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# Inheritance and Transcendence: An Examination of the Gains and Losses of Classical Political Economy from the Perspective of Marx

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## ABSTRACT

Classical political economy, as the theoretical crystallisation of bourgeois economic consciousness, presents a complex intellectual landscape in which its historical contributions and inherent limitations are intertwined. Taking Marx's critique of political economy as the methodological point of departure, this paper systematically reviews the theoretical evolution from William Petty and Adam Smith to David Ricardo. Across four dimensions—the deepening of the labour theory of value, the concealment of the source of surplus value, the divergence of research methods, and the opposition of historical conceptions—it analyses why the classical school's 'gains' laid a scientific foundation and why its 'losses' plunged it into an inextricable theoretical impasse. The study shows that the fundamental defects of classical political economy, namely the naturalisation of economic categories and the eternalisation of the capitalist mode of production, could only be thoroughly liquidated within the horizon of Marx's dialectics and historical materialism; while the historical merits of the classical school in analysing the law of value and class relations were, through the creative transformation effected in Capital, sublated into the theoretical premises of proletarian political economy. A renewed examination of this intellectual moment is of foundational significance for understanding the theoretical origins of contemporary critiques of political economy.

## KEYWORDS

Classical Political Economy; Labour Theory of Value; Surplus Value; Historical Materialism; Critique of Political Economy.

## 1. INTRODUCTION OF THE PROBLEM

The birth of political economy as an independent science was almost synchronous with the maturation of the capitalist mode of production in early modern Europe. When William Petty, in the latter half of the seventeenth century, attempted to measure the internal proportions of economic activity by 'labour time', he may not have realised that he was laying the cornerstone for a new discipline that would soon transform the landscape of human knowledge. Following the relay of the Physiocrats, Adam Smith accomplished the first synthesis of the classical system in An Inquiry into the Nature and Causes of the Wealth of Nations, while David Ricardo, with a more thoroughly consistent logic, pushed the labour theory of value to the extreme tolerable within the bourgeois horizon. Yet this figure, whom Marx called the representative of 'the final form in which political economy separated itself as an independent science' [1], encountered insurmountable internal contradictions at the very apex of his theoretical edifice—namely, the apparent conflict between profit and the law of value, and the formalistic understanding of the relationship between capital and labour—which ultimately led to the rapid disintegration of the Ricardian school from the 1830s onward.

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Marx's attitude toward classical political economy was by no means a simple negation or affirmation, but rather a theoretical sublation achieved through critical absorption. In the Economic and Philosophic Manuscripts of 1844, The Poverty of Philosophy, A Contribution to the Critique of Political Economy, Capital, and related manuscripts, Marx returned to the thought of Smith and Ricardo. On the one hand, he extracted and pushed to its limit the objective analysis of the internal laws of the capitalist mode of production undertaken by the classical school; on the other hand, he relentlessly exposed the ideological disguise of classical political economy, which dressed up the production relations of a specific historical stage as natural and eternal laws of human nature. Engels once summarised in Capital that Marx's critique of political economy 'proves, on the one hand, the degree to which the law discovered by Ricardo retains its validity, and, on the other hand, reveals the point at which it departs from the facts, as well as the degree of that deviation' [2]. Thus, inheritance and transcendence become the appropriate paradigm for grasping the relation between Marx and the classical school.

However, intellectual-historical investigation has never been merely an exercise in nostalgia. In the contemporary context of deepening global capitalism, the penetration of financialisation into the fabric of society, and the reshaping of exploitative forms by platform economies and digital labour, a renewed sorting-out of Marx's critical inheritance from classical political economy assumes urgent theoretical and practical significance. The argumentative patterns regarded as 'erroneous' by the classical school—for instance, Smith's circular definition of capital as 'accumulated labour', or Ricardo's treatment of profit as the residue of the total product of labour after deducting wages—precisely refract the natural limitations of bourgeois ideology at the theoretical level. Understanding how these limitations arise and why they are inevitable is a necessary precondition for contemporary scholars to avoid repeating the same mistakes and to develop a Marxist critique of political economy for the twenty-first century.

This paper proposes to analyse the issue on four levels: first, the historical merits and theoretical legacy of classical political economy, defining what is meant by its 'scientific' component; second, the evolution of the labour theory of value from Petty and Smith to Ricardo, and Marx's reconstruction of that theory; third, an explanation of why the classical school perpetually wavered between the spheres of circulation and production, and what surplus value actually is; fourth, an elucidation of the methodological predicament of the classical school and the theoretical construction of Marx's dialectics, summarising the natural-order historiography of the classical school and the innovation of Marx's historical paradigm. The aim is to show that Marx's transcendence of classical political economy was by no means an externally imposed negation, but the necessary outcome of the internal contradictions of classical theory itself.

