University of Utah

Department of Economics

PhD Qualifying Examination in Political Economy

Tuesday, May 27, 2025

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 Section #, Question #.

Be sure to include your PIN on each page of your answer document, along with numbering each page. At the end, add the total number of pages to the first and last page.

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

Political Economy Qualifying Exam Section 1

Answer 2 of the following questions.

1. What is the "capitalist law of exchange," and how does it differ from the "commodity law of exchange"? Explain the underlying principles of competition and the free mobility of labor and capital associated with each. In your discussion, describe how the concept of exploitation is understood within the framework of each "law of exchange."

2. What is the "New Interpretation" approach to the "transformation problem"? What issues in value theory does this approach address?

3. Compare and contrast Ricardo's and Marx's theories of the long-run tendency of the profit rate to fall in capitalist economies.

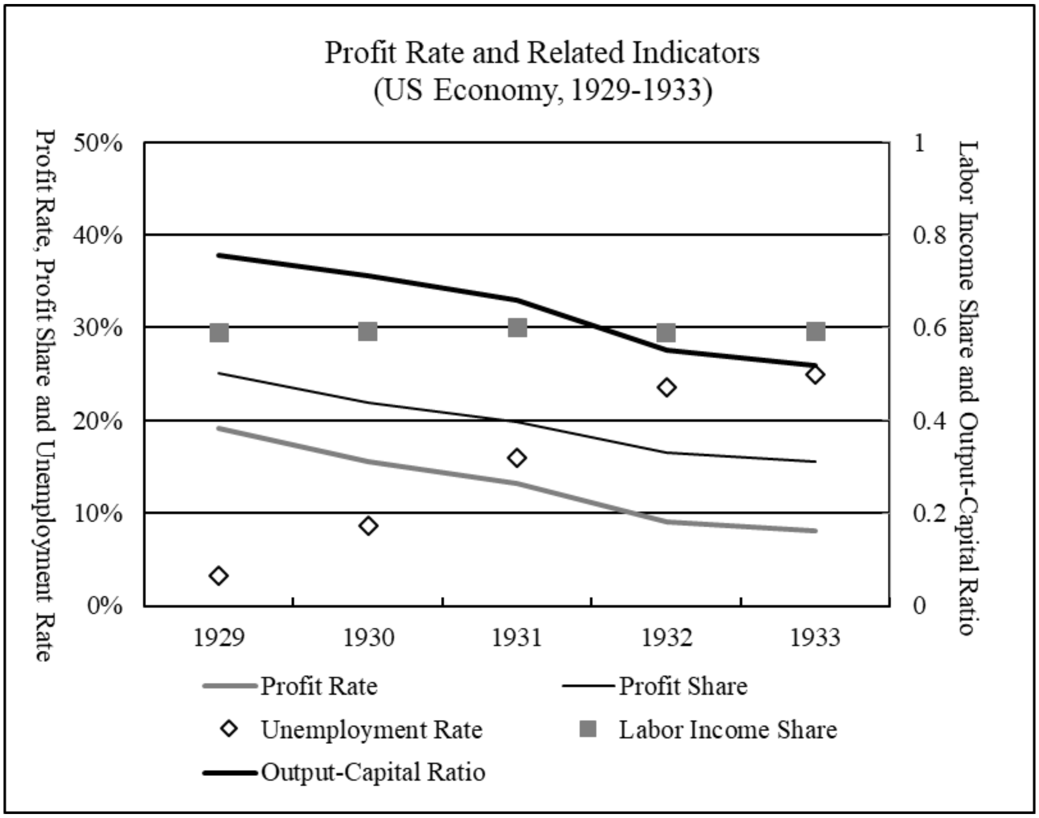
4. What is the "long-period method" of the classical political economists? Explain the key concepts of this method, including the distinction between market and natural prices.

Political Economy 2 Qualifier Exam Questions

Answer Both of the Following Two Questions:

1. Both Marxism and the World-System Theory see capitalism as a historical system that can only exist under certain historical conditions and over a certain historical period. Based on your reading and understanding of Marx, Engels, and Wallerstein, compare and discuss the similarities and differences between Marxism and the World-System Theory in their theoretical analysis of the nature and dynamics of capitalism, the basic contradictions of capitalism, and the structural crisis of capitalism.

