The Structural Crisis of Capital Accumulation in the USA and Its *Causa Prima*

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Focus on long-term tendencies in the US economy

declining countervailing power of labour,
falling labour share in GDP,
lower industrial capacity utilisation,
atrophy of net non-residential investment,
record high unemployment in present structural crisis.

High level of abstraction

The commodity market is *not* cleared for contradiction between *value* and *use-value* of commodity.

Capitalist class owns means of production and circulation; workers own their labour power that they sell to capitalists.

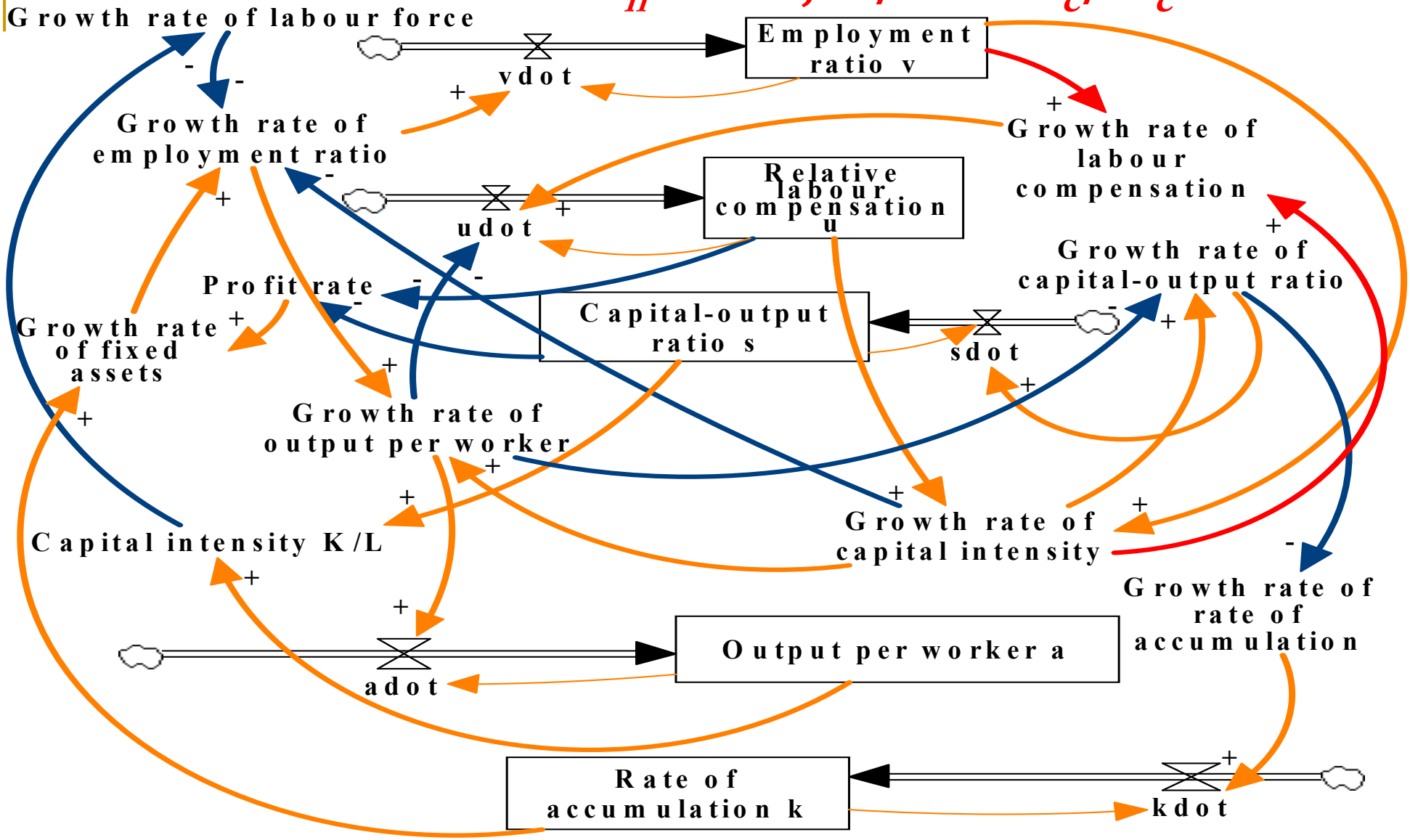
Abstract labour embodied in surplus product represents surplus value.