## 2. THE MERITS OF CLASSICAL POLITICAL ECONOMY

In Theories of Surplus Value, Marx divides the development of political economy into two stages: classical political economy and vulgar economics. The former 'investigates the internal connexion of bourgeois production relations', whereas the latter 'merely rummages about in the external world of phenomena' [3]. This distinction is crucial, for it means that within its historical limits the classical school did indeed touch upon certain essences of capitalist economy, and did not remain entirely at the level of phenomenal description.

### (1) The Cognitive Leap from the Appearance of Circulation to the Structure of Production

Mercantilism equated wealth with money and regarded profit as 'profit upon alienation'; this conception of wealth confined to the sphere of circulation dominated European economic thought from the sixteenth to the seventeenth centuries. William Petty was the first to attempt to seek the source of value and wealth in the sphere of production. In his Treatise of Taxes and Contributions and Political Arithmetick, Petty advanced the famous proposition that 'labour is the father of wealth,

and land the mother [4]. Although his thought still bore a strong Physiocratic tint, treating land and labour as co-equal sources of value, his intention to shift the analytical focus from the exchange nexus to the production nexus was relatively clear. Petty's statistical investigations into Irish land and labour implicitly measured the proportional relations between different industrial sectors by labour time, becoming 'the first germ of the labour theory of value [5].

Adam Smith expanded Petty's thought into a relatively complete system. In the Wealth of Nations he pointed out: 'The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes [6]. Thereby he shifted the augmentation of national wealth from the accumulation of precious metals to the enhancement of labour productivity. Smith further distinguished 'value in use' from 'value in exchange', granting exchange value an independent analytical status divorced from use value, a move that signalled the beginning of political economy's emancipation from pre-capitalist conceptions of wealth and its approximation to the form of modern economic science [7].

David Ricardo pushed the internal contradictions of Smith's value theory to a sharp point. In On the Principles of Political Economy and Taxation, Ricardo asserted: 'The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation which is paid for that labour. He explicitly stripped the determination of value from the level of wages, rescuing the labour theory of value from Smith's dualistic predicament. Ricardo took labour time as the sole measure of value magnitude and applied it to the analysis of economic categories such as rent, wages, profit, and international trade, constructing a rigorous deductive system.

**(2) The Objective Analysis of Class Antagonism and Class Relations**

The historical merit of classical political economy lay in its exposure, within the bourgeois horizon, of the class antagonism inherent in the capitalist mode of production. In Book I, Chapters VIII ('Of the Wages of Labour'), IX ('Of the Profits of Stock'), and XI ('Of the Rent of Land') of the Wealth of Nations, Smith sketched a picture of the three great classes struggling over the distribution of the national product. Although Smith treated profit as the remuneration for capital's 'superintendence and direction' of labour, and rent as the gift of the 'natural productive powers' of land, thereby falling into the realm of ideological apologia, his penetrating observation of the inverse relation between wages and profits—namely, that 'the increase of stock, which raises wages, tends to lower profit—already touched upon the form of surplus-value distribution [8].

Ricardo's distribution theory presented the economic foundations of class struggle in a particularly sharp form. In On the Principles of Political Economy and Taxation he proposed that 'to determine the laws which regulate this distribution, is the principal problem in Political Economy [9]. Evidently, he already realised that the core of political economy was not the technique of wealth production but the economic relations of interest among the various social classes. Ricardo founded his rent theory on the diminishing fertility of land and cultivation at the margin, revealing that the growth of the landlord class's income was achieved at the expense of the industrial bourgeoisie's interests; and his concept of the 'natural price' of labour in wage theory implied that the working class's conditions of existence were confined to the lowest physical and moral limits. Marx evaluated this as having 'made the antagonism of class interests, of wages and profits, of profits and rent, the starting-point of his investigations [10]; although Ricardo stood on the bourgeois standpoint, he grasped the dimension of class antagonism in classical theory.

**(3) The Foundation of a Relatively Scientific Theory and the Naturalisation of Economic Categories**

The 'scientific' component of classical political economy was imprisoned within the cage of bourgeois ideology, naturalising and eternalising the economic categories of the capitalist mode of production—commodity, money, capital, profit, rent, and wage. In arguing for exchange value, Smith frequently

appealed to 'human nature', the 'propensity to truck, barter, and exchange one thing for another, treating commodity exchange as an expression of universal human nature [11]. Ricardo, though more 'abstract' and 'pure' than Smith, likewise regarded capitalist production relations as 'the immutable natural laws of human society [12].

This standpoint led the classical school to a lack of historical sensitivity in methodology, rendering it incapable of understanding that the opposition between wage labour and capital was not primordial but the product of specific historical conditions, and that profit, interest, and rent were not merely categories of distribution but specific transformations of surplus value within capitalist production relations. When history pushed the contradictions of capitalism to the fore, especially when the proletariat emerged as an independent political force challenging bourgeois interests, the 'scientific' objectivity of the classical school gave way: 'the nearer a writer comes to our own time, the less he is critical and the more he becomes apologetic [13], and after the 1830s it completely disintegrated, yielding place to vulgar economics represented by Say, Malthus, and Senior.

