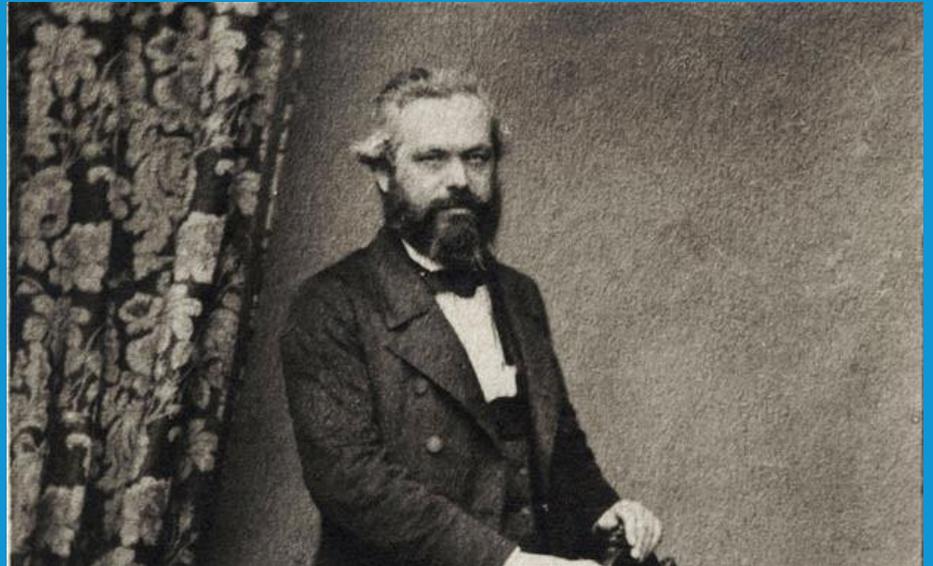


Introduction to *Marx's* Political Economy



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Marx's mature economic writings

- In April 1851, Marx claimed to be so far advanced in the reading of contemporary Political Economy that “*I will have finished the whole economic stuff in five weeks’ time. And having done that, I shall complete the political economy at home and apply myself to another branch of learning at the museum.*”
- Wilhelm Pieper reported: “*Marx lives a very retired life [...] his only friends being John Stuart Mill and Loyd [the economist Samuel Jones Loyd], and whenever one goes to see him one is welcomed with economic categories in lieu of greetings.*”
- Marx in June 1851 told Weydemeyer: “*The material I am working on is so damnably involved that, no matter I exert myself, I shall not finish for another six to eight weeks. There are, moreover, constant interruptions of a practical kind, inevitable in the wretched circumstances in which we are vegetating here. But for all that, for all that, the thing is rapidly approaching completion, There comes a time when one has forcibly to break off.*”

Marx's mature economic writings

- Manuscripts 1857-58 (*Grundrisse, Foundations of the Critique of Political Economy* – MEGA II, 1.1)
- A Contribution to the Critique of Political Economy 1859 (MEGA II, 1.2)
- Manuscript 1861-63 (comprising nearly 2,500 printed pages – MEGA II, 3.1-3.6, a part of which was published as the *Theories of Surplus Value*)
- Manuscripts 1863-67 (containing all drafts of the three volumes of *Capital. A Critique of Political Economy* – MEGA II, 4.1 and 4.2)
- Volume one of Capital (first published in 1867 – MEGA II, 5). In the second (1872-73) edition of Volume one of *Capital*, Marx revised Part one of the book, entitled “Commodities and Money”. Volumes two and three of *Capital* were edited and published by Engels in 1885 and 1894 respectively.

