Adam Smith's Theory of Value and Distribution

A Reappraisal

Rory O'Donnell

Economist

National Economic and Social Council, Dublin



Contents

Ac	knowl	edgements	viii
1	Introduction		
·	1.1	Contemporary interpretations of Smith	2
	1.2	The approach to interpretation	3
	1.3	Outline of the argument	4
2	The	ories of Value and Distribution	7.
	2.1	Classical or surplus theory	7
		Neoclassical theory	13
	2.3	Analytical themes in the study of Smith	20
PA	RT I	SMITH'S CONTRIBUTION	
3	Surplus		
	3.1	Surplus and accumulation	28
	3.2		29
	3.3		35
	3.4		39
	3.5	Conclusion	50
4	Competition		53
	4.1	Natural price and the uniform rate of profit	53
	4.2		54
	4.3	Competition and equilibrium of supply and demand	56
	4.4	The concept of a capitalist economic system	58
5	The Measure of Value		62
	5.1	Smith's labour command measure	63
	5.2		67
	5.3	•	69
	5.4	Contrast with existing interpretations	71

vi . Contents

	5.5	Further evidence of Smith's intentions	76
	5.6	Conclusions	80
6	Value and Distribution		
	6.1	The 'component parts of price'	83
	6.2		91
		Assessment	100
٠.		Taxes	104
		The corn export bounty	106
		Observations on actual price changes	110
	App	endix: absence of reduction of means of production to	
		labour in Smith's work	113
PA	RT I	I INTERPRETATIONS	
7	Rica	ardo's Development of Smith's Theory	121
	7.1	The new theory of profits	122
	7.2		125
	7.3	The relation of wage changes to prices	133
	7.4	Value and riches	138
	7.5	Supply and demand	139
	7.6	Conclusion	141
8	Marx on Smith		142
	8.1	Marx's 'two streams' proposition?	142
	8.2		144
	8.3		146
	8.4	Labour command	151
	8.5	The resolution of price into wages, profit and rent	154
	8.6	Assessment	165
9	Smith as 'General Equilibrium' Theorist		
	9.1	Hollander's argument in outline	172
	9.2	A 'supply and demand' explanation of value	174
	9.3		179
	9.4	'Formal analysis' and 'practical applications'	185
	9.5	A theorist of resource allocation determined by	193
		factor andousments	

	Contents	vi
10	Smith as 'Cost of Production' Theorist	197
	10.1 'Cost of production' interpretations	197
	10.2 Dobb's 'two streams' proposition	199
	10.3 Ricardo's criticism of Smith's theory	201
	10.4 The 'cost of production tradition'	204
	10.5 Smith's contribution to surplus theory	207
	10.6 Dobb and Schumpeter: a clarification	209
.11	Conclusion	211
	11.1 Smith and the surplus theory	211
	11.2 Smith and the neoclassical theory	224
No	tes and References	231
Bit	bliography	260
Inc	271	