

7. David Ricardo's economic teaching

D. Ricardo as the finisher of the classical economic scientific system

Services of D. Ricardo in the development of economic science

Brief biography of D. Ricardo

David Ricardo, a representative of English classical political economy and one of the founders of labor-value theory in political economy, was born in 1772 in the family of Spanish Jews who had migrated from Holland and was the third child of the family. When David was 12 years old, his father sent him to live with his uncle in Amsterdam. He studied at a trade school here for two years, and after returning to his father at the age of 14, he helped him with the stock exchange and trading operations. David Ricardo was an English resident who became successful in the London Stock Exchange. His wealth allowed him to work in Parliament in the House of Commons and write works. His most famous work is **Principles of Political Economy and Taxation** (1817), which established him as the most influential figure in classical economics since Adam Smith.

D. Ricardo tried to study the economy as a complex system and to determine the main equilibrium conditions. This was related to Ricardo's belief that objective laws operate in the economy and that there are mechanisms that ensure the operation of these laws, such as basic tendencies. Ricardo's works played a major role in the development of scientific research methods in economics, in the development of specific areas such as money circulation, credit, land rent, international economic relations, and taxes.

According to D. Ricardo, value should not be measured by the result of labor aimed at the production of any commodity, but by the labor spent on the same commodity produced under unfavorable conditions. This is the basis of price determination in agriculture. Ricardo criticized earlier views of the creation of the means of labor of the commodity, stating that the means of labor themselves were created as a result of old labor, which transferred its value to the newly created commodity. At the same time, Ricardo had invaluable services in the development of foreign trade and the international division of labor as the founder of the "Theory of Comparative Advantage". In his works, Ricardo showed that free trade is more beneficial based on the principle of what he called comparative advantage.

Theory of Comparative Advantage- So wine and clothing are very cheap to produce in Portugal. On the contrary, in the United Kingdom, wine production is very expensive, and clothing production is produced due to average prices. The United Kingdom imports cheap wine from Portugal to meet domestic demand and pays for it in clothing. Thus, the newly purchased wine cost the price of clothing, which is cheaper than that produced in the country. As a result, the UK reduces wine production and directs labor and capital to the clothing sector, making wine cheaper for the country. Portugal, on the other hand, is reducing the production of the clothing

sector and focusing the main energy on wine production and getting better quality clothes at the expense of cheap wine. This is one of the advantages that economic integration will give to countries.

Ricardo had all the high qualities of a big family man. Not only Ricardo's children, but also his younger brothers and sisters, and even his wife's relatives saw him as a generous, caring and fair person.

D. Ricardo's theory of rent has not lost its importance even today. The essence of this theory is that the land area is limited, qualitatively and spatially not the same, it is necessary to use bad land areas as well. D. Ricardo calls the income from good and average plots of land relative to bad plots of land "rent" and does not include it in the price