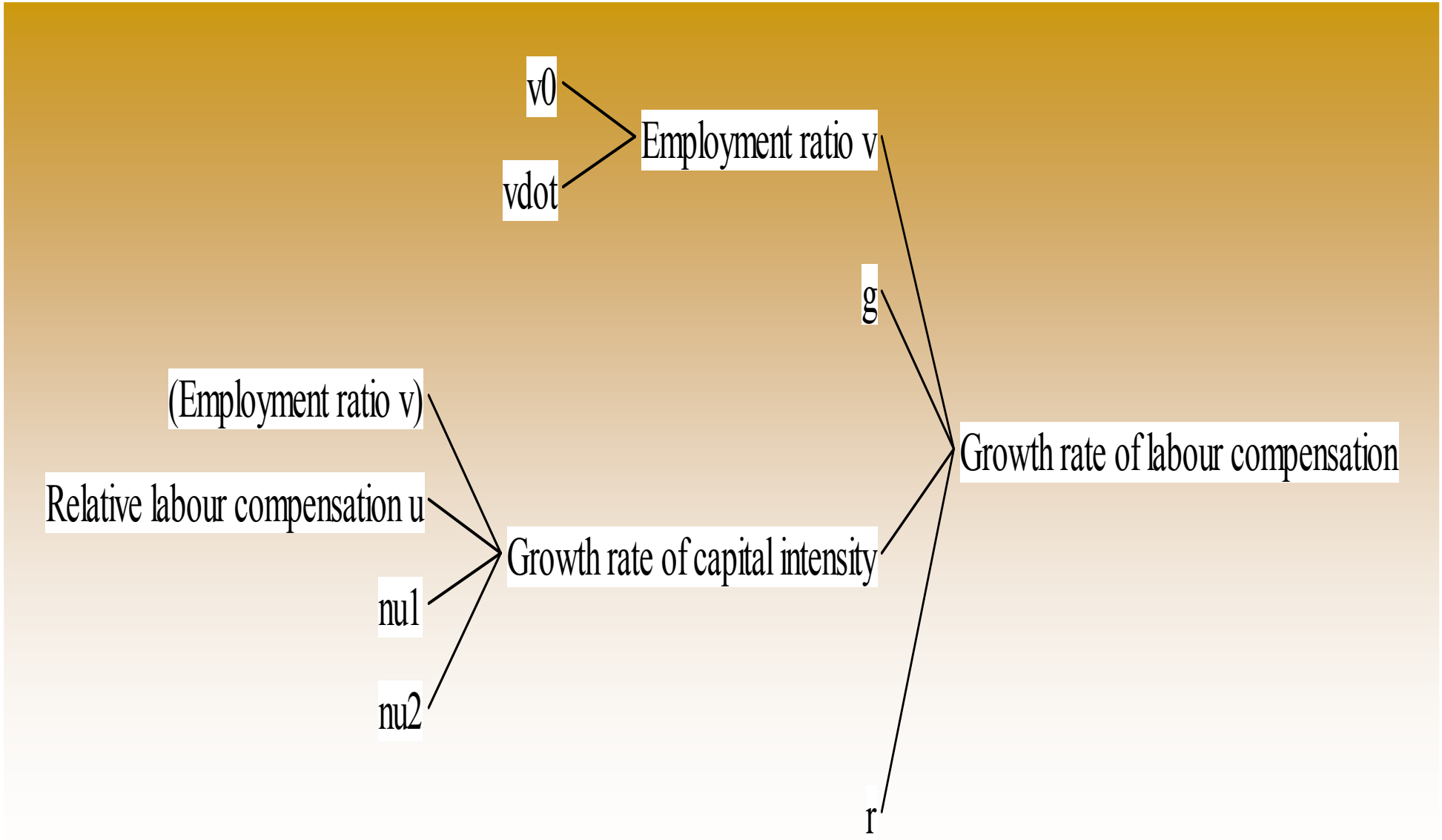
Advanced capital: non-residential (private & gov.) fixed assets.

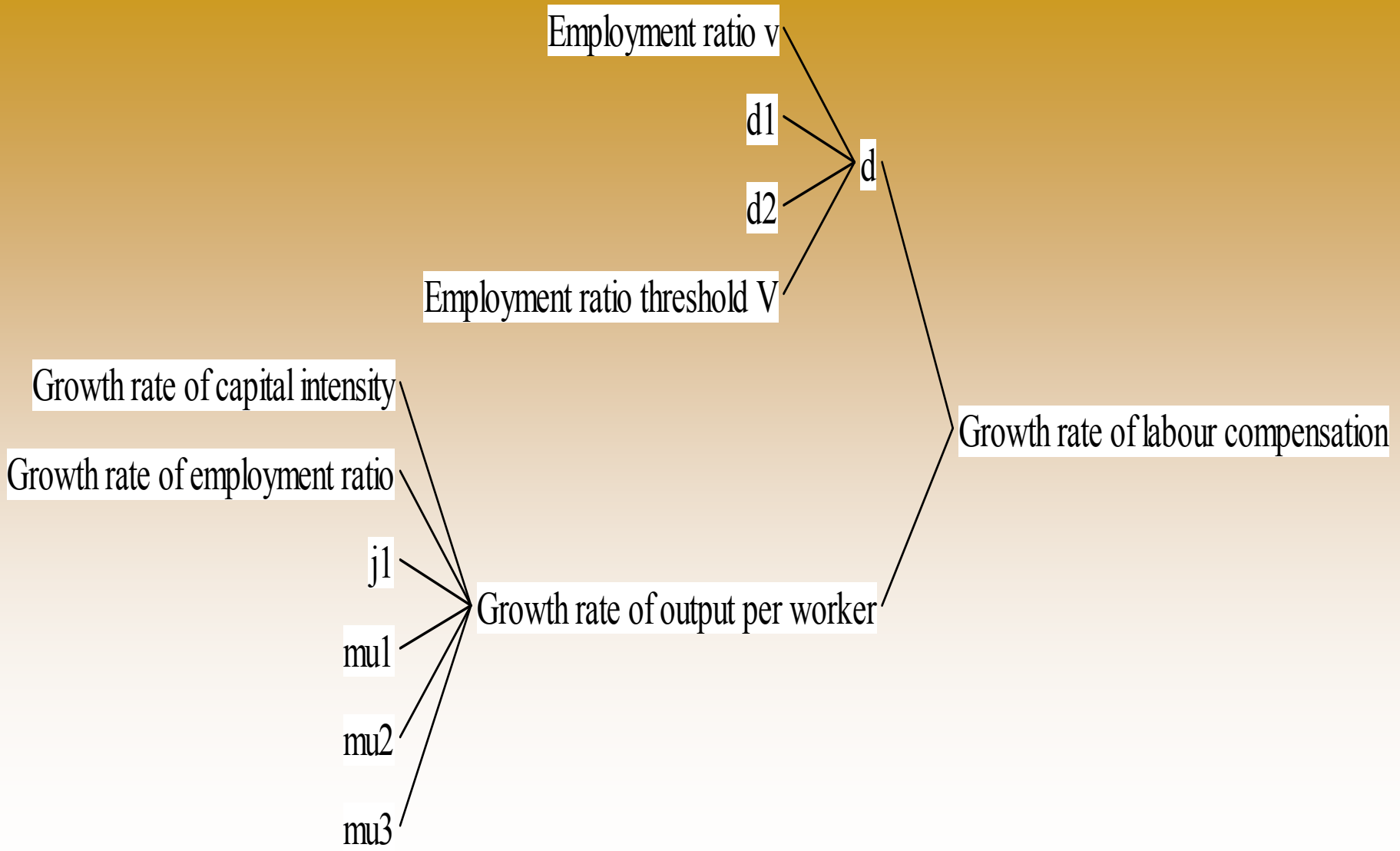
Labour compensation equals pre-tax compensation of employees (including supplements) plus imputed labour compensation of self-employed.

