame this with the Marginalist revolution. The marginalist revolution will be the architect of the closing of an era by heavily criticising the Smithian political economy. While building the foundations of neoclassical economics, it opened the doors of a radical transformation that would take place in economics. The transition from the 18th century to the 19th century saw the development of more modern theories in physics instead of Newtonian physics (Zafirovski, 1999: 45). This caused the name of science to be changed from *Political Economy*, which evokes social science, to *Economics*, which is similar to natural sciences⁸. The name economics instead of political economy started with the publication of Alfred Marshall's book *Principles of Economics* in 1890⁹ (Groenewegen, 1991).

While the basic assumption of classical political economy is based on the historical process of capital accumulation in the capitalist economy and the associated distribution of industrial production between classes, neoclassical economics mainly focuses on static equilibrium analysis (Peters et al., 2002). In neoclassical economics, the focus is now on the

⁸ *Economics, commonly called Political Economy in the 17th century and especially in the 18th century, was considered a sub-branch of moral philosophy at that time. In the late 17th century and especially in the 18th century, the title of the work of almost every writer or thinker who wrote a book or article on economics or economic activities was not Economics but Political Economy. We know that many thinkers such as Thomas Malthus (Principles of Political Economy Considered with a View to their practical application, 1798), David Ricardo (Principles of Political Economy and Taxation), Jean Baptiste Say (Principles of Political Economy and Taxation), John Stuart Mill (The Principles of Political Economy, 1848) named their books Political Economy (Hutchison, 1988). Political Economy, which was considered a moral science, later parted ways with metaphysics and had a divorce.*

⁹ *Marshall adopted the word economics instead of political economy. We encounter the phrase economics in Alfred Marshall's book The Economics of Industry, which he wrote with his wife in 1879. While noting that Marshall's economics is a science, he especially underlines the word political: "Political interests usually mean the interests of only one part or parts of the nation. Therefore, we can leave the political economy and talk simply about economic science, or simply economics" (Marshall & Marshall, 1879: 2). As it was very clearly stated on the first page of the first chapter of Alfred Marshall's famous work, the subject of economics is the welfare of individuals or groups of individuals (Marshall, 1959: 1).*

technical analysis of economic phenomena. Intensive mathematical formulations of supply and demand that enable price change are presented (Turpin, 2011: 10-11). Therefore, while the political economy should be seen as a broad social study, economics has been accepted as a pessimistic science stripped of the political economy's social and historical context (Milonakis & Fine, 2009). Neoclassical economics's birth, covering 1871-1874, is based on the marginalist revolution led by William Stanley Jevons, Carl Menger, and Leon Walras (Mirowski, 1984: 361-379). Furthermore, the positivist spirit, revived by names such as Thomas Kuhn and Karl Popper, started to dominate economics. Popper states that scientific theories should be seen as hypotheses that must be tested empirically¹⁰ (Kök & Çetin, 2021: 44).

4.1. From the Labor Theory of Value to the Utility Theory of Value: Economics' Claim to Be the Science of Utility

The concept of labour value in the classical school has left its place for the idea of utility value in neoclassical economics (Zafirovski, 2018). The value of something is the amount that individuals are willing to pay for the last unit consumed¹¹. While classical

¹⁰ *Popper pioneered the spread of positivist methods in economics. In this direction, natural sciences such as physics and astronomy, which the science of economics has taken as an example since the 1870s, have also been defined as positive sciences. Objective observation and measurement, definition, classification, and explanation are essential in fields related to positive science. In other words, events and phenomena that are not affected by people's feelings, behaviours, or expectations, independent of subjective human thoughts, and occur according to the laws of nature are known as the field of interest of positive science. For example, utterly independent of subjective evaluations, the seasons change, the sun produces energy, there is gravity in the universe, and the earth revolves around the sun. All these events occur according to non-subjective laws that most people can understand and explain and therefore qualify as objective realities (Sunar, 1999: 25). The situation is very different in fields such as economics, politics, and sociology compared to natural sciences. Although neoclassical economic ideology suggests otherwise, economic phenomena do not have universal validity as in natural sciences. First, interpersonal relations are subjective, and there are too many independent variables to be controlled in determining these relations. Regarding human relations, it is possible to talk about behavioural tendencies, not universal laws, as in positive sciences. Since economics is a science that studies people's economic behaviour, it does not seem possible to put it in the category of positive science in methodological and epistemological contexts. When the Popperian approach is adopted, economics can be defined as falsifiable rules or predictions. However, this situation includes efforts to refute the history of economics on the axis of some tautological definitions and theories (Blaug, 1995: 697).*

