



University of Utah
Department of Economics
PhD Qualifying Examination in
Political Economy
Tuesday, May 30, 2023
9am – 1:30pm

Please write legibly with a dark pen or pencil and use only the front side of the paper provided.

You may answer these questions in any order, but be sure to label each answer with Part __, Question __.

Be sure to number each page of your answer document, and at the end include the total number of pages.

Any questions about testing protocol can be directed to the proctor.

**Qualifier Exam, Political Economy Part 1
Summer 2023**

Answer 2 of the following questions.

1. What is the “long-period method” of the classical political economists? Explain the key concepts of this method, including the distinction between market and natural prices.
2. What are the “commodity law of exchange” and the “capitalist law of exchange”? What principles of competition and free mobility of labor and capital are involved in each?
3. Compare and contrast Ricardo’s and Marx’s theories of the long-run tendency of the profit rate to fall in capitalist economies.
4. Discuss how the mobility of labor and the mobility of capital yield potentially contradictory determinations of prices in the labor theory of value. What conditions ensure that a system of “prices of production” will be compatible with the labor theory of value?

Qualifier Exam, Political Economy Part 2

Summer 2023

Answer both of the following questions:

1. Compare the “Kondratieff cycles” discussed by Wallerstein and Harvey’s “spatial fixes” (discussed by Arrighi). Explain Wallerstein’s argument that “the changes that solve the immediate problem of inadequate expansion of the world-economy (help to) restore a middle-run equilibrium but begin to create problems for the structure in the long run.” For Harvey, what have been the “anomalies” of the current global crisis? Explain the similarities and differences between Harvey and Wallerstein regarding their respective understanding of the nature of the current structural crisis of the capitalist world system and the range of outcomes (solutions) that they consider to be historically possible. In light of the latest world political events (especially what have happened since 2022), do you think Harvey or Wallerstein has provided a better assessment of the current structural crisis? Explain.

2. Examine the table below that describes the movement of the profit rate and related macroeconomic indicators in the US economy during 1966-1970. Use one or more than one of the Marxian crisis theories to explain the decline of the profit rate from 1966 to 1970. In your discussion, consider and evaluate the following three approaches: the rising organic composition approach, the social conflict approach (also known as the “profit squeeze” approach), and the monopoly/underconsumption approach. In your view, which one or more than one of the three approaches can provide the best explanation of the decline of the profit rate in this period?

Now imagine that you were a mainstream economist in the 1970s offering advice to the American capitalist class on how to revive the profit rate. You have the following policy options: Military Keynesianism (increasing government spending on military and war to increase aggregate demand); Monetarism (reducing money supply to raise the interest rate to levels that

may cause deep recession); Industrial Policy (subsidizing the capitalists to develop new technologies that help to increase output per unit of capital). For each of the above policy options, discuss its advantages and disadvantages for the capitalist class with a focus on the policy's likely impact on the profit rate.

US Economy, 1966-1970

	1966	1967	1968	1969	1970
Profit Rate	20%	19%	18%	17%	15%
Profit Share	19%	18%	18%	17%	16%
Output-Capital Ratio	1.01	0.99	0.98	0.96	0.92
Labor Income Share	61%	62%	62%	63%	63%
Unemployment Rate	3.8%	3.8%	3.6%	3.5%	4.9%
Personal Consumption Expenditures	59%	59%	59%	59%	60%
Gross Private Domestic Investment	18%	17%	17%	17%	16%
Government Expenditures	23%	24%	24%	23%	24%

Profit Rate: ratio of total capitalist profit (including corporate profits, interests, rents, and other capital incomes) over business sector stock of fixed capital.

Profit Share: share of total capitalist profit in GDP.

Output-Capital Ratio: ratio of GDP over business sector stock of fixed capital.

Labor Income Share: share of total labor income (compensation of employees and other labor incomes) in GDP.

Unemployment Rate: total number of unemployed divided by the labor force.

Personal Consumption Expenditures: personal consumption expenditures as % of GDP.

Gross Private Domestic Investment: gross private domestic investment as % of GDP.

Government Expenditures: government purchases of goods and services as % of GDP.