Profit: NNP less total labour compensation.

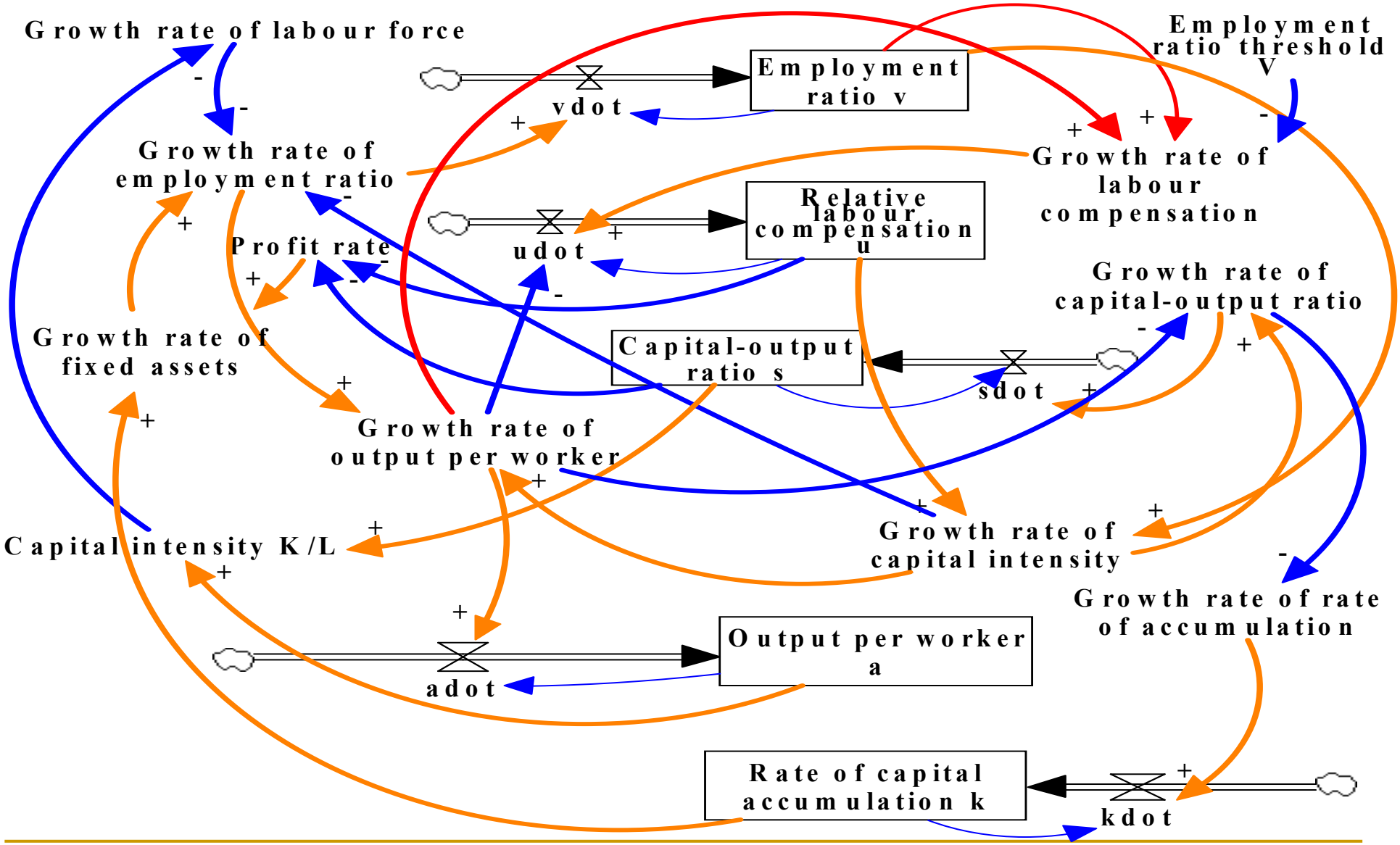
HL-1 for $t < T_n$=1983, $K/L > K_c/L_c$