Marx's inheritance from the classical school—his analysis of its 'scientific' component—proceeded from the sphere of production, upheld the labour theory of value, and revealed class distribution relations. Through the eyes of historical materialism he dismantled the category of 'nature', exposing its historical transience; and on the basis of the labour theory of value he established the theory of surplus value, accomplishing a revolutionary transformation of political economy.

## 3. THE EVOLUTION AND RECONSTRUCTION OF THE LABOUR THEORY OF VALUE

The labour theory of value runs through the core of both classical political economy and Marxist political economy, and is the domain in which the inheritance relationship between the two is most evident. Yet Marx's labour theory of value is by no means a simple continuation of Ricardo's doctrine; it effects a fundamental reconstruction at the levels of conceptual structure, theoretical function, and methodology.

### (1) The Germinal Stage of the Labour Theory of Value

William Petty's value thought is scattered throughout his statistical and policy writings, failing to coalesce into a systematic theory of value. His analysis of the exchange ratio between corn and silver was aimed at finding an external measure of value so as to establish a commensurable quantitative relation among different commodities. In the Treatise of Taxes and Contributions, Petty took as his premise the equality of the labour time required to produce a bushel of corn and an ounce of silver, arguing that the two were therefore of equal value [14]. This mode of analysis could not clearly determine whether labour is the 'substance' of value or merely the 'measure' of value. His theory of value approached practical statistical technique rather than a theoretical grasp of the internal laws of commodity production.

John Locke's discussion of labour and property in the Second Treatise of Government, though political-philosophical in nature, indirectly influenced classical value theory. Locke treated labour as the source of property rights, a notion that could be transposed in an economic context into the idea that labour is the source of all value. Yet the concept of 'labour' in the Locke–Petty tradition remained extremely broad, encompassing both the material operations of concrete labour and failing to distinguish it clearly from the factors of land and capital. Marx held that at this stage the theory of value 'had not yet distinguished at all between the labour which creates use-value and the labour which creates exchange-value [15].

### (2) The Developmental Stage of the Labour Theory of Value

Smith's value theory is the most controversial text in the history of economics. In Book I, Chapter V of the Wealth of Nations, Smith proposed the law governing value determination in the 'original state'

of society: 'In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another [16]. That is, 'labour expended determines value'; the value of a commodity depends on the quantity of labour expended in its production. Smith believed that in an ideal state, commodity exchange is in reality a direct exchange of different quantities of labour, and that value is proportional to labour expended.

However, Smith introduced the two 'disturbing causes' of the accumulation of capital and the private appropriation of land, asserting that once capital has accumulated in the hands of individuals, profit and rent become independent components of the price of commodities. At this point Smith shifted the criterion of value determination from 'labour expended' to 'labour commanded' or 'labour purchased'. The value of a commodity no longer depends on the labour expended in producing it, but on the quantity of others' labour it can purchase, leading to serious theoretical consequences: since wages, profit, and rent are all constituent elements of commodity price, value is no longer determined by labour but by the summation of revenues. Smith fell into a circular argument: revenue determines price, and price in turn determines revenue.

Marx called Smith's theoretical vacillation 'duplicity'. He held that it contained both the correct element that labour creates value and the confused, vulgar element that revenue constitutes value. This duplicity stemmed from Smith's lack of a unified concept of the capitalist mode of production. Because Smith regarded capitalism as an eternal natural state, when confronted with the separation of capital and labour and the private ownership of land he was unable to carry the labour theory of value through to the end, and could only the contradiction between theory and reality with the vulgar formula that 'the three kinds of revenue determine value'.

**(3) The Advanced Stage of the Labour Theory of Value**

Ricardo's value theory was built on a critique of Smith's dualism. He denied that profit and rent are independent sources of commodity value, holding that 'the quantity of labour is the only criterion of value [17]. In On the Principles of Political Economy and Taxation, Ricardo took the production of corn and machinery as examples to demonstrate that even under conditions of differing organic compositions of capital and turnover times, value is still determined by labour time. At the same time, he was aware that the application of this monistic idea to real exchange would encounter formidable difficulties.

The disintegration of the Ricardian school was caused by the tension between the labour theory of value and its practical application. If value is determined entirely by labour time, equal capitals employing equal quantities of labour should yield equal profits. Yet sectors with a higher organic composition of capital (such as machine manufacturing) and sectors with a lower organic composition (such as textile manufacture) both obtain the average rate of profit. The law that 'equal capitals yield equal profits' came into direct conflict with the labour theory of value. Ricardo's followers, James Mill and McCulloch, attempted to resolve this contradiction in various ways, but the result was either far-fetched or an abandonment of the labour theory of value itself.

