

## **On the internal dynamics of a capitalist market**

## **On the contradictions between social and economic efficiency in capitalist markets**

**The region of conflict (in a capital market) between social efficiency and economic efficiency, between little unemployment and massive unemployment, between social justice and social injustice**

**Mechanisms of economic inequality in a capitalist market. The case of the United States.**

**Labour and capital share of GDP. 1947-2010 in the U.S.**

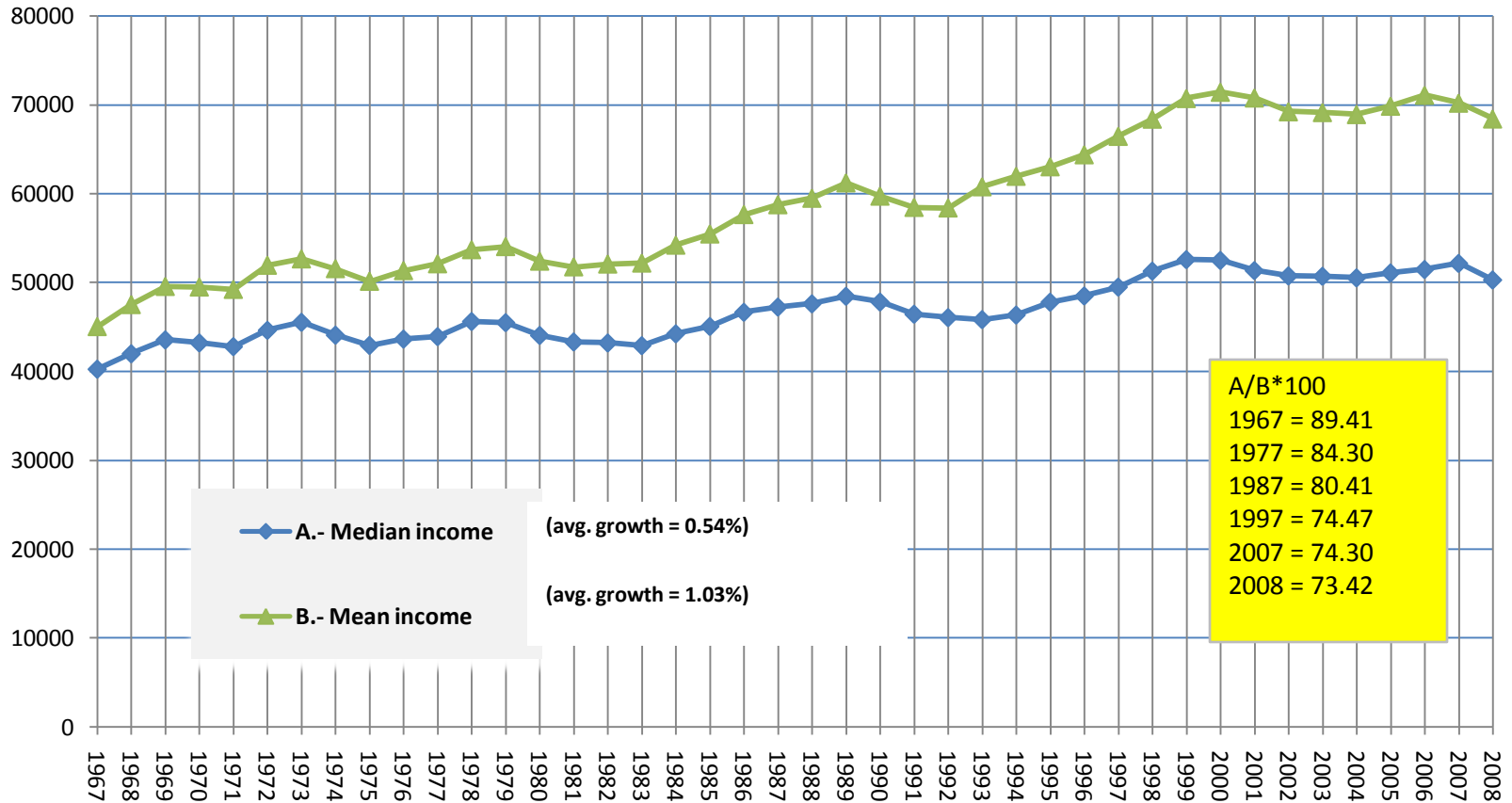
**The World Distribution of Household Wealth, UNU, 2006**

Brief graphics notes for Strand 2 in Unit 5 (Theories and Perspectives on Environment and Development)