¹¹ *Neoclassical theory links exchange value to the benefits people expect from consuming a good. In this respect, it establishes a link between market exchange value and subjective use value. Neoclassical theory starts from a fundamental observation. It relates the amount of money people are willing to pay for goods to the benefit they expect to receive from each additional unit of that good. Thus, the concept of marginal utility, which reflects the expected utility from the consumption of each additional unit, enters the economy. The additional or marginal utility provided by the last additional unit consumed is particularly important regarding exchange value. The neoclassical school generates demand curves from the concept of utility maximisation. Neoclassical economics advocates argued that the source of exchange value is not labour. However, utility or use value claims that the marginal utility principle is sufficient to determine exchange value in perfectly competitive markets. According to Jevons (1879), the reason why diamonds are valuable is that consumers benefit from diamonds. To take advantage of this benefit, they work hard to extract the diamonds from the depths of the earth. However, according to the classical economist Ricardo, the opinion that diamonds are valuable is dominant because more effort is spent in extracting the diamond.*

political economy tried to analyse the distribution phenomenon with the labour theory of value, neoclassical economics dealt with the phenomenon of distribution as a problem in the form of pricing of production factors within the framework of the utility value theory. Within the scope of marginalist analysis, they tended to explain the price formation of production factors in the market. They tried to determine how much production factors should be shared from the output (Clift, 2019: 104).

Marginalism is one of the most influential veins of economic thought. It makes several assumptions about perfectly functioning, competitive markets and *ceteris paribus* assumptions (Table 1). When examining an economic phenomenon, *ceteris paribus*, which means *all other things equal* in Latin, assumes that a certain one of the variables has changed while the other variables remain constant. While this assumption makes it easy for economics to form theory and analysis, it brings a simplifying logic that causes the analysis to break from reality (Solow, 1985: 328). It takes constant political, social, historical, institutional, and cultural factors to keep research on economic phenomena analytically separate. Holding everything else constant has excluded any analysis of the dynamic evolution of capitalism or the comparative institutional analysis of social relations of production. The *ceteris paribus* assumption caused a break from economic reality by denying simple and unrepeatable historical events (Buchanan, 1958: 260). Hutchison set aside economic propositions containing undefined *Ceteris paribus* clauses as tautologies (1938: 63-64). They are empirical claims about the real world that cannot be tested.

Table: 1
Basic Assumptions of Marginalist Economy

<ul style="list-style-type: none">- Economics should focus on studying the relationships between individual goals and given means of production and how choices are made under conditions of scarcity.- Utility maximisation is the only economic problem that needs to be addressed to the exclusion of all other issues.- The value is determined purely subjectively.- <i>Ceteris paribus</i> or all else remaining the same, all historical, institutional, political, and social factors will be kept constant in line with simplified analysis tools; economics and politics are separate.- Individuals who calculate utility maximisation by having complete information are rational.- Markets are perfectly competitive markets that successfully allocate resources and reach equilibrium by equalising supply and demand.

Source: Clift, 2019: 104.

British economist William Stanley Jevons, one of the founders of marginal utility theory, states in his 1871 work: "Our working class, whose numbers are growing and developing their organisational power, can be directed to halt the development of our political and economic freedom. In that case, we must develop a theory that reveals that labour does not create value in any way" (Hançerlioğlu, 1999: 486-487). Purging the nature of capitalism from economics is the primary goal. At the ideological level, the link between the economic field and the socio-political fields has been tried to be broken in a very consistent way.

In neoclassical economics, there is a claim that the principles of economics are independent of place and time and that they are universal. In other words, the basic principles of economics are independent of social relations (Henry, 2009). In the universal framework, all societies obey the natural laws of the capitalist system. Different societies are subject to

the same natural laws. Perhaps the most assertive statements on this subject belong to Jevons (1871): "General laws are the same in all ages," "Economy is the calculus of pleasure and pain," "Economics is the theory of utility and self-interest machine" (Cited in Henry, 2009: 31). L. Robbins (1932) also emphasises that "all generalisations of the theory of value are valid in the communist society." In short, scarcity, cost, preferences, and opportunities are universal. For example, even income distribution, which is accepted as not having a universal principle in Mill, has a natural law, according to J.B. Clark (Clark, 1894).