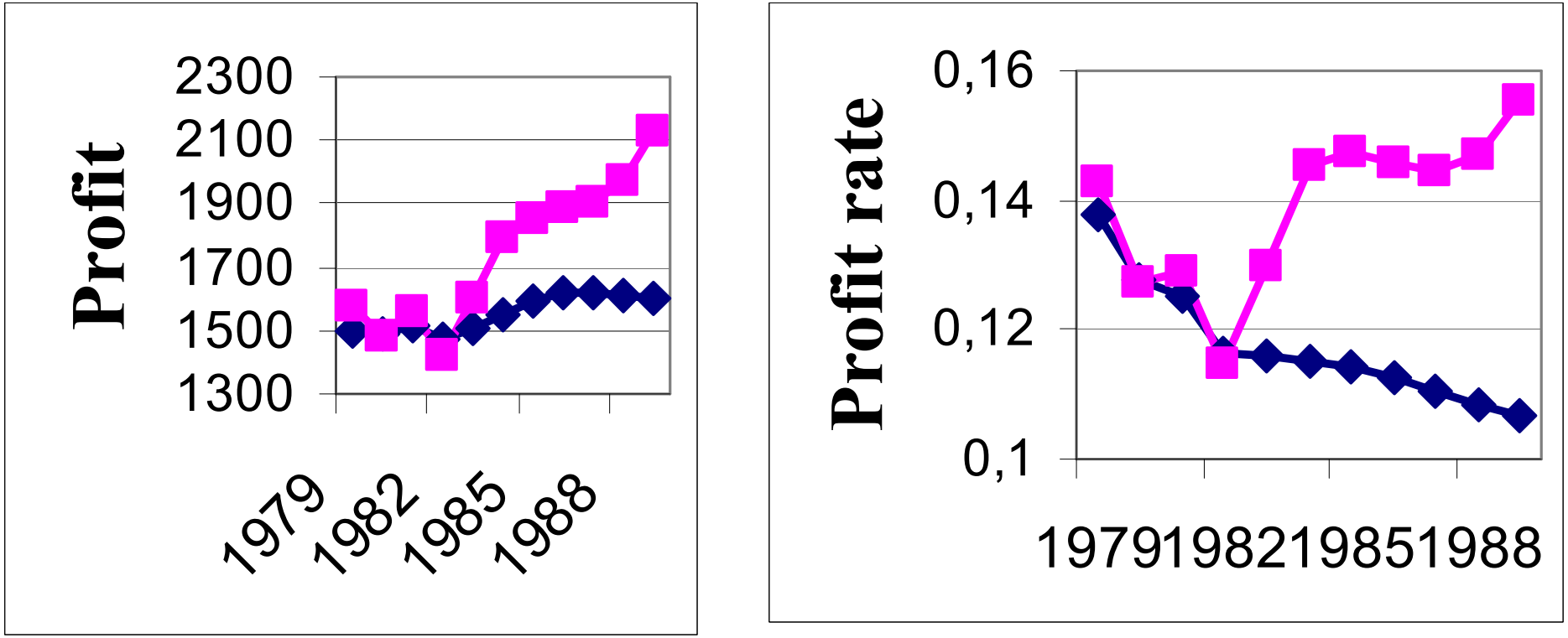

v0
vdot
Employment ratio v
g
(Employment ratio v)
Relative labour compensation u
Growth rate of capital intensity
Growth rate of labour compensation
nu1
nu2
r


Employment ratio v
d1
d2
d
Employment ratio threshold V
Growth rate of capital intensity
Growth rate of employment ratio
j1
mu1
mu2
mu3
Growth rate of output per worker
Growth rate of labour compensation

HL-2 for $t \geq T_n$=1983, $K/L > K_c/L_c$



The 1st structural change: profit (l., bln $ 2005/year) and profit rate (r.): sim. (diamond), observed (square), 1979–1989