Dr. Róbinson Rojas – January 2010

# From "Income, Poverty, and Health Insurance in the United States: 2008", U.S. Census Bureau

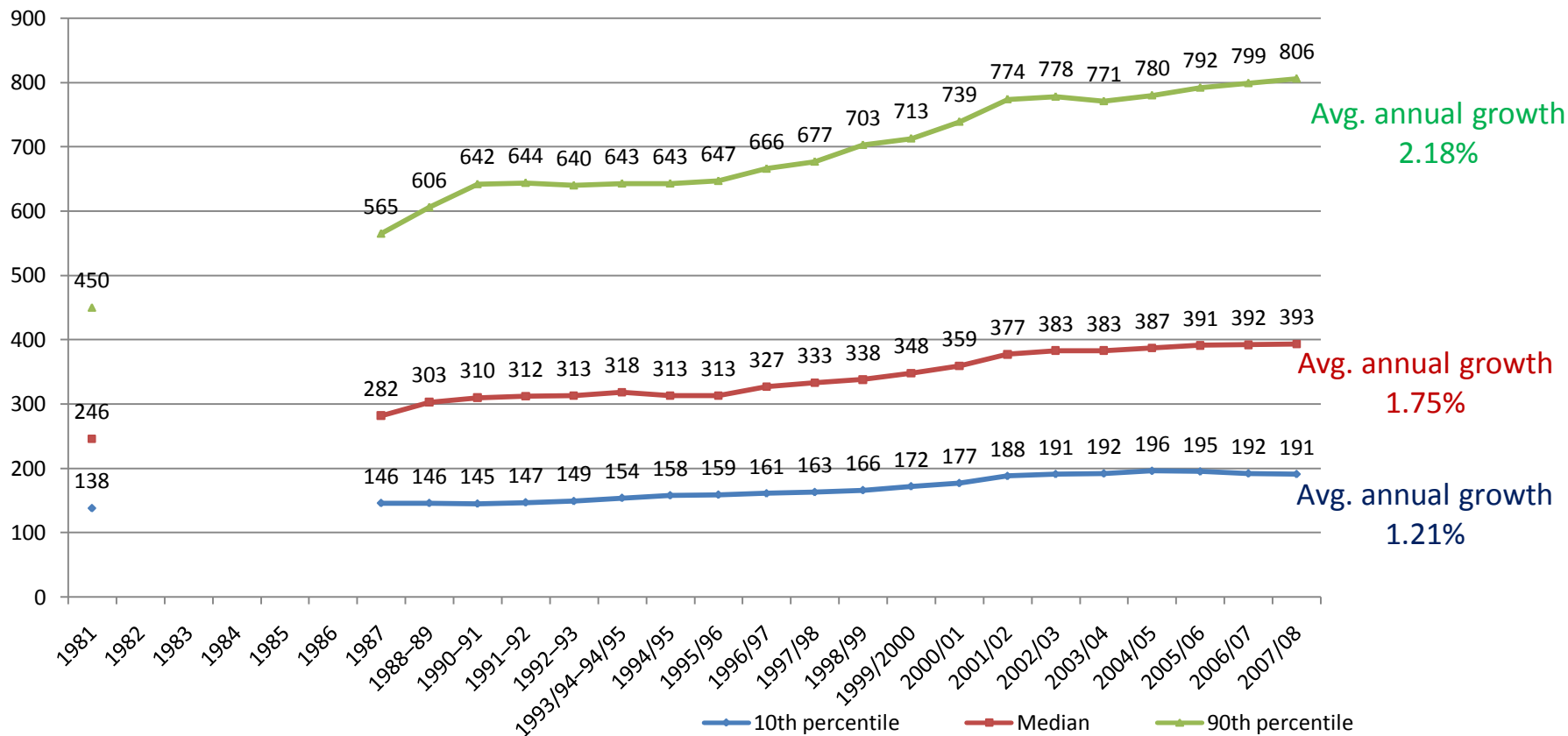
(Income in 2008 adjusted dollars) - **All races**



## On the internal dynamics of a capitalist market

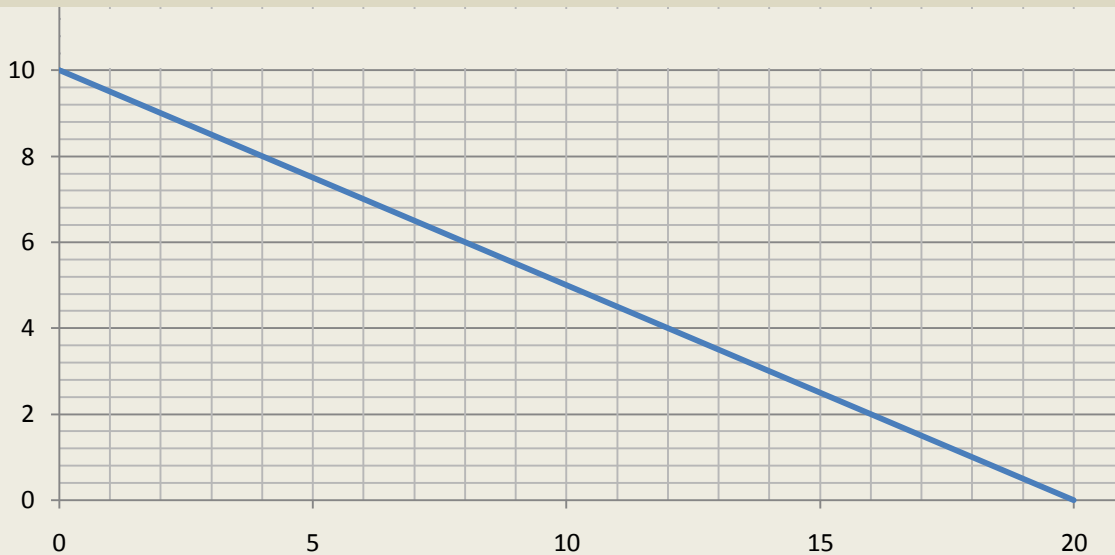
### UK.- Distribution of real household disposable income 1981-2008 £ per week at 2007/08 prices

Adjusted to 2007/08 prices ( in GBP) using the retail prices index less council tax/domestic rates.