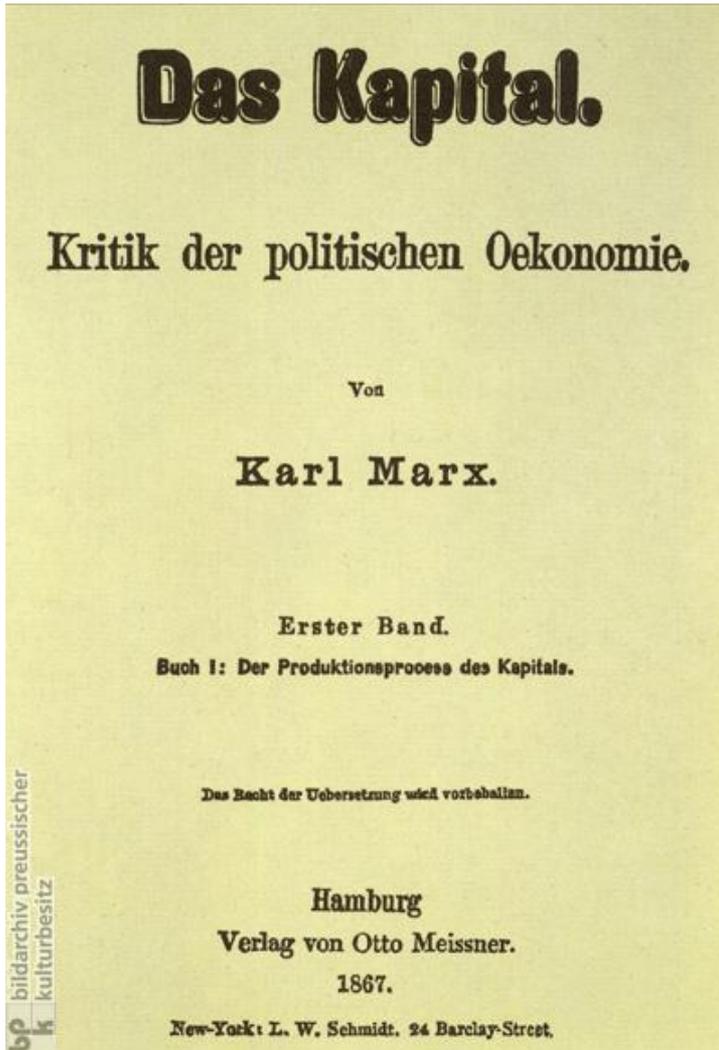
The nature of Marx's intervention



i.e. Smith, Ricardo, Malthus and Sismondi

- (a) exposure of the 'false'
- (b) demonstration of the inherent limitations of a theoretical system

Reading *Capital*



- (a) Marx does not continue within the paradigm of Classical Political Economy: his interventions amounts to a genuine **theoretical rapture**.
- (b) Nevertheless, Marx could not help being a **prisoner of the theoretical constraints of his days** and of the inevitable contradictions to which they gave rise.
- (c) **Stop seeing Marx as sacred figure**; understand the uniqueness of his intervention in the context of the debated he was engaged; use his problematic in order to think the contemporary trends in capitalism.

Reading *Capital*: a simple calculation

Part One: Commodities and Money

Chapter 1: The Commodity

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Part Two: The Transformation of Money into Capital

In Volume 1 of *Capital*, Marx devotes Part One, which is **120 pages** long (Penguin edition) to an analysis of value. Of these the first **7 pages** are devoted to formulating and clarifying the labour theory of value. The following **6 pages** are devoted to a formulation of the concept of abstract labour. The **107 pages** which follow the analysis of abstract labour are concerned with exchange value, that is to say with value as a *relation* of exchange, and in this framework they arrive at the question of money and capital as social relation.

mie.

Reading *Capital*

If we wish to take Marx seriously, we must therefore see what is said in these **6 + 107 pages (out of 120)** beyond the description of labour theory of value. If Marx were a Classical (Ricardian) economist, if he had no wish to assign a different meaning to the Classical value analysis, he would have had no reason to append so many additional pages.

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The plan

- Marx applies Ricardo's theoretical approach to an immanent critique.
- He departs from 'labour' as ground of commodities' value and shows that it is not labour as an empirical entity but *abstract labour* which constitutes the ground of value.
- The condition for the possibility and existence of *abstraction*, and hence of value, is the capital relation.
- Hence, the circulation of commodities is merely a manifestation of the movement of capital.
- It necessary to commence our analysis from the presentation of the commodity and money form in order to understand the logic of capital

