

Title: Smith and Keynes on the Wage Unit

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Abstract

The paper analyses and compares the uses made by Adam Smith and John Maynard Keynes of monetary wages as an anchor to the measure of economic growth and value in capitalist economies in the first and in monetary production economies in the last. It demonstrates that the notion of commanded labour emerges in Smith's analysis as one of the explanations to value and explores how and why this explanation succeeds his previous idea of embodied labour as the source of value, being, afterwards substituted by the cost of production theory. It emphasizes, as well, the relevance attributed by Keynes to the monetary wages as an element of measure in a monetary production economy, highlighting the way by which wages are related to money as one of the main elements to the construction of the concept of a monetary production approach and, consequently, to the non-neutrality of money, which was one of the main element in Keynes's theory. Thus, demonstrating how close are these two perspectives in what concerns the seek for a monetary anchor.

Since these analyses on the relevance of the wage unit and of the commanded labour as proper measures are done, the similarities and differences between the two approaches will be discussed, showing that they begin with completely different concerns and reach similar solutions for the same problem, even with absolutely different theoretical supports. Since these similar solutions are reached, they pursue absolutely different trends in what concerns the roles that money assume in capitalist economies.