# On the contradictions between social and economic efficiency in capitalist markets

**X axis = quantity produced**  
**Y axis = price per unit ( cost per unit plus marked up price)**



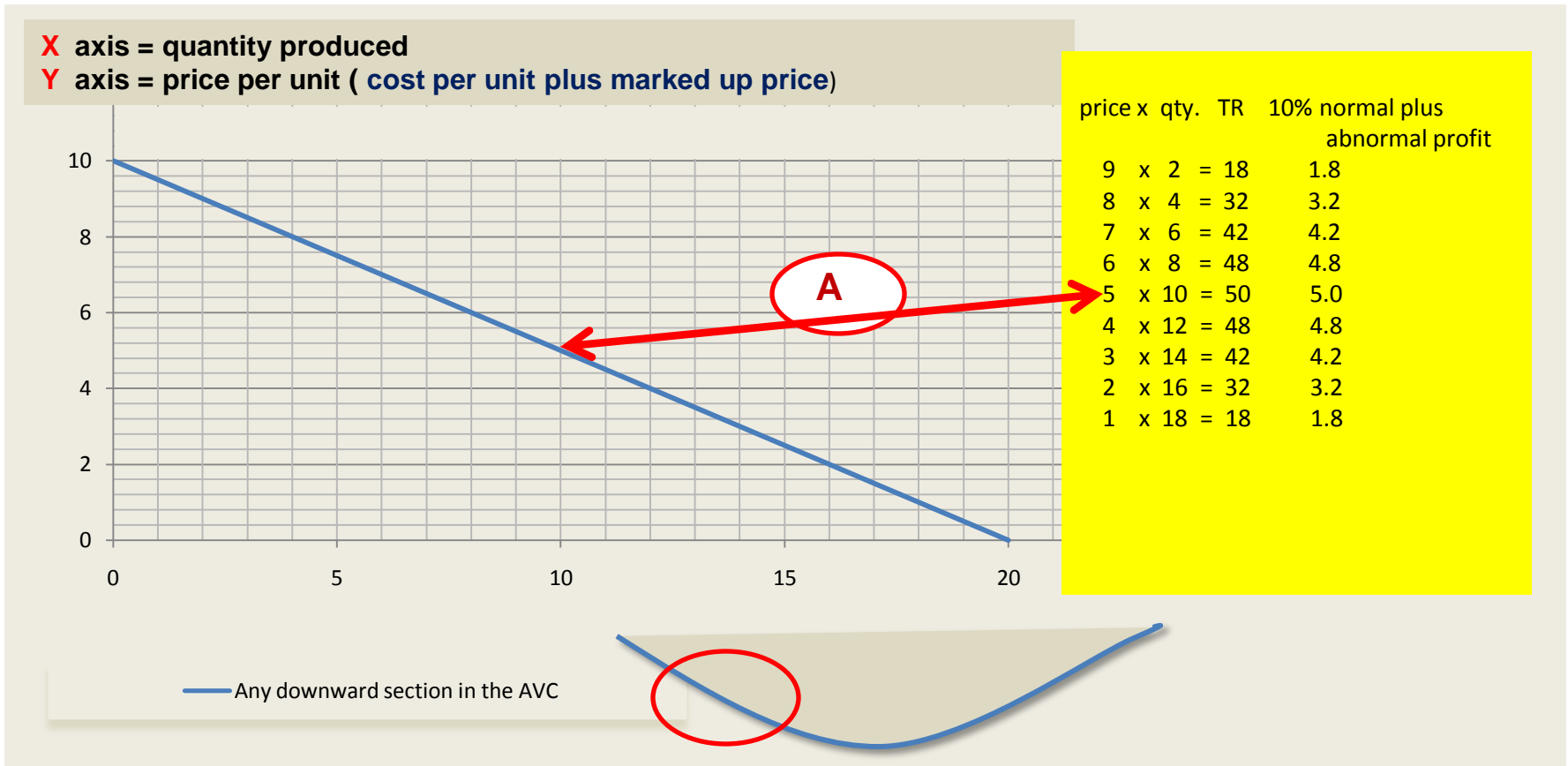
price x qty.	TR	10% normal plus abnormal profit
9 x 2	= 18	1.8
8 x 4	= 32	3.2
7 x 6	= 42	4.2
6 x 8	= 48	4.8
5 x 10	= 50	5.0
4 x 12	= 48	4.8
3 x 14	= 42	4.2
2 x 16	= 32	3.2
1 x 18	= 18	1.8

— Any downward section in the AVC



# On the contradictions between social and economic efficiency in capitalist markets

Point **A**: This is the region of maximum profits, therefore “economic efficiency”

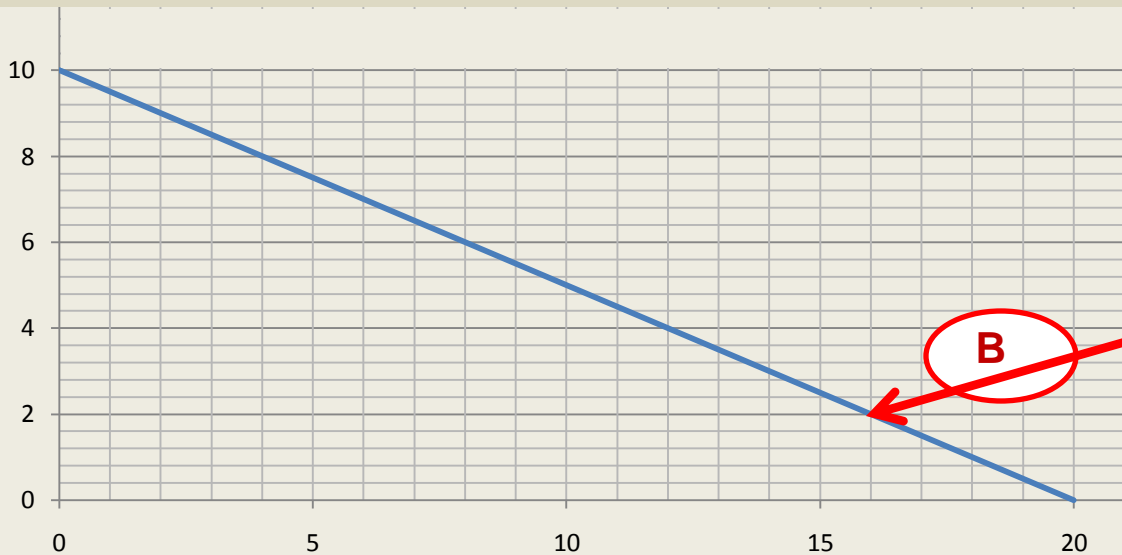


## On the contradictions between social and economic efficiency in capitalist markets

Point **B**: This is a region of high social efficiency because output is 60% higher which means a higher level of employment, and prices are 40% lower