4.2. Purification of Economics from the Class Concept: Legitimizing Existing Power Relations in Society

One of the most essential features of the neoclassical distribution theory is that it deals with economic phenomena independently of social relations and structures. The basic assumption, in theory, is that profit and wage are scarce prices of capital and labour. In cases where equilibrium is achieved¹², the factors earn income according to the marginal contribution they provide. The neoclassical theory states that each productive input, labour, land, and capital, is rewarded equal to its marginal productivity in wages, rent, and profit. What does this mean? As long as markets are competitive, workers, landlords, and capitalists deserve what they get. Each receives a reward in total proportion to their contribution to production¹³. They get a share of production as much as they deserve, that is, as much as their marginal productivity. For example, the exchange value of labour is directly proportional to its production contribution (Luna, 2016: 69). What does it mean for the wage to be equal to the marginal product of labour? The theory says that the worker is paid for what he produces. Then, the claim that the worker is exploited will fail because the essence of exploitation is the appropriation by the capitalist of some of what the worker produces with his labour. Its value for the capitalist class comes from the fact that it confuses people and hides the true nature of exploitation, as seen in a Marxist analysis of the production process. Some bourgeois economists glibly said that this theory of marginal productivity reveals that the worker receives a wage corresponding to what he produces. However, none of these reflect the reality regarding the distribution issue. If labour were genuinely paid in full for the value it created, capital and landowners should not receive any share of the production process. While there are perfect competition conditions in the goods and factor markets since each factor will get a share of the total production exactly as its contribution

¹² *General equilibrium analyses are another science fiction aspect of neoclassical ideology. It is illogical and contrary to the essence of economic realities to think that there can be a balance for economies where technological innovations are constantly taking place and change is an undeniable reality and trying to reach a place with balance analysis. General equilibrium analyses mainly served to hide the exploitation rate in the market price formation.*

¹³ *Any thought that capitalists or landlords exploited their workers and tenants and gave them an unequal advantage was erased. This looks beautiful on paper, but something seems wrong when applied. Suppose we consider the case of landowners of European descent in Zimbabwe. They comprise 10% of the population and own 90% of the land. According to neoclassical theory, they deserve the rent and profit they obtain from the land and capital they contribute to production. How did they get this land? Property rights to land have been acquired in almost the same way at different times in history: expropriation accompanied by coercion.*

to production, there is no question of any disorder or distortion in the resource distribution, which ensures the realisation of the market balance in general and, thus, effective resource allocation. It is to make people accept that the existing system offers equal or close to equal conditions for everyone; that is, it is a game of equal luck in terms of results.

The transformation from classical political economy to economic science was discussed by Karl Polanyi (1944: 57) as the emergence of disembedded economics. The state of the disembedded economy is the process of independence of the economy from society. This has been realised with the belief in the market's ability to regulate itself. However, according to Polanyi, this situation is economic determinism. Economic determinism is based on the economic fallacy, the erroneous identification between human and market economies (Becchio & Leghissa, 2016: 127). Instead of the economic system being embedded in social relations, social relations are now embedded in the economic system (Polanyi, 1944: 57). Ayşe Buğra also argues, "The prerequisite for economics to become an autonomous discipline separated from the whole of social thought is the conceptualisation of an economic field that is separated from the whole of society" (Cited in İnsel, 2012: 53). It is impossible not to agree with these views.

4.3. Fictional Actor of Neoclassical Economics (*Homoeconomicus*) and the Neglect of the Historical Dialectical Dimension of the Human Behaviour

Just as Newton described the motion of matter, economists began by describing human behaviour. In economics, a law was needed to replace Newton's law of gravity. The law of self-interest became one of the fundamental laws of economics, like the law of gravity of physics. Neoclassical economic thought was heavily influenced by the problem of reducing social elements to the economic structure, as Polanyi (1944) states, or by the rationality culture of positivist science, which paved the way for man to dominate man and nature, as Habermas stated (Diez & Steans, 2005: 129).

