

A Re-examination of the Category and Measurement of Profit Rate: from the Perspective of Labor Value Theory

Abstract: The calculation of the general rate of profit constitutes a pivotal element in the examination of the fundamental economic law of capitalism within the Marxist theoretical framework. However, issues such as non-productive factors and the equalization of profit rates have led to significant discrepancies in the methodology and results of profit rate calculations. A return to the labor theory of value elucidates the fundamental nature of the profit rate category. On the one hand, the equilibrium profit rate based on the production price system effectively addresses the equalization of profit rates. However, it reflects an abstract theoretical concept under static technological progress. Conversely, the competitive profit rate, as a comprehensive reflection of actual profitability, reveals the evolution of the inherent contradictions of capitalism through its fluctuations. This study utilizes Japan's 1960–2020 input-output data to calculate profit rates under both frameworks, thereby revealing the following: Firstly, the equilibrium profit rate demonstrates fluctuations in general, which mirror potential profitability under particular production technology conditions and prevailing wage levels. Secondly, the average competitive profit rate evinces a more pronounced downward trend in comparison to the equilibrium profit rate, reflecting discrepancies in potential surplus value production capacity and the capacity to actualize surplus value under competitive pressures. Thirdly, competitive profit rates by sector reveal the transfer of surplus value across different sectors, providing a basis for analyzing inter-sectoral competitive dynamics.