**X** axis = quantity produced

**Y** axis = price per unit ( cost per unit plus marked up price)



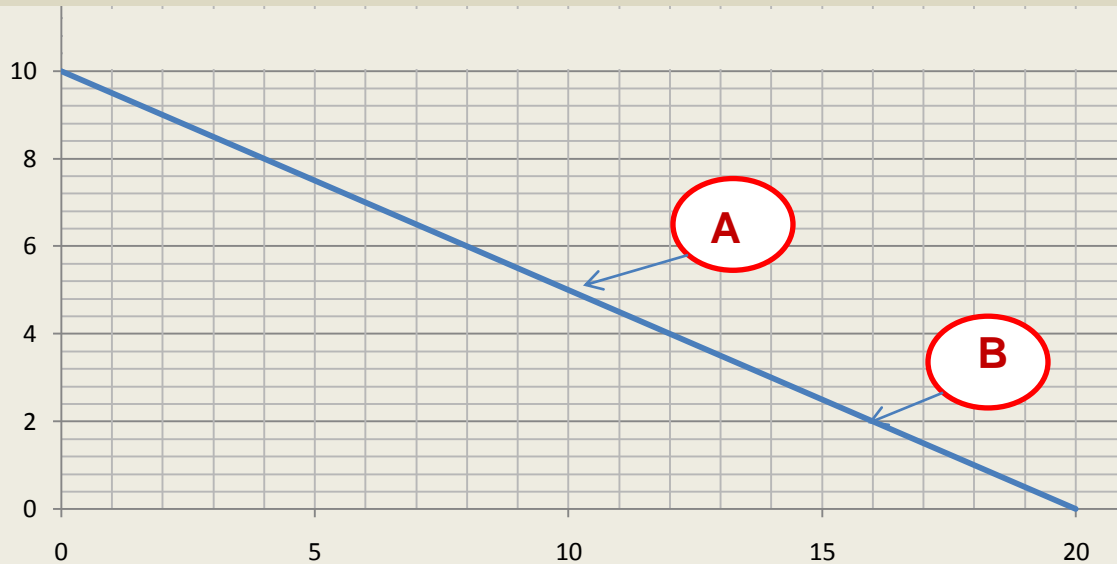
price x qty.	TR	10% normal plus abnormal profit
9 x 2 =	18	1.8
8 x 4 =	32	3.2
7 x 6 =	42	4.2
6 x 8 =	48	4.8
5 x 10 =	50	5.0
4 x 12 =	48	4.8
3 x 14 =	42	4.2
2 x 16 =	32	3.2
1 x 18 =	18	1.8

— Any downward section in the AVC

## On the contradictions between social and economic efficiency in capitalist markets

The distance between **A** and **B** is the region of conflict between social efficiency and economic efficiency, between little unemployment and massive unemployment, between social justice and social injustice

**X** axis = quantity produced  
**Y** axis = price per unit ( cost per unit plus marked up price)



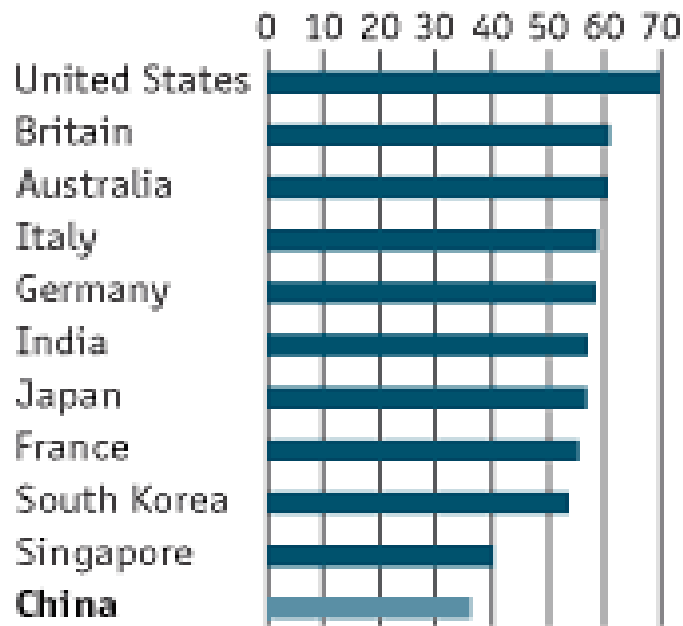
price x qty.	TR	10% normal plus abnormal profit
9 x 2 =	18	1.8
8 x 4 =	32	3.2
7 x 6 =	42	4.2
6 x 8 =	48	4.8
5 x 10 =	50	5.0
4 x 12 =	48	4.8
3 x 14 =	42	4.2
2 x 16 =	32	3.2
1 x 18 =	18	1.8

