Contents

Preface

Introduction

PART ONE. CAPITAL. PRINCIPLE FEATURES OF THE MARXIAN "CANON"

1 Value and Distribution
   A Introduction
   B On "Demand-Supply" Analysis
   C The Transformation of Values into Prices: Formal Analysis
   D The Transformation and the Allocation Mechanism
   E Competition Constrained: Land Scarcity and Firm Size
   F On "Market Value" and Competition
   G The Inverse Wage-Profit Relation and Profit-Rate Equalization
   H Materials, the Luxury-Goods Sector, and the General Profit Rate
   I The Rate of Surplus Value as Endogenous Variable
   J More on Final Demand and Distribution
   K Marx's Strategy
   L Concluding Comment: The Baumol-Samuelson Exchange

2 Elements of Growth Theory
   A Introduction
   B Setting the Stage: Stationary Reproduction as Circular-Flow Process
   C Capital Accumulation
   D Determinants of the Rate of Accumulation
   E The "Simple Reproduction" Scheme
   F The "Extended Reproduction" Scheme
   G Concluding Comment
Contents

3 Economic Growth and the Falling Real-Wage Trend 85
   A Introduction 85
   B The Falling Wage Trend 88
   C The Subsistence Wage and the Value of Labor Power 90
   D The Falling Wage Trend and Population Growth 94
   E The Industrial Reserve Army and Cyclical Wage Fluctuations 100
   F Inter-Sectoral Labor Movements 102
   G The Participation Rate 104
   H Concluding Comments: Objections to Malthus 106

4 Economic Growth and the Falling Rate of Profit 110
   A Introduction 110
   B The Basic Analysis 111
   C The Conditions for a Falling Rate of Profit 114
   D Increasing Rate of Surplus Value and Cheapening of Constant Capital 118
   E The Limited Impact of a Rising Rate of Surplus Value 120
   F Implications of Differential Rates of Productivity Increase 123
   G Technical Progress and the Falling Profit Rate: An Overview 127
   H On Secular Underconsumption 129
   I Concluding Comments: On the Significance of the Falling Profit Rate 132

5 The Cyclical Dimension 134
   A Introduction 134
   B The Cyclical Chronology 135
   C Trend and Cycle: Causal Mechanisms 139
   D The Raw Material Constraint and Upper Turning Point 143
   E The Labor Constraint and Upper Turning Point 145
   F The Monetary Dimension 150
   G Inter- and Intra-Departmental Imbalance 157
   H A Note on the "Echo Effect" 159
   I Concluding Remarks 160

PART TWO. ORIGINS: MARX IN THE 1840s

6 Marx's Economics 1843-1845 165
   A Introduction 165
   B Price Theory 166
   C Wage-Rate and Profit-Rate Trends 171
   D The Private Property System: Ricardo as bête noire 176
   E On Aggregate Demand and "Overproduction" 182
   F In Partial Defence of Proudhon 184
   G Objections to Friedrich List 188
   H Summary and Conclusion 190
## Contents

### 7 A "First Draft" of *Capital* 1847-1849

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Introduction</td>
<td>194</td>
</tr>
<tr>
<td>B</td>
<td>Allocation, Cost Price, and the Labor Theory</td>
<td>195</td>
</tr>
<tr>
<td>C</td>
<td>Differential Rent</td>
<td>204</td>
</tr>
<tr>
<td>D</td>
<td>Labor as Commodity</td>
<td>206</td>
</tr>
<tr>
<td>E</td>
<td>On &quot;Labor Power&quot; and the Source of Surplus Value</td>
<td>207</td>
</tr>
<tr>
<td>F</td>
<td>The Inverse Wage-Profit Relation</td>
<td>212</td>
</tr>
<tr>
<td>G</td>
<td>The Falling Real-Wage Trend</td>
<td>214</td>
</tr>
<tr>
<td>H</td>
<td>More on the Real-Wage Trend: Increasing Organic Composition, Demographic Patterns, and the Reserve Army</td>
<td>218</td>
</tr>
<tr>
<td>I</td>
<td>Profit-Rate Determination: &quot;Competition of Capitals&quot;</td>
<td>223</td>
</tr>
<tr>
<td>J</td>
<td>Labor and Free Trade: On Marx's Ricardian <em>bonâ fides</em></td>
<td>224</td>
</tr>
<tr>
<td>K</td>
<td>Summary and Conclusion</td>
<td>227</td>
</tr>
</tbody>
</table>