Marx held that the fundamental reason for the Ricardian school's failure was that it always treated value as a direct, empirical exchange ratio, failing to understand the social relations behind value. The equalisation of profit does not negate the law of value but is the transformed form of the law of value under the conditions of capitalist competition. Only by introducing 'prices of production', redistributing surplus value among the various sectors in proportion to the mass of capital, could one uphold the standpoint of the labour theory of value while explaining the reality of profit equalisation. Marx accomplished this breakthrough in Volume III of Capital.

**(4) The Formative Stage of the Labour Theory of Value**

Marx's 'inheritance' of the labour theory of value consisted in his adherence to Ricardo's proposition that 'value is determined by labour time'; his 'transcendence' lay in his thorough transformation of the very concept of 'labour', revealing the historical character of the value form. First, he distinguished concrete labour from abstract labour. Marx pointed out in Capital that the labour producing commodities has a dual character: 'as concrete labour, it creates use-value; as abstract labour, it forms value'[]. Smith and Ricardo treated 'labour' as a generic concept that could refer both to concrete activities such as sewing and weaving and to the standard for measuring value, without ever clarifying the logical relation between the two. Marx's analysis shows that value is not directly created by concrete labour but by abstract labour, that is, by the expenditure of labour-power in a physiological sense. This elevated the labour theory of value from a statistical regularity to an analysis of the social relations of commodity production [18].

Second, he carried out a historical analysis of the value form. The classical school treated value as a natural attribute of commodities, as though anything useful that was exchanged had value. Marx's analysis of the value form—from the simple, isolated form of value, through the expanded form, to the general form of value and the money form—revealed that value is not a physical attribute of commodities but the objectification of a social relation [19] A commodity possesses value not because of any inherent physical or psychological attribute, but because it is produced within a social division of labour based on private property. The developmental history of the value form is in reality the history of commodity exchange's development from an accidental act into a dominant social relation.

Third, he introduced the concept of labour-power as a commodity. The classical school treated wages as the 'price of labour', dividing the total product of labour between wages and profit, implicitly assuming that wages are the remuneration for all labour. Marx pointed out that what the worker sells to the capitalist is not 'labour' but 'labour-power' [20], namely the physical and intellectual capacities residing in the living body of the human being. That labour-power becomes a commodity is the fundamental precondition of the capitalist mode of production and the secret of the origin of surplus value. Wages are not the price of labour but the transformed form of the value or price of the commodity labour-power. This thoroughly clarified the 'capital–labour' relation that the classical school had failed to understand, laying the cornerstone for the establishment of the theory of surplus value.

Fourth, he realised the transcendence of individual labour by the category of 'socially necessary labour time'. Although Ricardo insisted that labour time determines value, he failed to distinguish individual labour time from socially necessary labour time, treating the labour time expended in producing a commodity as a purely technical magnitude and believing that the labour expended by any individual producer directly forms value. Marx pointed out that what determines the magnitude of a commodity's value is not the actual labour expended by an individual producer, but 'the labour time required for its production under the normal conditions of production existing in a given society, and with the average degree of skill and intensity of labour prevalent in that society [21]. This shows that value is not given directly by technical or natural necessity, but is indirectly determined by the competition and equilibrium of social relations, providing a key conceptual tool for understanding the dual character of capitalist technological progress: raising labour productivity to reduce the unit value of commodities, and increasing capital accumulation through surplus value.

## 4. THE CONCEALMENT AND DISCOVERY OF SURPLUS VALUE

If the labour theory of value is the inheritance between classical economics and Marxist political economy, then the theory of surplus value is the point of rupture between them. The classical school accumulated a great deal of research on the transformations of surplus value—profit, rent, and interest—but never truly revealed the source of surplus value. Marx's critique of political economy was largely organised around this problem.

### (1) Circulation-based Cognition and Its Deviation: The Mercantilist Illusion of Profit upon Alienation

In the mercantilist system, profit was regarded as the result of commodity exchange, and buying cheap and selling dear was taken as the basic mechanism of wealth augmentation. This conception of 'profit upon alienation' placed the mystery of value augmentation entirely within the sphere of circulation. Thomas Mun wrote in England's Treasure by Forraign Trade [22]: 'The ordinary means therefore to encrease our wealth and treasure is by Forraign Trade, wherein wee must ever observe this rule; to sell more to strangers yearly than wee consume of theirs in value. Mercantilism strictly distinguished domestic trade from international trade, holding that the former was merely a transfer of existing wealth among different subjects, while the latter was the true source of wealth augmentation.

Adam Smith's critique of mercantilism revealed that the sphere of circulation itself does not create new value. In the Wealth of Nations he pointed out: 'The wealth of a nation does not consist in the quantity of gold and silver in its coffers, but in the quantity of the necessaries and conveniences of life which its annual labour can procure [23]. Smith held that if everyone buys cheap and sells dear, what one party gains is simply what the other loses, and the total social wealth has not increased; only labour in the sphere of production is the true source of national wealth. Yet he did not carry this insight through to the end. In analysing capital profit he reverted to the logic of circulation, treating profit as the 'reasonable remuneration' obtained by the owner of capital for 'advancing' it, as compensation for the capital's 'superintendence and direction' of labour [24].

