

STUDY QUESTIONS FOR MARX FALLING RATE OF PROFIT

VOLUME 1, CHAPTER 25, Section 1:

1. How does Marx define the “composition of capital”? What are the three different aspects of the composition of capital? What is the relation between these three aspects?
2. Assuming a constant composition of capital, what are the effects of the accumulation of capital on employment and wages?
3. For humorous relief, read Marx’s footnote on Malthus and other “parson economists” on pp. 766-68.

VOLUME 1, CHAPTER 25, Sections 2 3:

1. Summarize Marx’s argument that the composition of capital will tend to increase as a result of technological change.
2. What are the effects of an increase in the composition of capital: (a) on the demand for labor and the rate of unemployment? (b) on wages? (c) on the balance of power between capitalists and workers?
3. Summarize Marx’s critique of the (Malthus’) theory that wages depend on the rate of population growth (pp. 771 2 and 790 2)

VOLUME 1, CHAPTER 25, SECTION 4

1. Summarize Marx’s “general law” of accumulation.
2. To what extent do you think this “general law” is supported by the actual development of capitalism?

VOLUME 3, Chapter 13, pp. 211 16

1. Summarize Marx’s theory of the falling rate of profit. What is the main cause of the decline in the rate of profit?
2. Compare and contrast Marx’s theory of the falling rate of profit with Ricardo’s theory of the same tendency.

MOSELEY, “Marx’s Theory of the Falling Rate of Profit”

An Encyclopedia entry which provides a brief summary of Marx’s theory.