2. Examine the two graphs that describe the movement of the profit rate and related macroeconomic indicators during the Great Depression. Use one of the Marxian crisis theories or Keynes's theory on investment to explain the collapse of the profit rate from 1929 to 1933. In your discussion, consider and evaluate the following four approaches: the rising organic composition approach, the social conflict approach (also known as the "profit squeeze" approach), the monopoly/underconsumption approach, and Keynes's theory of investment (discussed in Chapter 12 of the General Theory). In your view, which one of the four approaches can provide the best explanation of the collapse of the profit rate from 1929 to 1933 given the empirical data presented in the two graphs? Please also explain why the other three approaches cannot provide a satisfactory explanation of the decline of the profit rate in this period.



Profit rate, profit share, and unemployment rate are shown on the left scale; labor income share and output-capital ratio are shown on the right scale.

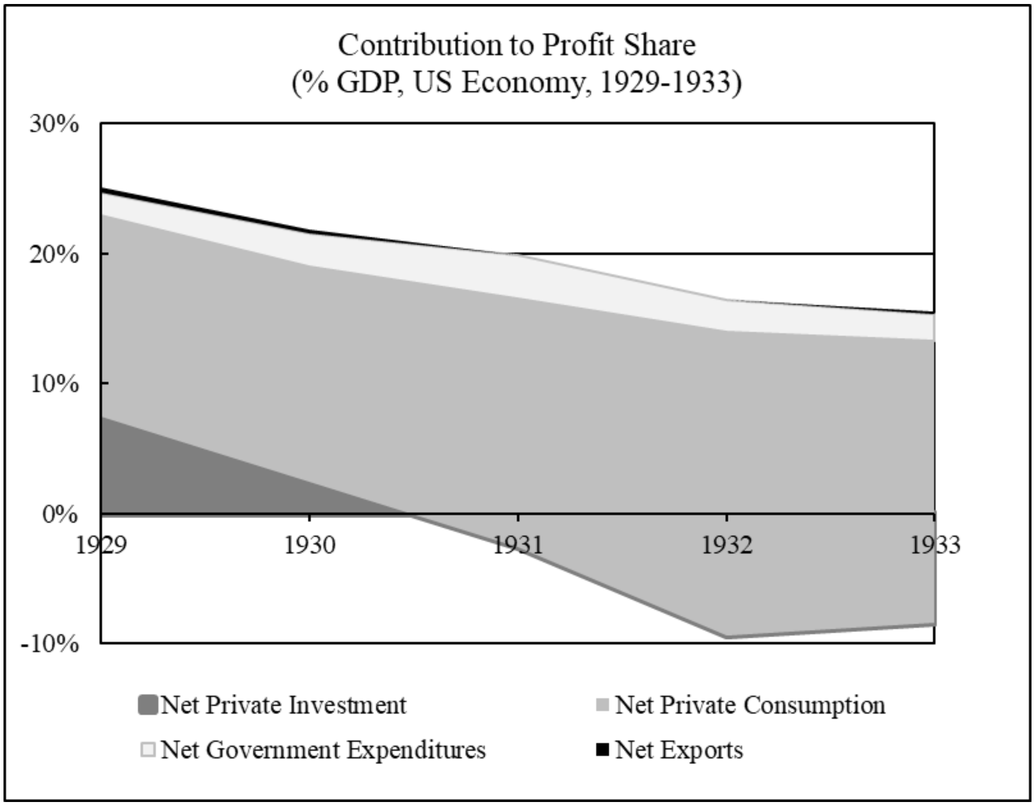
Profit Rate: ratio of total capitalist profit (including corporate profits, interests, rents, and other capital incomes) over business sector stock of fixed capital.

Profit Share: share of total capitalist profit in GDP.

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

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

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



All variables are shown as percentages of GDP. The sum of the four variables shown in this graph equals the profit share.

Net Private Investment: gross private domestic investment less private sector consumption of fixed capital (depreciation). Note that this variable became negative during 1931-1933.

Net Private Consumption: personal consumption expenditures less total labor income.

Net Government Expenditures: government expenditures on consumption and investment less indirect taxes and government sector consumption of fixed capital (depreciation).

Net Exports: exports of goods and services less imports (this variable is very small during this period and barely visible just above the "net government expenditures").