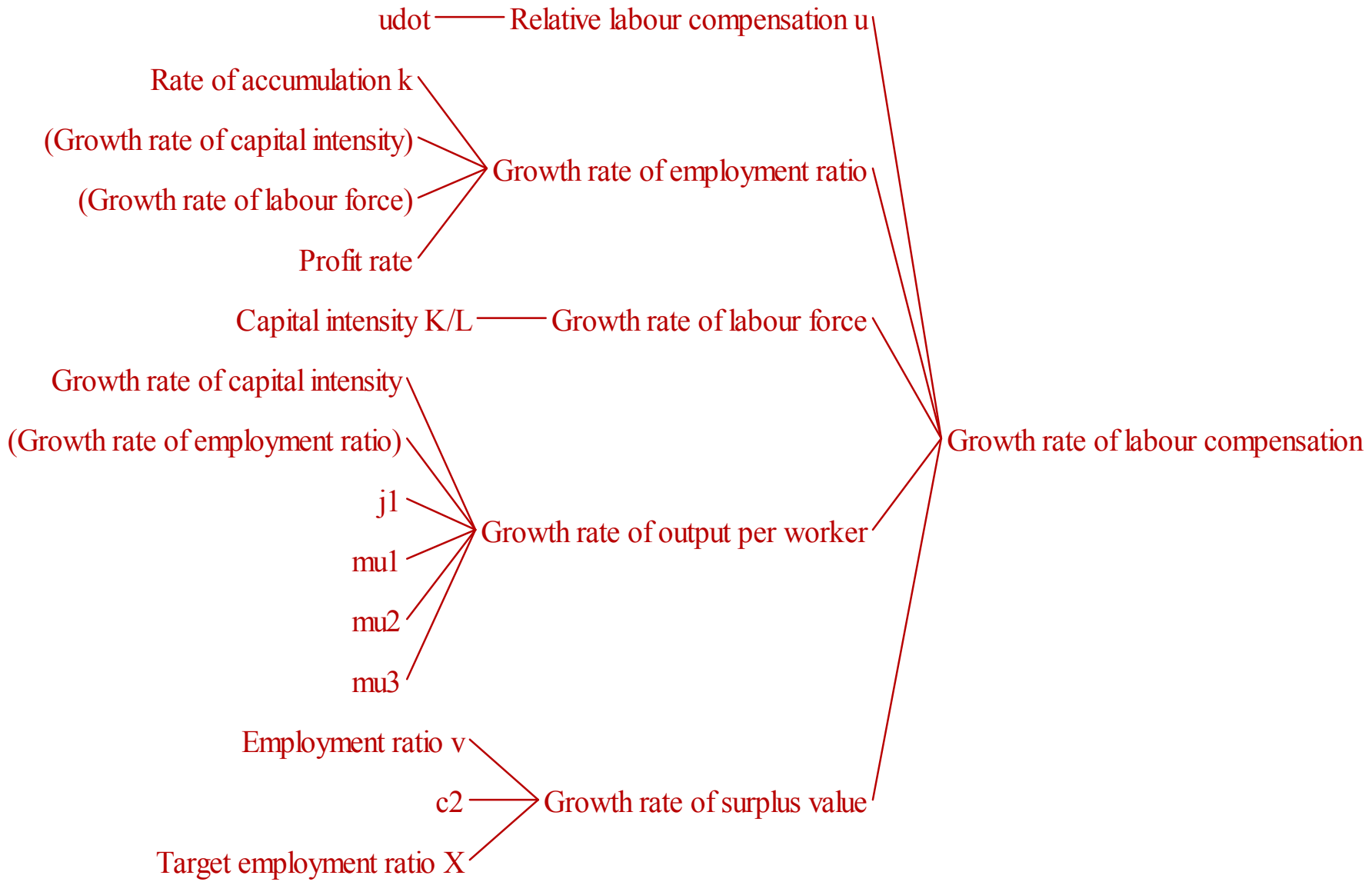


Based on initial **HL-1**, simulated data produced with Kalman filtering with observations up to **1982**. HL-1 was likely transformed in **HL-2** that, probably, governed capital accumulation after 1982. A swollen unemployment of 1982–1983 could facilitate this pro-capital transformation.

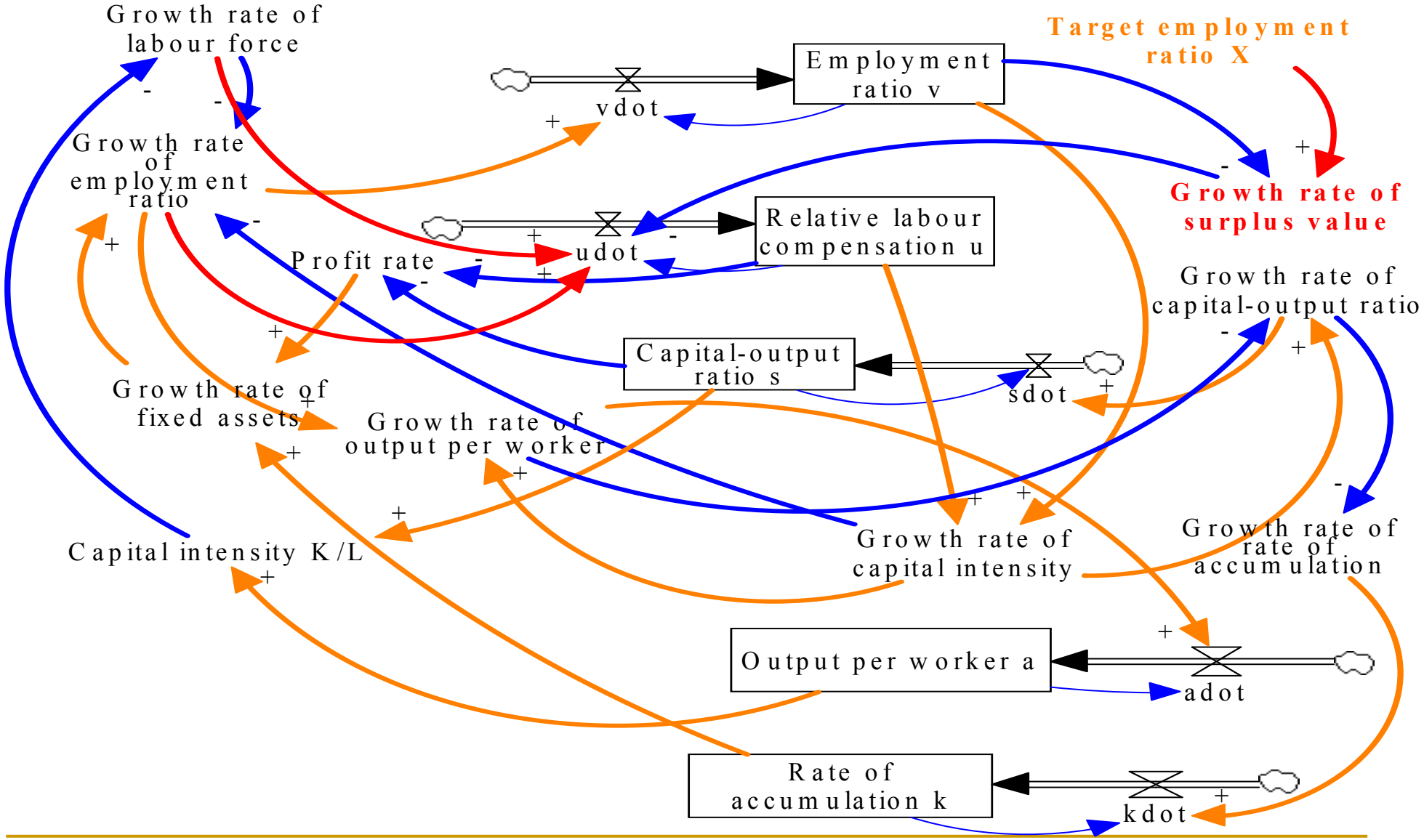
Policy optimisation

Scenario II based on *parametrically* altered HL-2: maximising total profit for 2008-2047 under certain restrictions and finding sub-optimal parameters.