### (2) The Production Horizon and the First Glimmering of Cognition: The Classical School's Awareness of Surplus Profit

In Chapters VI to VIII of Book I of the Wealth of Nations, Smith already approached the concept of surplus value. He observed that once capital has been accumulated, the product will no longer belong entirely to the labourer, but must be divided between the worker and the capitalist. He wrote: 'The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced [25]. Although this formulation is saturated with apologetic colour—profit being regarded as the remuneration for the employer's 'advance'—Smith had already realised that profit derives from the portion of value created by the labourer that exceeds the wages received.

In Theories of Surplus Value, Marx called this thought of Smith's 'the first germ of the correct conception of surplus value [26]. Yet Smith was unable to adhere to this correct view. His discussions of the source of profit are full of contradictions: at times he says profit is a deduction from the product of labour, at times that it is the 'natural reward' of capital, at times he opposes profit to wages, at times he lists profit, wages, and rent as three independent sources of revenue. These contradictions are rooted in Smith's dual identity as a spokesman for industrial capital: on the one hand, he needed to emancipate profit from the shackles of rent and defend the interests of industrial capital; on the other hand, he could not trace the source of profit to the unpaid appropriation of wage labour, lest the entire capitalist order be shaken.

Ricardo's position on the question of profit was firmer than Smith's. He treated profit as the residue of commodity value after deducting wages, and the relation between wages and profit as an antagonistic one. Ricardo's concept of the 'natural price' of wages, determined by the value of the necessaries required for the subsistence of the labourer and his family, actually touched upon the quantitative relation between the value of labour-power and surplus value. Yet Ricardo treated profit as the remuneration for the capitalist's 'abstinence from consumption' and 'waiting', thereby falling into Senior's 'abstinence theory'. The source of profit remained an unanalysed given premise rather than a theoretical object requiring explanation.

The fundamental reason why classical political economy failed to discover surplus value lies in the limitations of its class standpoint and ideology. Marx pointed out in Capital: 'In the domain of Political Economy, free scientific inquiry meets not merely the same enemies as in all other domains. The peculiar nature of the material it deals with, summons as foes into the field of battle the most violent, mean and malignant passions of the human breast, the Furies of private interest. For the classical school, to explain profit as the unpaid appropriation of wage labour would be tantamount to declaring the exploitative essence of the capitalist system, an intolerable conclusion for its class consciousness.

**(3) The Disclosure of Essence and the Construction of Laws: The Core Theory of Marx's Surplus Value**

The theory of surplus value is the core of Marxist political economy.

First, the transformation of labour-power into a commodity is the precondition of surplus-value production. The separation of the labourer from the means of production—whereby the labourer possesses nothing but his own labour-power, while the means of production are concentrated in the hands of the capitalist—compels the worker to sell his labour-power as a commodity to capital. The value of the commodity labour-power is determined by the value of the necessaries of life required for the production and reproduction of labour-power, including the costs of food, clothing, housing, and education required to maintain the labourer and his family.

Second, the use-value of the commodity labour-power possesses the capacity to create value. By purchasing labour-power, the capitalist sets the worker to labour, and the value created by the worker is generally greater than the value of labour-power itself. Marx divides the working day into necessary labour time and surplus labour time: the former is the time the worker spends reproducing the value of his own labour-power, while the latter is the time the worker labours unpaid for the capitalist. The value created during surplus labour time is surplus value.

Finally, the two methods of producing surplus value—absolute surplus value and relative surplus value—reveal the paths by which capitalism raises the degree of exploitation. The production of absolute surplus value is achieved through the extension of the working day; the production of relative surplus value is achieved through the shortening of necessary labour time and the corresponding extension of surplus labour time, the path to which is raising labour productivity and reducing the value of the commodity labour-power. Marx's analysis of the evolution of the capitalist mode of production from manufacture to large-scale machine industry is in reality the history of the continuous development of the method of relative surplus-value production.

The establishment of the theory of surplus value unified the scattered and contradictory profit analyses of the classical school into a single theory. Profit, interest, and rent are no longer independent revenues but different transformed forms of surplus value. Industrial capital obtains industrial profit, commercial capital commercial profit, interest-bearing capital interest, and the landowner rent—all are distributions of the surplus value created by the wage labourer among different exploiting groups. The theory of surplus value not only reveals the essence of capitalist exploitation but also provides a fundamental analytical tool for understanding macroscopic phenomena such as capitalist economic crises, cyclical fluctuations, and the tendencies of capital accumulation.