Marginalism is attached to a unique methodological individualism that depends on utility maximisation or what other social sciences call rational choice. Here, *homoeconomicus* is based on the assumption of a rational individual pursuing utility maximisation with an endless appetite. Rational individuals, called *homoeconomicus*, make their decisions with pure individuality, in line with their self-interest, and based on interest calculations (Todaro & Smith, 2011: 7). As such, it describes an egoist and hedonist person who only thinks of his interests. "Neoclassical economics emphasises individual behaviour and says that this behaviour is motivated by the individual's rational self-interest. As the neoclassical economists theorised, the economy is the ultimate collective product of individuals maximising their material interests" (Wolff and Resnick, 1987: 7). The essential feature of *homoeconomicus* is that it is not a social entity; in this respect, it is described as atomistic. In other words, *homoeconomicus* is an individual design isolated from values, culture, and emotions. It is not the society and the objective conditions in the society that determine the economic behaviour of individuals to be in a pattern, but the assumed psychological attitude of the individual (Diviçioğlu, 1982: 4).

The neoclassical economic theory defines the meaning of all social and economic phenomena that it tries to understand, starting from the individual behaviour of getting the most. For example, before people commit a crime, they calculate some of the costs, such as incarceration, and the payoff, such as proceeds from theft. In this framework, crime will also decrease if the cost increases, for example, if the prison sentence or benefits decrease. In the words of Thorstein Veblen (1898: 389-390), the father of institutionalism, the vast majority of economic theories, both at the macro and micro level, are based on the calculator that measures these pleasures and pains. Thus, the science of economics started to move towards creating a mechanical and artificial world entire of interrelated robots (Lucas, 1988: 5).

The existence of a single principle of rationality that can be shared at all times and under every possible circumstance has proven impossible. The first actual frontal attack came in 1979 from two Israeli researchers, Daniel Kahneman and Amos Tversky. Contrary to economists' claims, they have shown that our decisions are not objective and rational. In his welfare theory, Daniel Kahneman proved that individuals systematically deviate from rationality in the face of risk and uncertainty¹⁴ (Kahneman & Tversky, 1979: 263). Kahneman argues that economics should put itself in close relations with sciences such as politics, psychology, sociology, and anthropology instead of natural sciences (Altunöz, 2020: 70).

Humans, one of the crucial elements of economics, should not be modelled statically but because of dynamic processes created by many observations. It is impossible to observe human behaviour empirically. The problem is that economics is a very different science from physics. Laws could not be formulated for the economy as one could formulate the laws of energy and matter. The same experiment can be repeated in physics, and the same result can be reached each time. If you let go of the apple, it will fall to the ground; this is not so in economics. The American physicist Murray-Gell-Mann once said: "Can you imagine how difficult physics would be if electrons could think? The market comprises people; people can think and feel." Those who set out to make rational thinking dominate society produced superstition at a level never seen before (Başkaya, 1997: 40). Of course, understandably, the ruling class and its spokespeople distort some facts to hide their oppression and exploitation (Başkaya, 1997: 41). "All these situations, in Marx's words, are directly related to the fact that vulgar (neoclassical) economists and bourgeois production agents, to legitimise the

¹⁴ According to Kahneman, human behaviour is not always optimal. Especially in environments of uncertainty and risk, human behaviour can be irrational and non-optimal results can occur. It is rational behaviour for a stock market investor to sell the stock he bought for \$50, thinking it has gained enough value when it rises to \$70. On the other hand, it is an irrational move for an investor who buys the same stock for \$90 to act shy about selling it even though he knows that it is overvalued when it is at the level of 70 dollars (Altunöz, 2020: 70). In short, Kahneman and Tversky (1979: 272) try to prove that in situations such as risk avoidance or overconfidence, human behaviour is not rational, and this situation leads to non-optimal results. Man is a psychological being rather than an economic being. Therefore, expressing the behaviour in a specific formulation is impossible.

economic world that suits them, systematise the comfortable and shallow concepts they can offer in this context, and declare them as eternal truths" (Savran, 2012: 56-57).

