

# Qualifier for Econ 7004 (Pol Econ), 2004

Answer all questions. All questions will be weighted equally.

1) a) Characterize and contrast the Regulationist approach to economics and the SSA approach. As one part (not the only) of characterizing the SSA approach, ILLUSTRATE your claims concerning the nature of the SSA with sufficient concrete references to any one of the SSA applications we read in the Kotz *et al* book. b) Present the Glickian critique of the Regulationist approach. c) Indicate what parts of the Glickian critique would and would not apply to the SSA approach.

2) Present, compare and contrast the Marxist ideas concern moving beyond capitalism, including in particular, but not restricted to, the issue of the human condition, as presented by Lebowitz, Chattopadhyay, and Fischer in his first chapter on the dream of the whole man.

3. Let  $\lambda_i$ ,  $c_i$ ,  $v_i$ , and  $s_i$  be the total value, constant capital, variable capital and surplus value of a unit of some good  $i$ . Let there be 2 goods. Let  $l_i$  be the direct labor needed to produce a unit of good  $i$ , and let the transpose of the productive matrix  $A$ , with everything defined as in the book by Woods, be

$$A^T = \begin{pmatrix} a_{11} & a_{21} \\ a_{12} & a_{22} \end{pmatrix}$$

To be completely clear: the equation for value in Wood's notation is

$$\vec{\lambda} = A^T \vec{\lambda} + \vec{l}$$

a) Write the equation for the relation between surplus value, variable capital, value (total value of a commodity) and constant capital.

b) Let

$$A^T = \begin{pmatrix} .3 & .2 \\ .3 & .4 \end{pmatrix} \quad \vec{l} = \begin{pmatrix} 2 \\ 3 \end{pmatrix}$$

Find the  $\lambda$ -vector.

c) i) In terms of the symbols given at the beginning of this problem, define the organic composition of capital in each branch. ii) calculate the organic composition of capital in each branch.

d) If the organic composition of capital were the same in both branches in this example, without doing any new calculations give the ratio of the prices of production.

e) Consider the general condition  $(l_1 a_{11} + l_2 a_{21})/l_1 = (l_1 a_{12} + l_2 a_{22})/l_2 = \alpha$ , which this example satisfies. This was one condition for a result that we got in half the homework examples we did in Woods, a result historically of interest to Sraffians. Give in words (or symbols) that result that this condition (and many other conditions we considered in the homework) implies.

f) Give (corresponding to this definition of value) i) the Marxist price equations and ii) the Sraffian Price equations. iii) Explain in words the economic difference of the Marxist and Sraffian price equations.

g) In volume I, Marx calculated profits in value terms (or equivalently, in direct prices). Calculate the "rate of profit" in this way in each branch here (with Marxian prices), if the wage is .748.

h) Without doing any new calculations, what do we know about the new rates of profit in the two branches after the redistribution of values that is involved in the transformation problem, as far as i) the relation of the rate of profit in branch 1 to that in branch 2, and ii) the range those profits must lie in after the redistribution of value.

**Political Economy Qualifying Exam**  
**E. K. Hunt**  
**2004**

Adam Smith wrote that in "the early and rude state of nature" the prices of commodities were proportional to the quantities of labor embodied in their production. He believed, however, that in capitalism rates of profit on capital tend toward equality in all industries. Since the ratios of capital to labor differed significantly from industry to industry, Smith believed that when commodity prices included a component for profits, they would no longer be proportional to the quantities of labor embodied in their production. Ricardo, however, showed that this proportionality was the main principal of the labor theory of value, but it had to be buttressed by two subsidiary principals. What were those subsidiary principals, and how did they alter the results of Smith's simple labor theory of value?

Marx's treatment of the labor theory of value, when looked at in purely analytical terms, is strikingly similar to that of David Ricardo. What, if any, analytical differences were there between the treatments of Ricardo and Marx?

According to Professor Hunt, when you move beyond the issues involved in the analytics of price determination, there are very significant differences in the value theories of Ricardo and Marx. List and discuss these differences.