Scenario III: control law (HL-3) determines a growth rate of surplus value by a gap between target (0.95) and current employment ratios while an integral absolute divergence of relative labour compensation from the average one for 1979–2008 is minimised over 2008-2020.


udot
Relative labour compensation u
Rate of accumulation k
(Growth rate of capital intensity)
(Growth rate of labour force)
Profit rate
Growth rate of employment ratio
Capital intensity K/L
Growth rate of labour force
Growth rate of capital intensity
(Growth rate of employment ratio)
j1
mu1
mu2
mu3
Growth rate of output per worker
Growth rate of labour compensation
Employment ratio v
c2
Target employment ratio X
Growth rate of surplus value

HL-3 (control law)



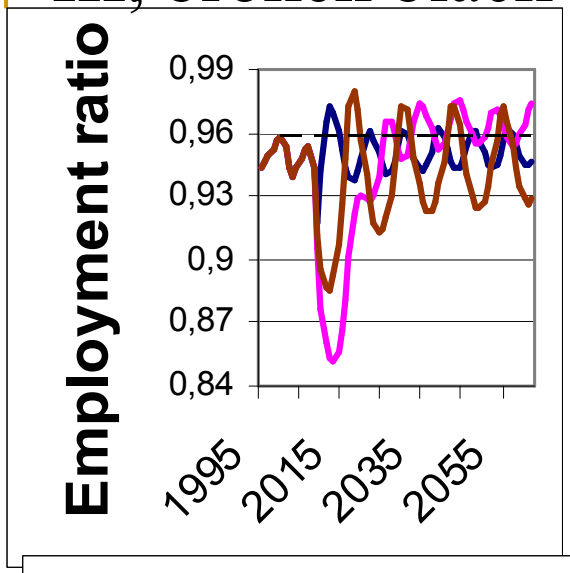
Prospective scenarios of US economic development

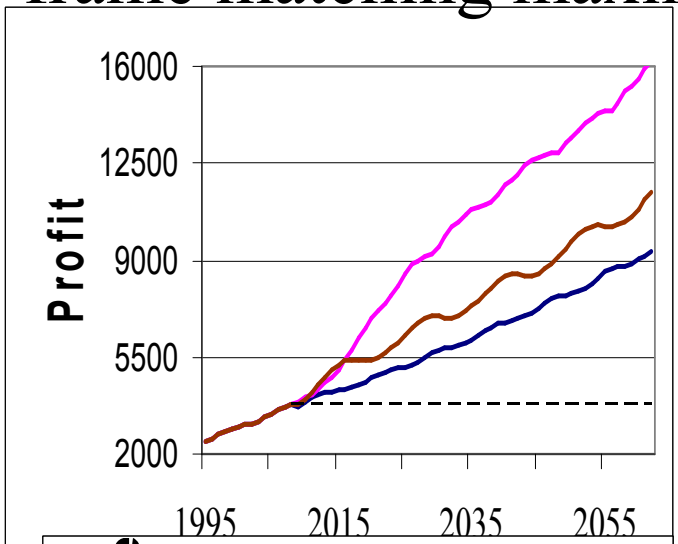
Variable	**Year of previous maximum**	Year of the 1st exceeding previous maximum in scenario		
		I	II	III
Net output (P)	2008	2010	2013	2011
Profit ($(1-u)P$)	2008	2010	2008	2008
Surplus value ($(1-u)L$)	2008	2010	2008	2010
Rate of surplus value ($(1-u)/u$)	2008	outside reach	2008	2008
Profit rate ($(1-u)$/s)	1999	outside reach	2012	2012
Employment (L)	2007	2010	2017	2014
Employment ratio (v)	2000	2011	2026	2017
Unit labour compensation (w)	2008	2008	2038	2009, 2018
Total real labour compensation (wL)	2008	2008	2026	2016

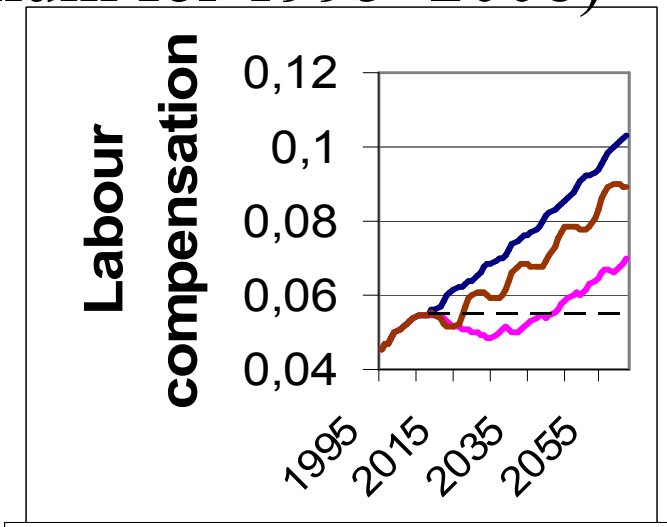
Indicators in scenarios and in CBO projection (January 2010), 2010–2020