— Any downward section in the AVC

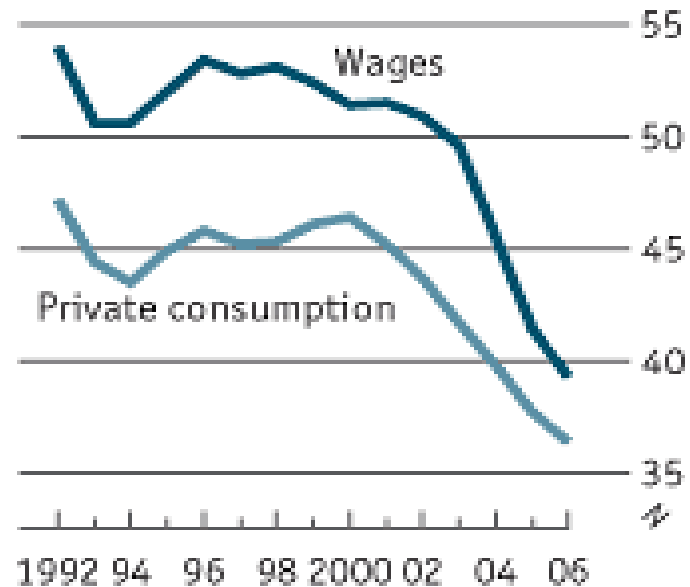
# Private consumption and wages as % of GDP

