

Technical change, capital accumulation, and distribution[‡]

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April 18, 2015

Abstract

This paper provides a comprehensive framework to study the dynamic relations between technical change and equilibrium income distribution in capitalist economies characterised by a drive to accumulate. It, then, examines whether a technical progress is a driving force to establish the general law of falling rates of profits as Marx argued or it is a rescue from the falling tendency of equilibrium profit rates as Schmuption emphasises. The main result shows that the so-called Okishio Theorem (1961) is robust in most of the cases, even if the wage rate is variable and can change from one period equilibrium to the next period equilibrium.

JEL: O33 (Technological Change: Choices and Consequences, Diffusion Processes); D33 (Factor Income Distribution); B51 (Socialist, Marxist, Sraffian).

Keywords: technical change, income distribution, profitability, Okishio Theorem.

*This is a very preliminary draft !

[†]We are thankful to Rajiv Sethi, Heinz Kurz, and B. Schefold for their useful discussions on an earlier version of this draft.

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