Calculating wage-profit frontiers and supporting prices in Leontief-Sraffa models

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Income distribution problems in Leontief-Sraffa models up to now proved to be extremely difficult to address. One famous example is the problem of deriving the wage-profit frontier in the context of a Sraffian price model. The problem has received renewed attention because new claims on an economy's income are rapidly arising – an example being provided by environmental and climate change related programs.

In this paper we show how wage-profit frontiers in Leontief-Sraffa types of input-output models can be straightforwardly derived. In the case of the well-known Sraffa model the wage rate is shown to be a polynomial function of the rate of profit, linearity arising a) in the case of special price or output proportions, and b) if special "numeraires" are involved – such as Sraffa's notorious Standard commodity.