## Hey, small spender!

Private consumption as % of GDP  
2006



China's private consumption and wages as % of GDP

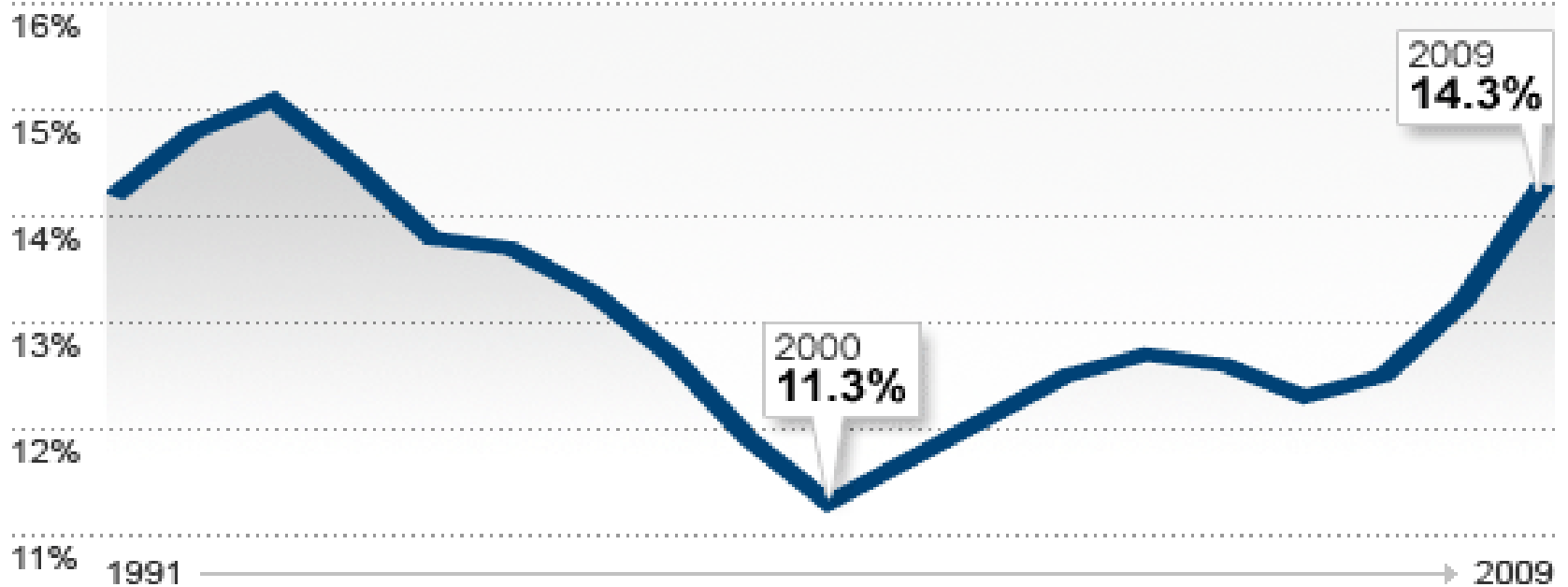


Sources: CEIC; OECD; World Bank; *The Economist* estimates



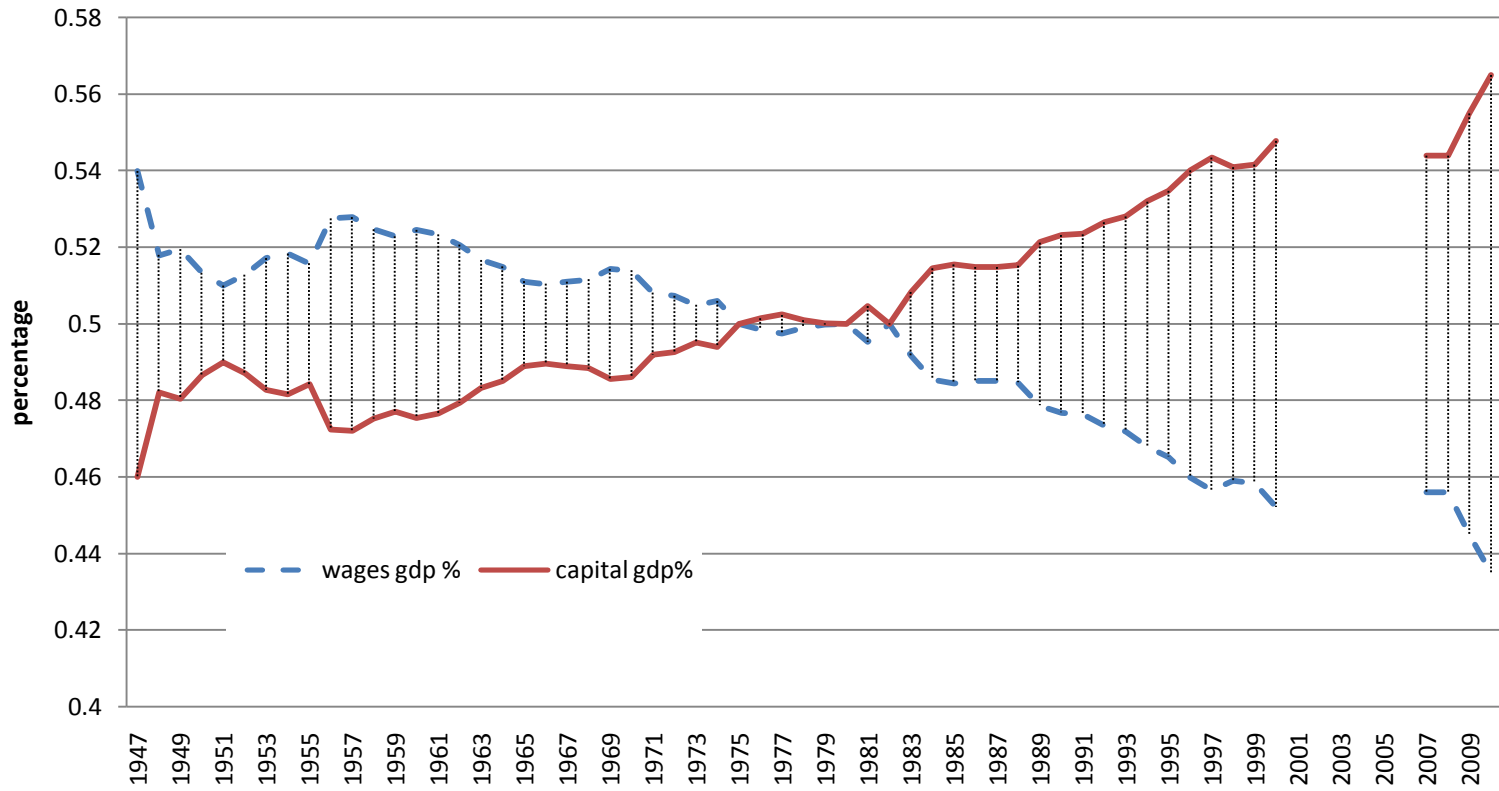