## 5. THE METHODOLOGICAL PREDICAMENT OF THE CLASSICAL SCHOOL AND THE THEORETICAL CONSTRUCTION OF MARX'S DIALECTICS

The divergence between classical political economy and Marxist political economy manifests itself not only in theoretical propositions but also in methodological divergence. Marx pointed out in Capital: 'The ideal is nothing else than the material world reflected by the human mind, and translated

into forms of thought. The materialist theory of knowledge stands in opposition to the metaphysical thinking of the classical school, which equates abstract categories with real relations.

### (1) The Methodological Predicament of Classical Political Economy's Abstract Method

Smith's research method displays a pronounced duality. He inherited the British empiricist tradition, making extensive use of historical description, statistical induction, and case analysis, attempting to distil general economic laws from materials—such as the law of value, the wage–profit relation, and the efficiency gains from the division of labour. Yet Smith's abstraction was not carried through thoroughly; having extracted a proposition, he would immediately revise or even negate it with concrete examples, causing his theory to appear loose, contradictory, and lacking in coherence.

Ricardo's research method represents the deductive tendency of the classical school. He attempted to derive the laws governing all economic phenomena—rent, wages, profit, international trade, and so forth—from the 'first principles' of the labour theory of value through logical deduction. Ricardo's theoretical system was more rigorous than Smith's, but in order to maintain logical consistency he abstracted away a great many complexities of real economic life: differences in the organic composition of capital among different sectors, the ratio of fixed to circulating capital, and differences in the turnover speed of capital. This 'abstraction for abstraction's sake', while avoiding Smith-style self-contradictions, became increasingly detached from the reality of capitalist economy.

Marx called Ricardo's research method 'forcible abstraction': 'The characteristic nature of this abstraction in Ricardo is shown by the fact that he treats the specific form of bourgeois production as the eternal natural form of social production, so that the different stages of development of the relations of production are regarded merely as quantitative changes in this eternal form. Ricardo lacked historical sensitivity, treating the economic categories of capitalism as eternal and immutable natural laws; his abstraction was therefore merely a logical purification of existing relations, rather than a dialectical grasp of historical development.

### (2) The Internal Logic of Marx's Dialectical Method of Exposition

In the Introduction to A Contribution to the Critique of Political Economy, Marx systematically expounded his methodological principles. He pointed out that the investigation of political economy should proceed from the abstract to the concrete: 'The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse. It appears in the process of thinking, therefore, as a process of concentration, as a result, not as a point of departure, although it is the point of departure in reality and hence also the point of departure for observation and conception. The core is the distinction between 'research' and 'exposition': research must proceed from reality, analysing the population, the state, civil society, and so forth, ultimately arriving at the cellular form of the economy—the commodity. Exposition follows the opposite path, beginning from the simplest determinations—commodity, value, money—and gradually introducing more complex moments such as capital, surplus value, profit, interest, and rent, ultimately reconstructing the totality.

Capital is the paradigmatic application of the method of proceeding from the abstract to the concrete. Volume I analyses the immediate process of production of capital, with the core being the production of surplus value; Volume II analyses the process of circulation, with the core being the realisation of surplus value; Volume III analyses the process of capitalist production as a whole, with the core being the distribution of surplus value and its transformed forms such as profit, interest, and rent. Each subsequent volume introduces new determinations on the basis of the preceding one, making the capitalist mode of production increasingly concrete in thought.

### (3) The Theoretical Divide under the Horizon of Contradiction Analysis

The attitude toward contradiction is the fundamental dividing line between dialectics and metaphysics. Metaphysics pursues logical consistency without contradiction; once an internal contradiction is discovered in a theory, it attempts to eliminate the contradiction by revising premises or adding exceptions. Classical theory is the inevitable result of metaphysical methodology. Confronted with

the contradiction between the equalisation of profit and the labour theory of value, the Ricardian school did not treat the contradiction as an inherent feature of capitalist reality itself, but as a logical obstacle that the theory needed to 'resolve'. When the contradiction could not be eliminated without destroying the integrity of the theoretical system, the school fell apart.

Marx's dialectics regards contradiction as the fundamental motive force of development. In Capital, contradiction appears not only at the theoretical level but is recognised as an intrinsic attribute of the capitalist mode of production. The contradictions between use value and value, between concrete labour and abstract labour, and between private labour and social labour are the internal contradictions of the commodity. The process of exchange externalises these into the opposition between commodity and money, which then develops into the antagonism between capital and wage labour. And the contradiction between the limitless drive to augment surplus value and the market constraints on the realisation of surplus value, as well as the contradiction between the socialisation of production and capitalist private appropriation, are the roots of capitalist economic crises.

