

TRADITIONAL AND MODERN APPROACHES TO THE INTERPRETATION OF THE THEORY OF VALUE

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Abstract: The theory of value is an important principle in economic theory that explains the processes of price formation for goods and services. The article examines traditional and modern approaches to the theory of value. Particular attention is paid to the labor theory of value, developed by Adam Smith and David Ricardo, as well as Karl Marx's concept of surplus value. The work includes an analysis of modern approaches, including utility theory and neoclassical value theory, as well as the impact of globalization and technological changes on value formation. The research shows how views on value have evolved in response to the development of economic thought and changes in global processes.

Keywords: theory of value, labor theory of value, surplus value, utility theory, market mechanisms, globalization, technologies.

Аннотация: Теория стоимости — важный принцип экономической теории, объясняющий процессы ценообразования товаров и услуг. В статье рассматриваются традиционные и современные подходы к теории стоимости. Особое внимание уделяется трудовой теории стоимости, разработанной Адамом Смитом и Дэвидом Рикардо, а также концепции прибавочной стоимости Карла Маркса. Работа включает анализ современных подходов, включая теорию полезности и неоклассическую теорию стоимости, а также влияние глобализации и технологических изменений на формирование стоимости. Исследование показывает, как взгляды на ценность развивались в ответ на развитие экономической мысли и изменения в мировых процессах.

Ключевые слова: теория ценности, трудовая теория ценности, прибавочная ценность, теория полезности, рыночные механизмы, глобализация, технологии.

Introduction. The theory of value is not only an essential part of economic science but also the foundation for understanding how prices for goods and services are formed and why some products cost more than others. Over time, perspectives on the theory of value have significantly changed, moving from a simple explanation that it depends on socially necessary labor to more complex concepts linked to consumer preferences, demand, supply, and global economic processes. The purpose of this paper is to examine how traditional and modern approaches to the theory of value reflect changes in economic thought and how various economic schools explain the origins of prices.

Traditional Approaches to the Theory of Value. Labor Theory of Value. One of the earliest and most significant approaches to the theory of value was proposed by renowned thinkers such as A. Smith and D. Ricardo. These economists argued that the value of goods is directly related to the socially necessary labor expended in their production. According to the classical labor theory, the price of a good is determined by the amount of socially necessary working time required to create it. This idea provided an explanation for why prices for goods may vary across countries or markets, even though their value is always based on labor costs.

Adam Smith, for instance, emphasized that the wealth of a nation depends on its ability to produce goods through labor, asserting that labor is the basis of value. David Ricardo expanded on this idea, adding that value is also determined by labor productivity and the amount of capital used in the production process. Despite its simplicity, this concept profoundly influenced the further development of economic theory.

K. Marx's Concept of Surplus Value. Karl Marx proposed his own version of the theory of value, which significantly expanded upon the ideas of Ricardo and other classical economists. Marx introduced the concept of "surplus value." According to

Marx, the value of a good depends on socially necessary labor, but a key point is that capitalists earn profits by appropriating the value created by workers.

Marxist theory highlights that labor creates value, but workers do not receive the full value in the form of wages. The profits of capitalists result from the "exploitation" of the working class. This idea garnered attention and sparked debate, as it illustrated how the capitalist system fosters inequality and exploitation. Marx not only explained the process of value formation but also predicted how it would lead to social conflicts and changes in society.

Modern Approaches to the Theory of Value. Utility Theory. At the end of the 19th century, the labor theory of value was supplanted by the utility-based approach, which sought to explain why people are willing to pay different amounts for the same goods. The essence of this theory is that the value of a good is determined by its utility to consumers. The price of a good or service directly depends on how important or useful it is to an individual. The greater the utility a good provides to a consumer, the higher its price.

Carl Menger, an Austrian economist, was one of the main proponents of this idea. He introduced the theory of "marginal utility," according to which value is determined not by production costs but by a subjective assessment of utility by the consumer. Importantly, two different people can evaluate the same good differently, making the price of goods highly variable depending on consumer preferences.

Neoclassical Theory of Value. This approach became the foundation for most economic models of the 20th century. Unlike classical economists, neoclassicists argued that the value of goods is determined not only by labor or utility but also by the interaction of supply and demand in the market. The price of a good is formed where demand and supply curves intersect, and this process is key to explaining market prices.

Alfred Marshall, in his work *Principles of Economics*, provided an elaborate explanation of how the value of goods is determined by market demand and supply. In this model, it is essential not only to have consumers willing to buy the good but also to cover production costs to keep the good profitable. Thus, Marshall attempted to

combine the labor theory of value with the marginal utility theory, concluding that the price of a good is based on both production costs and its utility to consumers. Neoclassical theory thus became a fundamental basis for analyzing market mechanisms and modern microeconomics.

Contemporary Theories of Value. With the development of globalization and technologies, more complex approaches to the theory of value have emerged, taking into account not only traditional elements such as labor and utility but also the influence of technology, capital, and external economic factors. In the modern globalized world, the production of many goods and services has become increasingly dependent on innovations, technological changes, and new production methods.

Modern economists emphasize that the value of a good today largely depends on the technologies and capital investments used, as well as how efficiently these resources are utilized. For example, innovations in information technology, automation, and biotechnology are reshaping the very nature of value. New technologies can significantly reduce production costs, which, in turn, affects the final price of a good. Moreover, globalization has made markets more interconnected. Global economic changes in one country can influence the value of goods worldwide, making the process of value formation even more complex and multifaceted.

Conclusion. The theory of value has undergone a long process of evolution, from the classical idea that the value of a good depends on socially necessary labor to more complex and multifaceted theories that incorporate factors such as consumer needs and preferences, technology, and global economic processes. By the early 20th century, market mechanisms of supply and demand had become the foundation for explaining the value of goods.

Modern approaches, such as capital and innovation theories, expand our understanding of how value is formed in the context of globalization and technological progress. Paradoxically, the traditional theory of value continues to evolve, adapting to new economic realities. It is essential to recognize that this is a dynamic process. In the future, new economic approaches will undoubtedly emerge, taking into account even

more complex interactions between various factors influencing the price and value of goods. Global climate changes, the transition to nanotechnologies and artificial intelligence, and the differentiation of the global economic space will lead to a rethinking of the theory of value.

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