REVISED DRAFT of MIDDLE PARAGRAPH OF PAGE 270 OF 'Theories of Value and Distribution since A. Smith' (WITH A VIEW TO A POSSIBLE REPRINT)

An analogous difficulty applies to the post-Keynesian theory, according to which the share of profit in national income is dependent on the growth-rate of the economy together with the saving (or alternatively spending) propensity of capitalists. The implication of this would seem to be that in static conditions with zero capital-accumulation (Marx's 'simple reproduction') profits could be zero. This, however, could only be the case if capitalists persistently refused not only to invest but also to spend their (potential) incomes: surplus-value would then fail to accrue simply because it could not be 'realised', even though conditions favourable to its 'creation' were in existence. Since there must be an equality between aggregate capitalist spending (including investment) and total output less what is sold to wage-earners, it follows that total realised surplus must vary with the size of capitalist expenditure (including investment). This equality condition, however, could only become a sufficient theory of profit if (say) investment were singled out as the independent variable: then it would appear to follow that amount of profit or surplus is consequent on investment and determined by the size of the latter. But while this might well be a plausible view in a planned socialist economy, where growth, and hence investment, is postulated as a key policy-element in the plan, it is plainly inappropriate to an unplanned atomistic market economy. In the latter investment as much as individual capitalist spending is a variable that has to be explained in terms of the total situation, and is affected by expectations of future capitalist income, which is in turn related to what has come to be regarded as 'normal' income on the basis of past income-experience. The equality-conditi accordingly, cannot be treated as a <u>substitute</u> for a theory of profit and distribution in socio-economic terms (explaining, e.g., the <u>rate</u> of surplus-value or profit-wage ratio, which is otherwise left unexplained).