5. Conclusion

The study has acted on the problem of discussing the ideological-based reproduction and depoliticisation process of economics. The discipline, which evolved from political economy to economics during history, first rejected history from a methodological point of view. Approaching the natural sciences of economics as a science, adopting the method of physics as a guide, provided technical progress in the direction of theoretical perfection in economics and enabled the production of economic knowledge that is independent of society, history, and, therefore people, devoid of the possibilities of political economy. In other words, in static approaches that limit the field of economics to the market, economic knowledge is produced in a non-historical area with the a priori method. However, because the field of economics is not independent of production relations and, more generally, social relations, it can be said that it has a very dynamic and complex structure.

The classical political economy school formed the main skeleton of many economics schools, called new economics schools today. It formed the basis for economics to be considered a separate science. The process began with Adam Smith's *The Wealth of Nations*. Influenced by the critical mind of Enlightenment thought and the understanding of natural order, Smith tried to reveal the causes of a nation's wealth and its natural laws determining the relations of production and distribution. In classical political economy, there is a Smithian optimism that believes that everyone pursues his self-interest as a rational being. Thus, the market will be operated by an invisible hand in a way that will benefit everyone. However, it is possible to argue that no one saw the invisible hand, but some people saw many formal or informal hands trying to regulate the market for their benefit. If the state or authority does not regulate the market, those monopolising production or consumption will go to regulation. It does not seem possible to believe in the existence of the invisible hand without seeing this inevitable fact. Classical political economy claims that an invisible hand in the market continuously balances the market. In these contexts, it is thought that classical economics prepares the theoretical ground for the market society and economy discourses of capitalist liberal utopia.

Moreover, in this market, there are human types called *homoeconomicus*, who pursue their interests and serve the interests of society without realising it. In this way, there is a chance to realise a fair distribution. Classical political economy, which claims to be the science of distribution, does not seem to be sufficiently preoccupied with the principle of unjust distribution arising from social power relations. Many ideas put forward by classical political economy thinkers can be considered creeds invented by interest groups that regulate the market in this respect. In this context, it is impossible not to remember the words of Ahmet Güner Sayar, "Every source of information has its unique person with differences in colour and tone from one to the other, and there is a norm established for each set of information" (Sayar, 2005: 184-185).

Since the marginalist revolution at the end of the nineteenth century and its break with classical political economy, economics has begun to use different methods, which was the first of many steps towards narrowing the subject and method of economics. The emphasis on the manipulative, transhistorical individual (whether household, firm, or nation) that expresses itself through concrete, calculable, optimising activities through market transactions has taken historical, political, and social issues out of the big picture. The labour theory of value was uprooted and replaced by the utility theory. It has liquidated any revolutionary economics content, leaving it to a shallow, superficial analytical method ideally suited to capital needs.

Neoclassical economics is a project designed to eliminate the extent of exploitation and distribution relations. Başkaya (1997: 16) states, "The ruling classes in every class society produce legends and superstitions to hide exploitation, legitimise exploitation and oppression, and accept the immutability of the existing order. The continuation of the established order depends on the continuation of the ideological blur and the domination of superstitions". It is inevitable in the capitalist economy that unequal and class-based income distribution is a determining factor in consumption and investment. However, neoclassical economics deftly abstracted capitalism from class relations. Lowenberg's (1990: 619) definition of economics in the instrumental sense, which he refers to as the use of economics to serve the ends of those who hold power in the system rather than to understand or improve the economic system, makes this situation more evident.

In a system where the capitalist economic system dominates the means of production and exchange, life's material and distributional aspects are full of contradictions. However, as long as this order has sustainable qualities, the mentioned contradictions will seem reasonable to people. Economic thought also played an essential role in this context. Distributional problems and the material and class contradictions on this axis are consistent on a moral and intellectual level, thanks to ideologies. Classical political economy has achieved this unintentionally, while neoclassical economics has achieved this through a conscious process with grounded assumptions. These developments inevitably remind us of the following pithy statements of Marx and Engels: "The dominant thinkers of every age have always been the ideas of the ruling classes of that age" (Marx & Engels, 1845: 26). Here, the dominant ideas should be evaluated as the dominant ideology.

In this context, the necessity of an economic thought that includes the dialectical unity of politics and economy is holistic, emphasises historicity, and considers the class and distributional contradictions in capitalist society is evident. It is thought that an economic thought that believes that the forms specific to capitalism are not necessarily insurmountable forms without alternatives and that other forms are also possible can offer conceptual tools that will allow a more comprehensive and in-depth analysis of distribution.

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