The methodological consequence of the classical school's treatment of economic categories as eternal natural forms was its inability to comprehend the historical transience of economic categories. Marx pointed out: 'In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production... The same men who establish their social relations in conformity with the material productivity, produce also the principles, ideas and categories in conformity with their social relations. Consequently, these ideas and categories are no more eternal than the relations they express. They are historical and transitory products'. When the classical school treated commodity, money, and capital as categories common to all social formations, it was in reality eternalising the specific historical form of the capitalist mode of production. Marx's dialectics, by revealing the internal contradictions of economic categories, pointed to the historical necessity of the sublation of classical thought.

**(4) The Methodological Value of the Critique of Commodity Fetishism**

At the methodological level, the most devastating critique Marx directed at classical political economy was his theory of 'commodity fetishism'. Marx pointed out: 'The mysterious character of the commodity-form consists therefore simply in the fact that the commodity-form reflects the social character of men's own labour as an objective character stamped upon the product of that labour; the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour. This ideology, which inverts social relations into relations between things, Marx called 'fetishism'.

The reason classical political economy could never penetrate economic phenomena is that it was deeply ensnared in fetishistic consciousness. Smith treated capital as the material form of 'accumulated labour', Ricardo treated rent as the fruit of the 'natural productive powers' of land, and vulgar economics treated profit as the remuneration for the 'abstinence' of capital itself. All these theories project the attributes of social relations onto things, taking the projected attributes as the inherent properties of the things themselves. Marx's critique of fetishism aims to tear away this material shell and reveal the exploitative relations between human beings concealed beneath it. This methodological breakthrough transforms political economy from a 'technical science' concerned with the physical allocation of wealth into a 'historical science' of the social relations of a specific historical stage.

## 6. THE CLASSICAL SCHOOL'S CONCEPTION OF NATURAL ORDER AND THE INNOVATION OF MARX'S HISTORICAL PARADIGM

The most fundamental divergence between classical political economy and Marxist political economy lies at the level of historical conception. The former regards capitalism as a natural, eternal, and

rational social formation; the latter understands it as a temporary stage in the development of human history, destined to be superseded by a higher social formation as its own contradictions mature.

### (1) The Classical School's Eternalisation of Natural Order

From the seventeenth to the eighteenth centuries, the idea of 'natural law' in European Enlightenment thought profoundly shaped the historical consciousness of classical political economy. Smith believed that the 'invisible hand' was not merely an economic regulatory mechanism but an expression of natural order. The individual's pursuit of self-interest objectively promotes the growth of social welfare, as though a providential hand arranged everything. Smith wrote in the Wealth of Nations: 'Every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it... he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. The pursuit of capitalist interest is elevated to a part of the cosmic natural order, providing a 'theologico-philosophical' justification for bourgeois free competition.

The Physiocratic conception of 'natural order' exerted a considerable influence on Smith. Quesnay held that society was governed by a 'natural order' standing in opposition to 'artificial order', the laws of the former being established by God and immutable. The task of political economy was to discover and follow this natural order. Although the classical school surpassed the Physiocrats on many issues—particularly Smith's emphasis on industrial and commercial capital and Ricardo's transformation of rent theory—it remained in the same lineage as the Physiocrats in the naturalisation of the capitalist mode of production.

Although Ricardo less frequently resorted to the discourse of 'natural law', his theoretical structure was likewise built on the assumption of the eternity of capitalism. He took the diminishing fertility of land as the premise of his rent theory, treating rent as the product of the natural productive powers of land; his wage theory, centred on the 'natural price', treated the pauperisation of the working class as an unalterable natural law. The more 'scientific' and 'mathematical' Ricardo's analysis became, the narrower his historical vision. He transformed every variable of capitalist production relations into quantifiable natural parameters, completely erasing the historical formation and historical dissolution of these relations.

### (2) The Analysis of the Mode of Production in the Horizon of Historical Materialism

In the Preface to A Contribution to the Critique of Political Economy, Marx gave the classic formulation of historical materialism: 'In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The core of this historical conception is to understand any social formation as a historical product of the specific combination of productive forces and production relations, of economic base and superstructure—not as the eternal expression of a natural order.

Applied to the critique of political economy, this means that every economic category must be understood within a specific mode of production. The commodity is not an economic cell present in all societies, but only 'assumes a general social form' in the universal exchange of products; money is not a technical device to facilitate exchange but the necessary result of the development of the internal contradictions of the commodity, the 'ruling authority' of the commodity world; capital is not accumulated means of production but a social relation mediated by things, namely the exploitative relation between the wage labourer and the owner of capital. These categories are not primordial, as the classical school imagined, but are specific historical products of the capitalist mode of production;

nor are they eternal, as the classical school believed, but will move toward their own negation in the contradictory movement of productive forces and production relations.

Marx's demonstration of the historical transience of capitalism is concentrated in Chapter XXIV of Volume I of Capital, 'So-called Primitive Accumulation', and in Part III of Volume III, 'The Law of the Tendency of the Rate of Profit to Fall'. The analysis of primitive accumulation shows that the separation of capital from labour was not a natural process but a 'historical genesis' accomplished through violence, plunder, and enslavement. The analysis of the falling rate of profit shows that in the process of pursuing the limitless augmentation of surplus value, capitalism necessarily encounters the internal limit of a continuously rising organic composition of capital and a persistently falling rate of profit, a tendency that will ultimately lead to the collapse of the capitalist mode of production itself.

