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ABSTRACTS

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Heterodox Surplus Approach: Production, Prices, and Value Theory

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In this article I argue that there is a heterodox social surplus approach that has its own account of output-employment and prices, and its own value theory. In the first two sections, the heterodox model of the economy is delineated with respect to the social surplus and social provisioning, followed in the third and fourth sections with the development of a pricing model and an output-employment model. In the fifth section the results of the previous four sections are brought together to develop a model of the economy. The article concludes with the delineation of the heterodox theory of value.

The Rate of Interest as a Macroeconomic Distribution Parameter: Horizontalism and Post-Keynesian Models of Distribution and Growth

ECKHARD HEIN

We review the main arguments put forward against the horizontalist view of endogenous credit and money and an exogenous rate of interest under the control of monetary policies. We argue that the structuralist arguments put forward in favour of an endogenously increasing interest rate when investment and economic activity are rising, due to increasing indebtedness of the firm sector or decreasing liquidity in the commercial bank sector, raise major doubts from a macroeconomic perspective. This is shown by means of examining the effect of increasing capital accumulation on the debt-capital ratio of the firm sector in a simple Kaleckian distribution and growth model. In particular we show that rising (falling) capital accumulation may be associated with a falling (rising) debt-capital ratio for the economy as a whole and hence with the 'paradox of debt'. Therefore, the treatment of the rate of interest as an exogenous macroeconomic distribution parameter in Post-Keynesian distribution and growth models seems to be well founded.

A Remark on Intensive Differential Rent and the Labour Theory of Value in Ricardo

SAVERIO M. FRATINI

In the *Principles*, Ricardo defended his labour theory of value by arguing that even where all cultivated land pays rent, the last dose of capital employed on the land does not and there is therefore no rent in the price of the product of this capital. We will show, on the contrary, that the intensive differential rent paid on land of the worst quality under cultivation enters into the agricultural product price and so, even in the most favourable case, commodities are no longer exchanged at prices based on the quantities of labour they embody.

Growth Effect of Foreign Investment on Indian Economy

SHRI PRAKASH & RITISNIGDHA PANIGRAHI

The paper deals with the output effect of foreign investment (FI) in different sectors of the Indian economy. Final demand vector of I-O model has *foreign* investment alone as non-zero elements. FI promotes growth of output of all sectors, including those having no FI. Amount of FI and linkages of sectors, receiving foreign investment, are the main determinants of output effect of FI. But output effect of FI varies sharply between sectors according to the magnitude of investment and intensity and spread of linkages. Miscellaneous manufacturing shows maximum output growth due to FI.