### PART THREE. A "SECOND DRAFT" OF *CAPITAL: THE GRUNDRISSE* 1857--1858

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>1857-1858 I: Surplus Value</td>
<td>235</td>
</tr>
<tr>
<td>A</td>
<td>Introduction</td>
<td>235</td>
</tr>
<tr>
<td>B</td>
<td>The Basic Doctrine</td>
<td>236</td>
</tr>
<tr>
<td>C</td>
<td>Surplus Value and the Transition to Growth</td>
<td>244</td>
</tr>
<tr>
<td>D</td>
<td>Elements of a Growth Model: Productivity Increase, Population Growth and the Reserve of Unemployed</td>
<td>246</td>
</tr>
<tr>
<td>E</td>
<td>The Falling Rate of Profit</td>
<td>252</td>
</tr>
<tr>
<td>F</td>
<td>The &quot;Transformation&quot;</td>
<td>254</td>
</tr>
<tr>
<td>G</td>
<td>A Marxian &quot;Reply&quot; to Böhm-Bawerk</td>
<td>256</td>
</tr>
<tr>
<td>H</td>
<td>Surplus Value: Matters of Timing and Indebtedness</td>
<td>258</td>
</tr>
<tr>
<td>I</td>
<td>On Ricardo and Surplus Value: An Excursus</td>
<td>260</td>
</tr>
<tr>
<td>J</td>
<td>Summary and Conclusion</td>
<td>265</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>1857-1858 II: Value &quot;Realization&quot;</td>
<td>268</td>
</tr>
<tr>
<td>A</td>
<td>Introduction</td>
<td>268</td>
</tr>
<tr>
<td>B</td>
<td>Capital Turnover: A Circular-Flow Process</td>
<td>268</td>
</tr>
<tr>
<td>C</td>
<td>Obstacles to Value Realization</td>
<td>273</td>
</tr>
<tr>
<td>D</td>
<td>On the Law of Markets and Overproduction Literature</td>
<td>280</td>
</tr>
<tr>
<td>E</td>
<td>On Working-Class Consumption</td>
<td>285</td>
</tr>
<tr>
<td>F</td>
<td>Summary and Conclusion</td>
<td>289</td>
</tr>
</tbody>
</table>

### PART FOUR. A "THIRD DRAFT" OF *CAPITAL: THE ECONOMIC MANUSCRIPTS* 1861-1863

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1861-1863 I: Surplus Value - Profit, Rent, and Interest</td>
<td>293</td>
</tr>
<tr>
<td>A</td>
<td>Introduction</td>
<td>293</td>
</tr>
<tr>
<td>B</td>
<td>Profit-Rate Equalization and the Transformation</td>
<td>293</td>
</tr>
<tr>
<td>C</td>
<td>The Transformation Aborted: Absolute Rent and the Priority of the Industrial Sector</td>
<td>297</td>
</tr>
</tbody>
</table>
Contents

D  The Falling Rate of Profit and Its Significance 306
E  Materials, the Luxury Sector, and the General Profit Rate 311
F  The Rate of Interest 312
G  Commercial Capital and the Surplus-Value Doctrine 318
H  Summary and Conclusion 324

11 1861-1863 II: Sectoral Analysis, Accumulation, and Stability 326
   A  Introduction 326
   B  Sectoral Analysis and the Constant Capital "Riddle" 326
   C  Conditions for "Continuous" Accumulation 334
   D  Aggregate Demand Constraints 338
   E  The Secular-Cyclical Nexus 341
   F  Sources of Cyclical Instability 344
   G  The Recovery Process: Corrective Mechanisms 347
   H  On the "Overproduction" Literature 349
   I  Summary and Conclusion 351

12 1861-1863 III: The Labor Market 353
   A  Introduction 353
   B  The "Wage-Fund" DoctrineRejected: Synchronized Activity
       vs. Advances 353
   C  Labor Demand and Technical Change 360
   D  Labor Supply: Population Growth and the "Reserve Army" 368
   E  The Mechanics of Population Growth and the Falling Wage
       Trend 375
   F  Summary and Conclusion 380

PART FIVE. TOPICS IN APPLICATION

13 Economic Organization and the Equality Issue 385
   A  Introduction 385
   B  Objections to Egalitarian Reform 386
   C  The Allocative Role of the Free Market vs. Central Control 396
   D  Some Unexpected Parallels 401
   E  Summary and Conclusion: The Evolutionary Dimension 406

14 Is There a Marxian "Entrepreneur"? On the Functions of the
    Industrial Capitalist 409
   A  Introduction 409
   B  Preliminaries: Industrial Organization 411
   C  The Supervisory and Allocative Function 414
   D  Science and the Sources of New Technology 419
   E  Innovatory Investment 425
   F  The Category of "Minor" Improvement 428
   G  On Measurable Risk and Insurance 429
   H  On "Profit of Enterprise" in Capital 3 430
### Contents

#### I On Cooperation
- J On Joint-Stock Organization and Limited Liability
- K Conclusion: The Industrial Capitalist and Uncertainty Revisited

#### 15 Principles of Social Reform
- A Introduction
- B Early Statements
- C Marx's "Revisionism": The 1860s and 1870s
- D Summary and Conclusion

#### Conclusion: A Recapitulation and Overview
- A The Theory of Surplus Value
- B Marx and the Classical Canon: The Theory of Value
- C Marx and the Classical Canon: The Trend Path of the Factor Returns
- D Marx as "Revisionist"
- E Marx and the Moderns
- F Epilogue: On Engels and the "Closure" of Marx's System

#### Appendices
- Bibliography
- Index