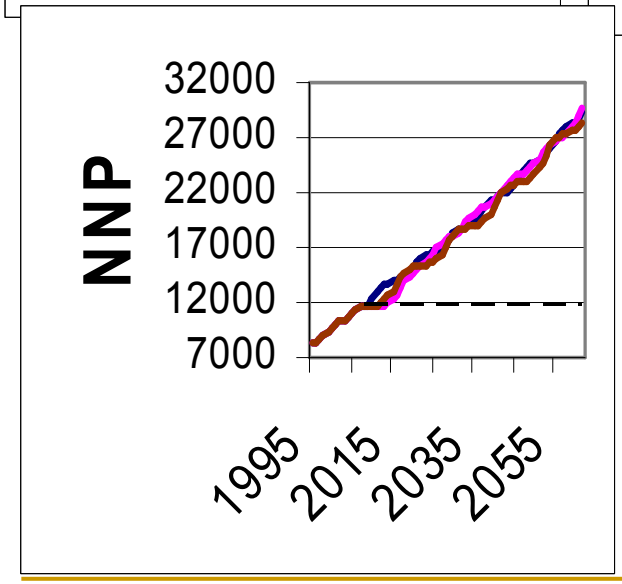
SCENARIO	AVERAGE GROWTH RATES					
	output per worker	total labour compensation	profit	net output	labour force	fixed capital
I	0.012	0.023	0.023	0.023	0.007	0.024
II	0.013	0.002	0.054	0.023	0.007	0.023
III	0.012	0.020	0.034	0.024	0.007	0.025
CBO	0.016 (potential labour productivity)	0.029 (for CPI)	0.033 (for GDP price index)	0.029 (GDP)	0.007	0.029 (non-farm business)

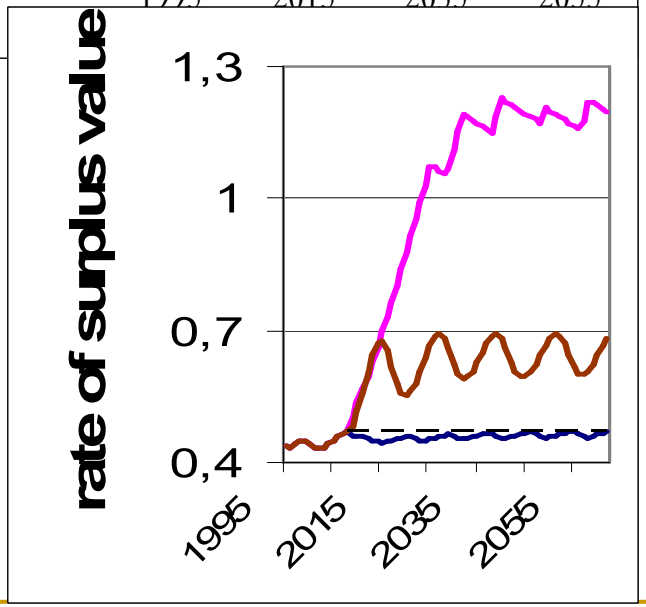
Evolution 1995–2062 in scenarios (blue –I, violet –II, brown – III, broken black– frame matching maximum for 1995–2008)