**(3) The Sublation of the Civil-Society Paradigm and the Orientation toward Human Society**

Marx's critique of classical political economy was aimed not merely at establishing a more 'scientific' economics, but at revealing the historical path by which humanity advances from the 'realm of necessity' to the 'realm of freedom'. At the close of Volume III of Capital, Marx wrote the famous prophecy: 'The realm of freedom actually begins only where labour which is determined by necessity and mundane considerations ceases; thus in the very nature of things it lies beyond the sphere of actual material production... Freedom in this field can only consist in socialised man, the associated producers, rationally regulating their interchange with Nature, bringing it under their common control, instead of being ruled by it as by the blind forces of Nature; and achieving this with the least expenditure of energy and under conditions most favourable to, and worthy of, their human nature.

Classical political economy, by treating capitalism as 'natural' and 'eternal', set its theoretical goal as the reform and perfection of this system—for instance, reducing rent to increase profit, restricting monopoly to promote competition, and improving workers' conditions to mitigate class contradictions. Marx, by treating capitalism as a stage in historical development, set his theoretical goal not merely as explaining the laws of operation of this stage, but as revealing its internal contradictions and historical limits, thereby providing theoretical weapons for proletarian revolution. This fundamental difference in standpoint determines the vast gulf between the two in the depth of their critiques of political economy.

Yet it is precisely in this rupture that the dialectical character of inheritance gradually reveals itself. The classical school's analyses of the law of value, class distribution, and capital accumulation, after Marx's critical transformation, became the theoretical cornerstone of scientific socialism. One could say that without Smith's analysis of the division of labour and labour productivity, there would have been no Marx's detailed investigations of co-operation, manufacture, and large-scale machine industry; without Ricardo's insistence on the antagonistic relation between profit and wages, there would have been no Marx's systematic exposition of the law of surplus value; without the classical school's discussions of capital accumulation and expanded reproduction, there would have been no Marx's revelation of the law of the rising organic composition of capital and the relative surplus population. The 'scientific' component of classical political economy acquires a new meaning in Marx: it is no longer an apologia for bourgeois interests, but a weapon of knowledge for the proletariat to understand its own situation and to transform the existing world.

## 7. CONCLUSION

Tracing the theoretical evolution of classical political economy from Petty and Smith to Ricardo, and Marx's critical inheritance from this tradition, we see not merely a linear unfolding of the history of economic doctrines but a complex intellectual landscape in which thought struggles arduously among class interests, ideology, and objective laws. The classical school shifted the centre of political-economic research from the sphere of circulation to the sphere of production, upheld the labour theory of value to reveal the internal laws of commodity exchange, and unwittingly exposed the antagonistic

nature of capitalist distribution in its analysis of class relations. Yet the classical school's naturalisation and eternalisation of the capitalist mode of production stifled the theoretical potential of the labour theory of value; its intentional or unintentional concealment of the source of surplus value left the categories of profit, rent, and interest in a state of confusion and mystification. Its metaphysical mode of thought treated economic contradictions as logical errors to be eliminated rather than as historical motive forces to be understood; its narrow historical vision treated capitalism as the ultimate form of human society.

Marx's critique of political economy found its point of breakthrough precisely in the internal contradictions of classical theory. By distinguishing labour from labour-power, Marx uncovered the secret of surplus-value production; by making the dual character of labour the pivot for understanding political economy, Marx reconstructed the conceptual foundation of the labour theory of value; through the dialectics of proceeding from the abstract to the concrete, Marx established a theoretical system that was at once logically coherent and historically concrete; through the materialist conception of history, Marx reduced capitalism from a 'natural eternal order' to a 'historical temporary form'. The dual movement of 'inheritance and transcendence' makes Marxist political economy both the inheritor of the classical school's scientific analytical achievements and the most thorough critic of the classical school's bourgeois ideological disguise.

To revisit this intellectual process in the contemporary context is significant not merely for the sorting out of intellectual history, but for the cultivation of theoretical self-awareness. When neoliberal ideology once again naturalises the market, capital, and profit; when variants of the 'end of history' thesis return in multiple forms; when digital platforms and artificial intelligence are packaged as technically neutral forces that transcend class analysis—returning to Marx's critique of classical political economy means returning to a mode of thought that historicises all economic categories, and means adhering to a critical posture that refuses to eternalise the existing order. The gains and losses of classical political economy, through the creative transformation of Capital, have sedimented themselves as the permanent heritage of the Marxist critique of political economy. The activation and renewal of this heritage is the theoretical responsibility that contemporary scholars cannot shirk when confronting the new forms of globalised capitalism.

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