**POVERTY RATE KEEPS CLIMBING**

**POVERTY LEVEL: \$21,954 FOR A FAMILY OF FOUR**



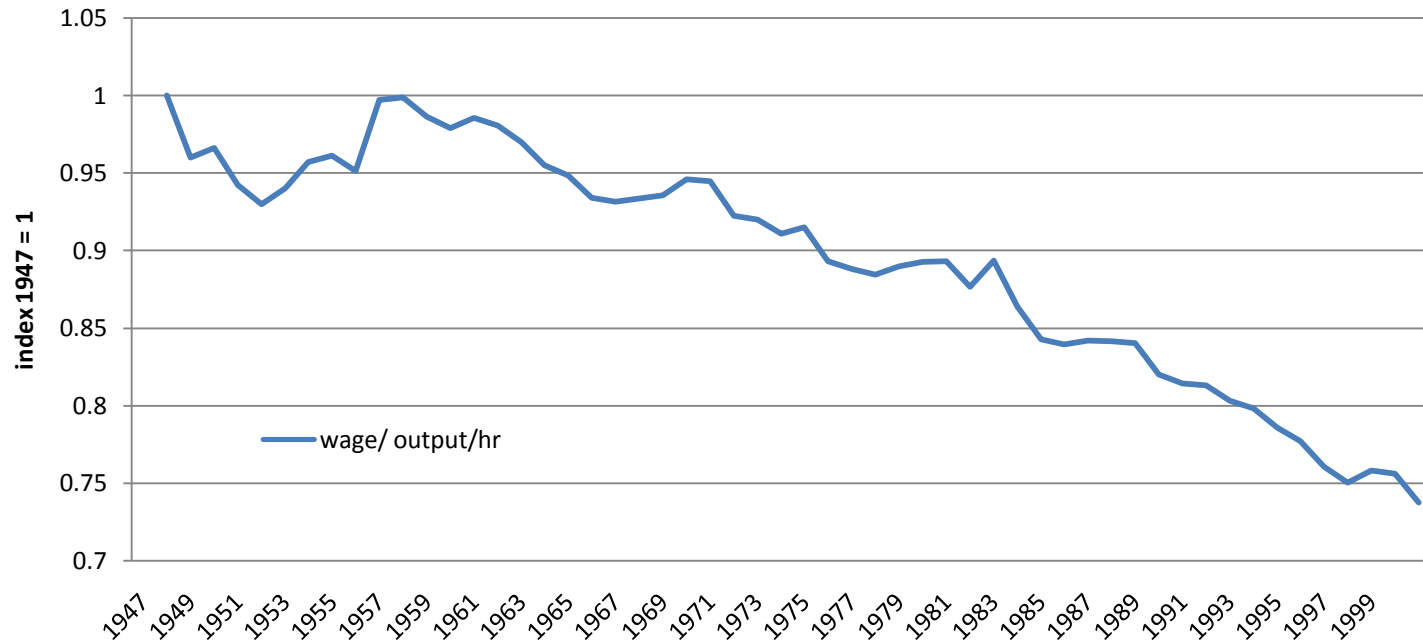
SOURCE: U.S. CENSUS BUREAU

## Labour and capital share of GDP. 1947-2010 in the U.S.



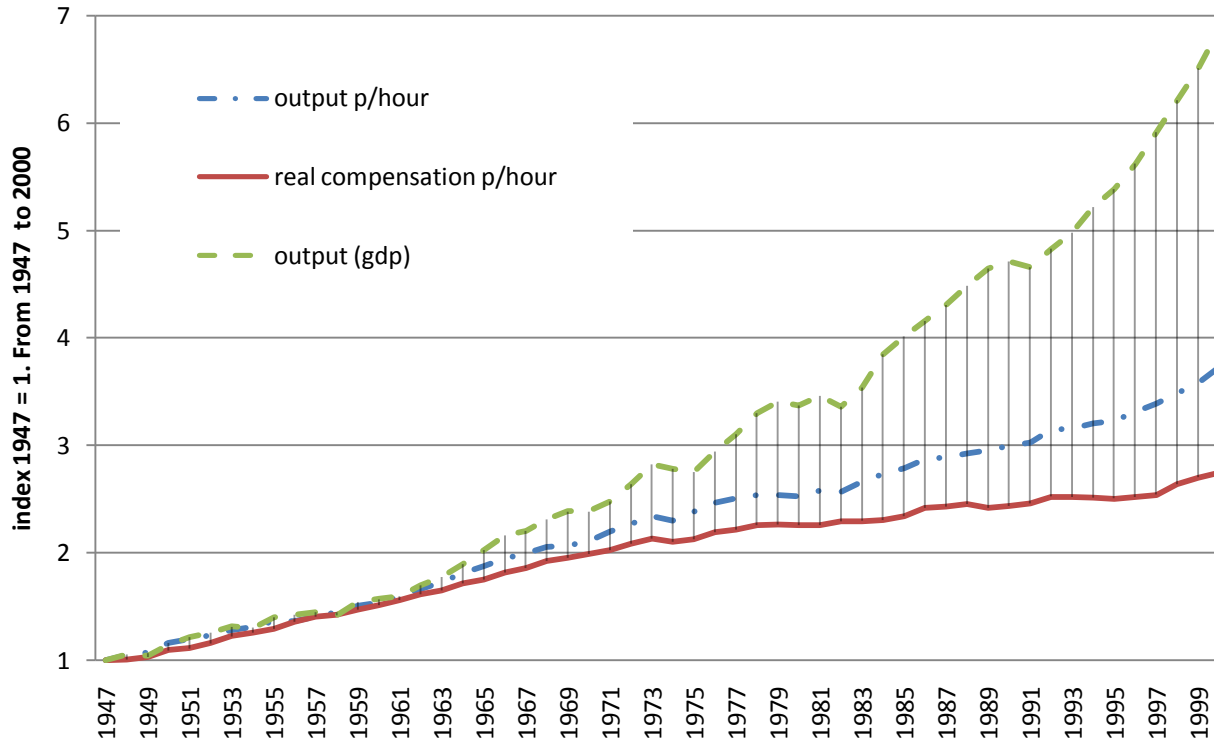
source: U.S. Department of Labor statistics

