Technical change, capital accumulation, and distribution

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Abstract:
This paper provides a comprehensive framework to study the dynamic relations between technical change and equilibrium income distribution in capitalist economies characterised by a drive to accumulate. It, then, examines whether a technical progress is a driving force to establish the general law of falling rates of profits as Marx argued or it is a rescue from the falling tendency of equilibrium profit rates as Schumpeter emphasises. The main result shows that while costreducing, capital-using and labour-saving technical progress results in the rise of profit rates at a new equilibrium, the falling rate of profits at a new equilibrium occurs under some case of cost-reducing, capitalsaving and labour-using technical progress.