

From G-W-G' Process to Economic Table in the 21th Century

I propose a simple reconstructing plan of the Marxian reproduction theory on the basis of "sales – normal margin adjusting principle (Sales principle)" as a solution for its theoretical and applicative problems. This 'principle' originally appeared in Keynes' Treatise on Money, and it supposes, on one hand, a process where capitalists adjust their production scale which is defined as their production cost plus normal profit margin, according to their sales, on the other hand, a process where workers adjust their expenditure of consumption level according to their wages, and their interaction which show the multiplier process. Usually, repercussions on intermediate transactions have been supposed to be converted into the amount of the net increase of income in this process, however, we don't need to treat them so, and can easily treat them explicitly. Apparently it makes no differences for each capitalist, whether its sales is in final demand or intermediate demand, therefore we have no reason why we should think the sales to be limited in final demand. To be more specific, we can use real I/O data to derive transaction relations, not technical relations, among capitalists, and make the general multiplier process - Tableau Economique in the 21th century - to show the reproduction process as a whole.

Social economic modeling with the sales principle needs only monetary amount information. This point makes us free not only from the transformation problem, but also from the traditional modeling style in economics, which necessarily uses prices and quantities. As we don't need one-commodity-one-price assumption and equilibrium approach anymore, we can consistently make the process based model which requires the autonomous and distributed behavior of each agent in disequilibrium of the system. This is a reflection of the basic idea of the evolutionary economics, which emphasizes the limit of abilities of economic agents and the irreversible time.

Moreover, with this modeling style, we can explicitly treat economic policies, not only traditional fiscal policies, but also income distribution policies such as the minimum wage law, which is expected to improve the limitation of traditional discussions on the basis of G-W-G' process model.