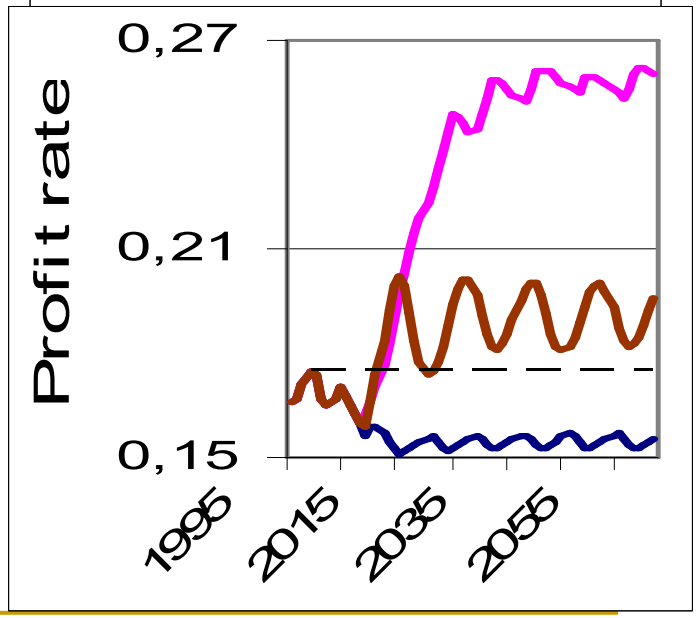


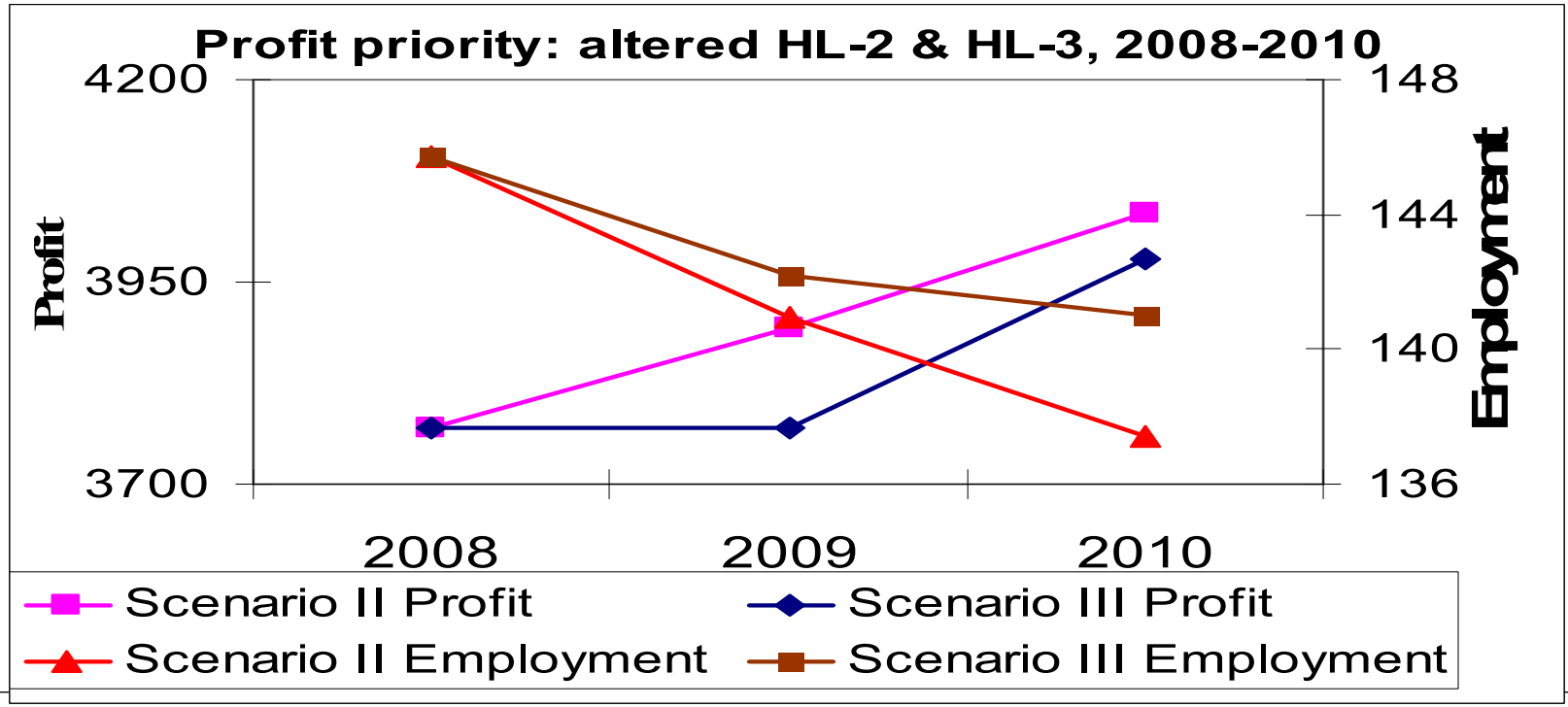


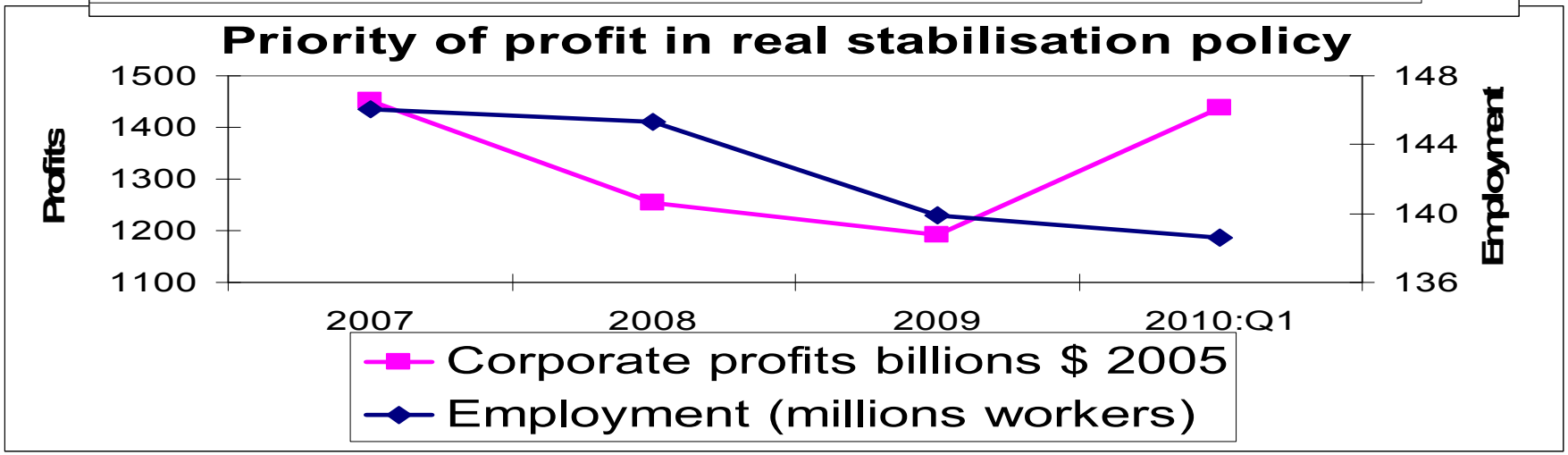









Profit priority: altered HL-2 & HL-3, 2008-2010
4200
3950
3700
Profit
148
144
140
136
Employment
2008
2009
2010
Scenario II Profit
Scenario III Profit
Scenario II Employment
Scenario III Employment


Priority of profit in real stabilisation policy
1500
1400
1300
1200
1100
Profits
148
144
140
136
Employment
2007
2008
2009
2010:Q1
Corporate profits billions $ 2005
Employment (millions workers)

Conclusion

The tendency of profit rate to fall in 1969–1982 due to HL-1.

The 1st structural change

Capital transformed HL-1 into HL-2 by subordinating growth of labour compensation to growth of output per worker. Substitution of HL-1 by HL-2 in 1983 drastically improved profitability. Achieved levels of profit rate in 1997–1999 and in 2004 (just before the onset of relative capital over-accumulation) were only slightly lower than the maximal post-war profit rate observed in 1966.

The 2nd structural change

Capital rejected inertia scenario I based on unaltered HL-2 as a trap as further prospects of capital accumulation would be worse than in the finished industrial cycle (2001-2007).

causa prima

The key to capitalism development and to the present structural crisis of capital accumulation, in particular, is indeed the contradiction between *value* and *use-value* of commodity (especially of *labour power* as commodity) as the most essential.

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