Contents

Notes — V				
Table of Symbols —— VII				
Abbre	viations —— XIII			
Notati	Notations —— XV			
Prefac	e —— XVII			
1	Introduction —— 1			
1.1	Preliminary comments — 1			
1.2	Summaries of the chapters —— 2			
2	Elements of Input-Output Analysis —— 5			
2.1	Classification of products, production processes, matrices —— 5			
2.1.1	Notations for transactions in monetary terms —— 6			
2.1.2	Notations for transactions in physical terms —— 13			
2.2	Economic assumptions on matrices and vectors, viability —— 17			
2.3	Positive matrices and non-negative matrices —— 20			
2.4	The Leontief quantity model —— 22			
2.4.1	The Leontief quantity model in monetary terms —— 23			
2.4.2	The Leontief quantity model in physical terms —— 30			
2.5	The Leontief cost-push input-output price models* —— 36			
2.5.1	The Leontief cost-push input-output price model in monetary terms —— 36			
2.5.2	The Leontief cost-push input-output price model in physical terms —— 46			
2.6	The interindustrial and the final consumption markets —— 56			
2.7	The Input-Output framework and National Accounting —— 58			
2.8	Measuring value: the numéraire —— 61			
3	Sraffa's first examples of single- product industries —— 65			
3.1	Production for subsistence and production with surplus —— 65			
3.1.1	Sraffa's first example: conditions of production —— 67			
3.1.2	Sraffa's second example —— 75			
3.1.3	Sraffa's third example and productiveness — 79			
3.2	Symbolic representation of the production scheme —— 83			
3.3	A generalization of Sraffa's first example* —— 83			



3.3.1	A global economy —— 84
3.3.2	Variables replace numbers in the commodity flow matrix —— 85
3.3.3	Fixing rules to construct the commodity flow matrix —— 87
3.3.4	Numerical examples —— 90
3.4	A generalization of Sraffa's second example* —— 91
3.5	A generalization of Sraffa's third example* —— 92
3.5.1	Variation of the wheat surplus —— 93
3.5.2	Variation of the iron surplus —— 96
3.5.3	Simultaneous variation of the wheat and iron surplus —— 99
3.6	Subsistence wages and wages as a part of the surplus —— 103
4	Sraffa's single-product industries with wages and profits —— 109
4.1	The surplus as the sum of profits and wages —— 109
4.1.1	Economies delivering only subsistence wages —— 109
4.1.2	Economies with wages paid in numéraire —— 118
4.1.3	The complete single-product Sraffa system —— 122
4.1.4	Variables of national accounting in Sraffa's price model —— 132
4.2	From a productive Sraffa model to a productive Leontief model —— 140
4.3	The complete single-product Sraffa system and national accounting —— 143
4.4	Basic commodities and non-basic commodities —— 146
4.5	Representation of production processes by bipartite directed graphs —— 157
4.6	The Sraffa Network: a bipartite directed graph —— 160
4.7	The adjacency matrix in the case of single-product industries —— 163
4.8	Distinction between basic and non-basic commodities —— 170
4.9	Recapitulation of Sraffa's price calculations, the labour value —— 175
4.10	A digression on growth, constant rate of growth —— 182
4.11	The ancestor: Quesnay and the economy as a circular process —— 187
5	Sraffa's Standard system and the Standard commodity 195
5.1	Sraffa's Standard system and the Standard commodity —— 196
5.1.1	The general idea and the definitions —— 196
5.1.2	The notion of the non-Standard actual economic system —— 200
5.2	Application of an orthogonal Euler map to a non-Standard
	system* —— 201
5.2.1	Setting the problem and preliminaries —— 202
5.2.2	Calculation of the standard multipliers —— 206
5.2.3	Classes of Standard systems and their Standard commodities —— 210
5.3	Constitution of a Standard net product* —— 217
5.4	Construction of a Standard system with prices* —— 222
5.4.1	From a non-Standard system to a Standard system —— 222

