

8. Continuation and criticism of the classical economic school

The **classical school** was formed as a training system in which economic theory was perfected and received methodological principles. According to the **general characteristics** of the classical school, economic processes arise from **human nature and personal interests**, and society reflects their interests as a collection of individuals. The driving force of history comes from natural forces. Labor is the basis of all economic processes, the theory of production gives rise to the theory of exchange. In the process of economic development, the wealth itself determines the borders, referring to the demographic factor. The classical school is also called the teachings of A. Smith and D. Ricardo.

The industrial revolutions that took place in a number of countries at the end of the 18th century and the beginning of the 19th century caused radical socio-economic changes. These changes made it necessary to carry out specific studies in the field of development of individual industries, agrarian economy, dynamics of prices, money circulation in the most developed countries of that time, England and France. In such circumstances, followers and critics of the economic views of A. Smith and D. Ricardo, prominent representatives of the economic school, appeared. They gave their opinions and critical notes on the economic ideas of their predecessors, created a large number of alternative theories and concepts, and gave valuable insights about liberal market relations. As a result, various currents and directions have emerged in the history of economic thought. Among them, Thomas Malthus, James Milley, John Milley, John R. McCulloch, Nassau William Senior in England, Simon de Sismondi, Pierre-Joseph Proudhon, J.B. Say, Fredrich Bastian in France, and Charles Carey in America can be mentioned.

Most of what the economists said was reflected in the work "**An Essay on the Principle of Population**" (1798) by English economist Thomas Malthus, who made a unique contribution to economic science at the end of the 18th century and the beginning of the 20th century. His argument was simple and direct: The food supply could be increased through additions to land and labor. According to the teachings of T. Malthus, the growth of food production occurs with a numerical series, and the population growth with a geometric series. By comparing the difference between the growth rate of population and the growth rate of food production, Malthus concluded that a large part of humanity is doomed to a life of poverty. Since the with a numerical series increasing food production cannot meet the with a geometric series increasing population, malnutrition and disease will kill the last, and so the increasing mortality will continue until the equilibrium between food and population is reached. T. Malthus believed that society can only advise the poor to have a small number of children in order to reduce hunger. For this reason, he was opposed to laws that provided for the assistance and housing of the poor.

In his work "The Beginning of Political Economy", he paid special attention to the problems of value, profit, and realization of the theoretical problems of political economy. Malthus defended landed aristocracy against Ricardo's labor-value theory and sees value in the labor

involved in the acquisition of existing commodities, as Simit says. According to Malthus, the amount of labor is related to the costs of its production. Production costs included living and materialized labor and advanced capital (advanced capital - is money or property values previously invested in a project before it earns a profit)

Jean Baptiste Sey was born in Lyon in 1767 in a merchant family. As an adult, he had to manage a cotton fabric factory in Northern France. During his lifetime, he visited England many times and became a close friend of Malthus and Ricardo, although he did not agree to fully accept some of their doctrines. He expressed his economic views in "Treatises of Political Economy", and six-volume "Course of Political Economy". He became famous as the author of Say's law, which was interpreted in Keynes's "General Theory" (1936). **According to Sey's law**, competitive markets tend to automatically achieve full employment. Another theory of J.B. Say, "Sales theory", tries to justify the harmony of reproduction, denying the necessity of general crises. According to Sey, the main goal of all producers is the exchange price, the exchange of one commodity for another commodity. Here, money temporarily acts as a mediator. From this he concludes that every seller is also a buyer.

S. Sismondi (1773–1843) was born in Geneva in a watchman's family, and as the first economist and historian to criticize industrial capitalism, he defended the interests of small producers. Unlike the classical school, he was against the method of abstraction in the study of economic phenomena, he viewed political economy not as a science of economic relations, but as a spiritual, moral, human nature and behavior science. S. Sismondi spoke decisively against large entrepreneurship and was on the side of small producers, and contrary to the English classical school, he critically analyzed the important problems of capitalism.

Proudhon Pierre Joseph (1809 - 1865) - French petty-bourgeois political economist, "What is property?" (1840), "The System of Economic Contradictions or the Philosophy of Begging" (1846), "Taxation Theory" (1861) is the author of economic works. Criticizing capitalism, he put forward the idea of changing it through reforms. The basis of P.J. Proudhon's method is idealism and objectivity. By removing economic categories from the objective content, he showed that there is no need to change the basis of economic events. Dialectical development consists of the opposite of good and bad, mechanical adaptation. Therefore, it is necessary to keep everything good and cancel the bad