## wage per hour as % of output per hour in the U.S.



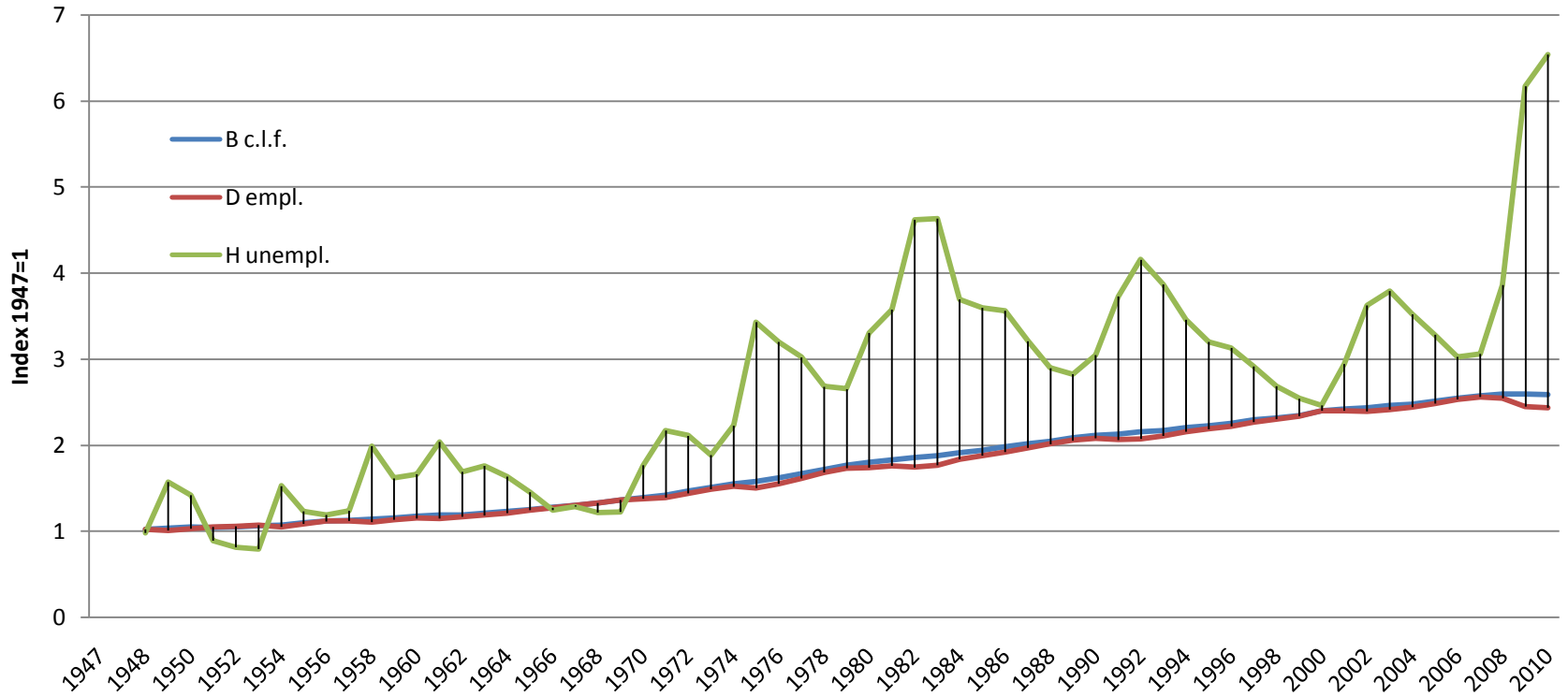
source: U.S. Department of Labor

## Mechanism of economic inequality in a capitalist market. The case of the United States.



source: U.S. Department of Labor

**Index 1947-2010 for B:civilian labour force, D: employment, and H: unemployment in the U.S.**



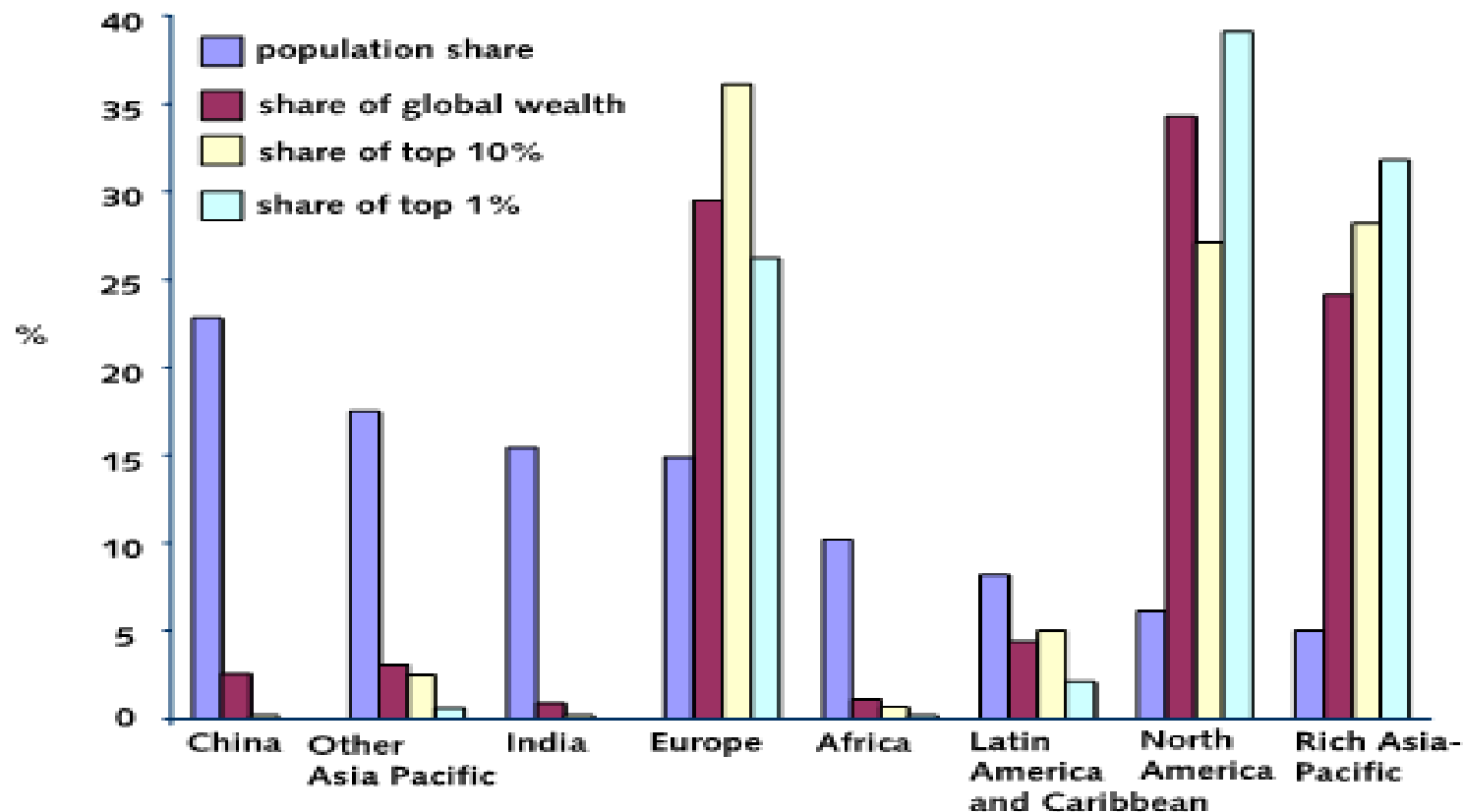
source: U.S. Department of Labor

# The World Distribution of Household Wealth, UNU, 2006,

By James B. Davies, Susanna Sandstrom, Anthony Shorrocks, and Edward N. Wolff

Figure 3

## Population and Wealth Shares by Region



## The World Distribution of Household Wealth, UNU, 2006,

By James B. Davies, Susanna Sandstrom, Anthony Shorrocks, and Edward N. Wolff