5.4.2	Sraffa's price equations expressed in commodity units —— 226
5.4.3	Complete calculation of a Standard system with prices and wages based on Sraffa's elementary example (PCMC, Par. 5, 11) —— 228
5.5	Price fluctuations and the Standard systems* —— 236
	,
6	A new look at joint production analysis —— 245
6.1	The production scheme, assumptions and the production space —— 240
6.2	The price model for joint production* —— 254
6.3	Basics and non-basics in joint production* —— 264
6.4	Joint production, Sraffa Networks and adjacency matrices —— 281
6.5	National accounting and joint production —— 287
6.6	Conditions for positive price vectors in viable economies —— 301
6.7	Accounting for land and natural resources —— 311
7	Sraffa's theory of joint production as a tool in ecological economics —— 323
7.1	Introduction —— 323
7.2	From Sraffa to ecological economics: technical preliminaries —— 323
7.3	Two commodities and two industries —— 327
7.4	Three commodities and three industries —— 332
7.5	The impact of taxation and technological innovations —— 336
7.6	A model with recycling of iron scrap —— 339
7.7	An alternative CO ₂ -emissions trading scheme —— 341
7.8	Prelude for the Sraffian approach in ecological economics —— 344
8	Sraffa and extensions —— 347
8.1	Sraffa and the open economy —— 347
8.2	Extension of the Sraffa system to services —— 351
8.3	Beyond the uniform rates of profits and wages —— 353
8.4	The mark-up k and the Weintraub representation — 360
8.5	Where does Sraffa fit in the strain of economic theories? —— 368
8.5.1	Sraffa in context —— 368
8.5.2	Leontief and Sraffa: basic aspects compared —— 370
8.6	Sraffa and neoclassical theory —— 373
8.7	Sraffa versus the Cobb-Douglas production function — 374
8.8	Sraffa and Walras —— 378
8.9	PCMC and cost management —— 380
9	The algebraic structure behind the "Leontief-Sraffa" interindustrial
	economy* —— 383
9.1	The input-output matrix Z of an interindustrial economy —— 383
9.2	The interindustrial production matrices Z, S and D —— 385
9.2.1	The "Sraffa" commodity flow matrix S, no surplus — 385

9.2.2	The stochastic production matrix D of the interindustrial economy —— 388
9.3	The value and environmental cycles of "Sraffa" interindustrial economies —— 389
9.3.1	The Environmental Cycle of Sraffa's Production of Commodities by Means of Commodities (PCMC) —— 389
9.3.2	Production recursions of Sraffa interindustrial economies — 390
9.3.3	The input-output matrix \mathbf{Z}_6 and the stochastic production matrix \mathbf{D}_6 —— 391
9.4	Main result: the stochastic similarity table of an interindustrial economy (GDP-Table) —— 393
9.4.1	The right and the left eigenvectors of the matrices A and Z —— 394
9.4.2	The stochastic product family (Z, T, S, D) —— 395
9.4.3	The stochastic similarity family (A, B, C, D) —— 396
9.4.4	Relationships between the (Z, T, S, D)- and the (A, B, C, D)-families —— 398
9.4.5	The stochastic similarity table of an interindustrial economy (GDP-Table) —— 398
9.5	Productivity and interindustrial production* —— 399
9.6	Computational examples —— 403
10	Exploration of Input-Output Tables —— 409
10.1	The Swiss Input-Output Tables and the productiveness —— 409
10.2	Analysis of an aggregated SWISS IOT 2014 —— 417
10.3	Exploration of interindustrial economies —— 421
10.3.1	The monthly operating capital $K^*(\lambda_F$ -units): USA, GBR, DE, Euro-Zone 1995 to 2011 —— 422
10.3.2	The monthly operating capital K^* (λ_F -units) for Switzerland 1995–2011 —— 424
10.3.3	Switzerland 2008: the six largest sectors of the interindustrial production —— 425
11	Conclusions and outlook —— 431
A	Mathematical tools —— 439
A.1	A short guide to algebraic concepts and techniques —— 439
A.2	Some elementary matrix algebra —— 440
A.3	Determinant of a matrix —— 445
A.4	Inverse matrices and further elementary matrix algebra —— 446
A.5	Eigenvalues and eigenvectors of matrices —— 451
A. 6	Coefficients matrices with identical eigenvalues —— 453
Δ 7	The orthogonal Euler affinity and dilatation —— 455

A.8	The theory of non-negative matrices —— 456	
A.9	The Perron-Frobenius Theorems —— 463	
A.10	Theorems on non-negative matrices —— 471	
A.11	Stochastic matrices —— 476	
A.12	The productive Leontief model —— 477	
A.13	Power iteration algorithm of Mises-Geiringer —— 482	
A.14	Directed graphs or digraphs —— 482	
A.15	Algebraic criteria determining the presence of basic products —— 491	
В	Bertram Schefold's mathematical explanations to PCMC* —— 495	
B.1	Schefold's presentation —— 495	
B.2	Determination of the standard net product according to	
	Schefold —— 500	
C	Glossary of terms as they are used in this book —— 505	
Bibliography —— 521		
Index —— 527		