The starting point

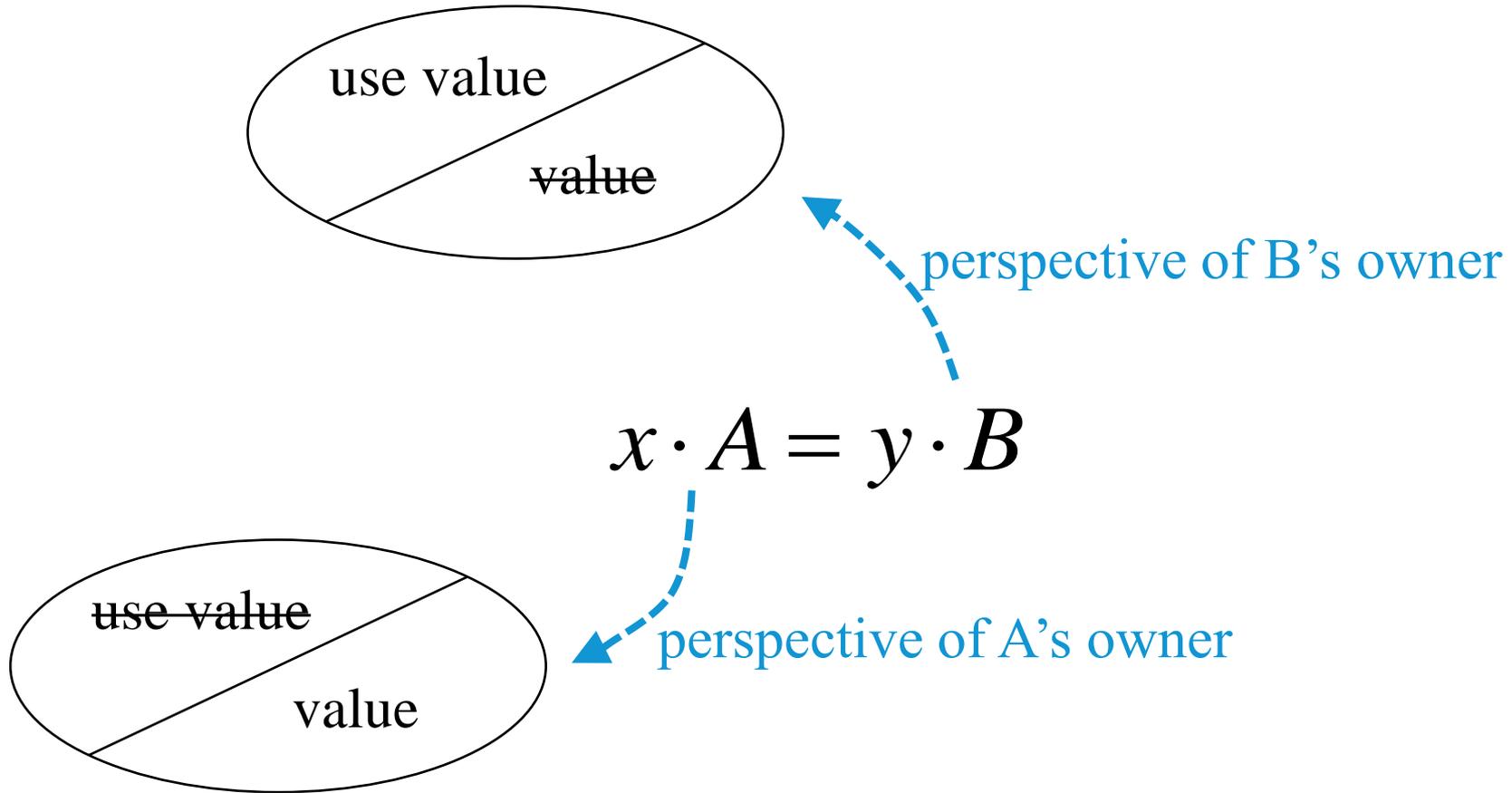
“The wealth of those societies in which the capitalist mode of production prevails, presents itself as ‘an immense accumulation of commodities,’ its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.”

$$x \cdot A = y \cdot B$$

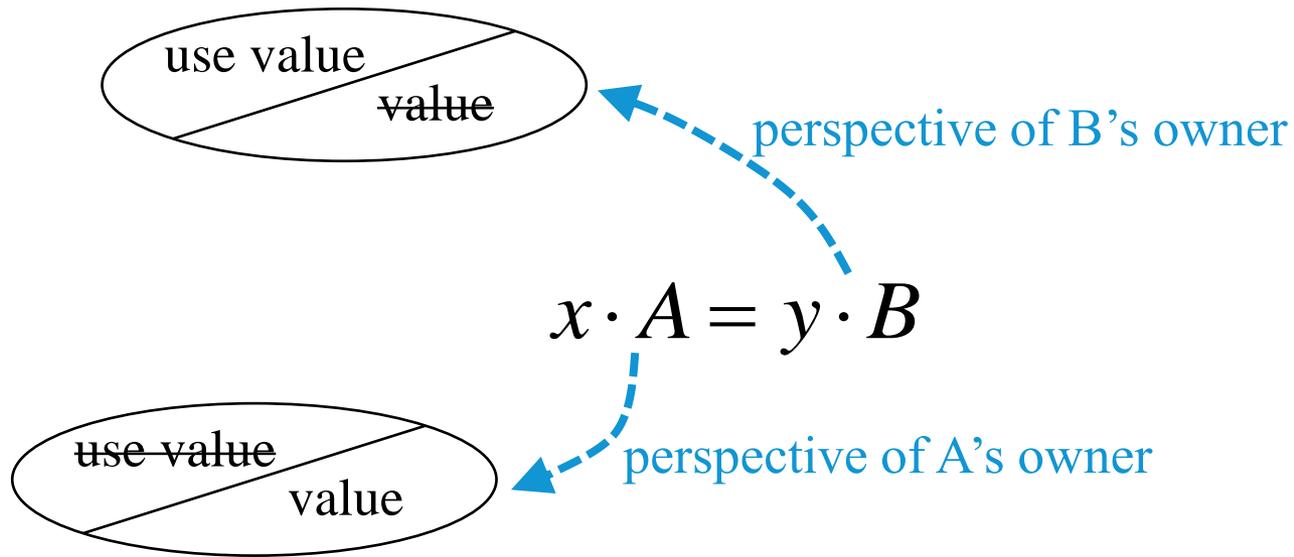
simple value relation

“the use value and the value of a commodity are opposites”
{not ‘contradiction’ (Widerspruch) but ‘opposition’ (Gegensatz)}

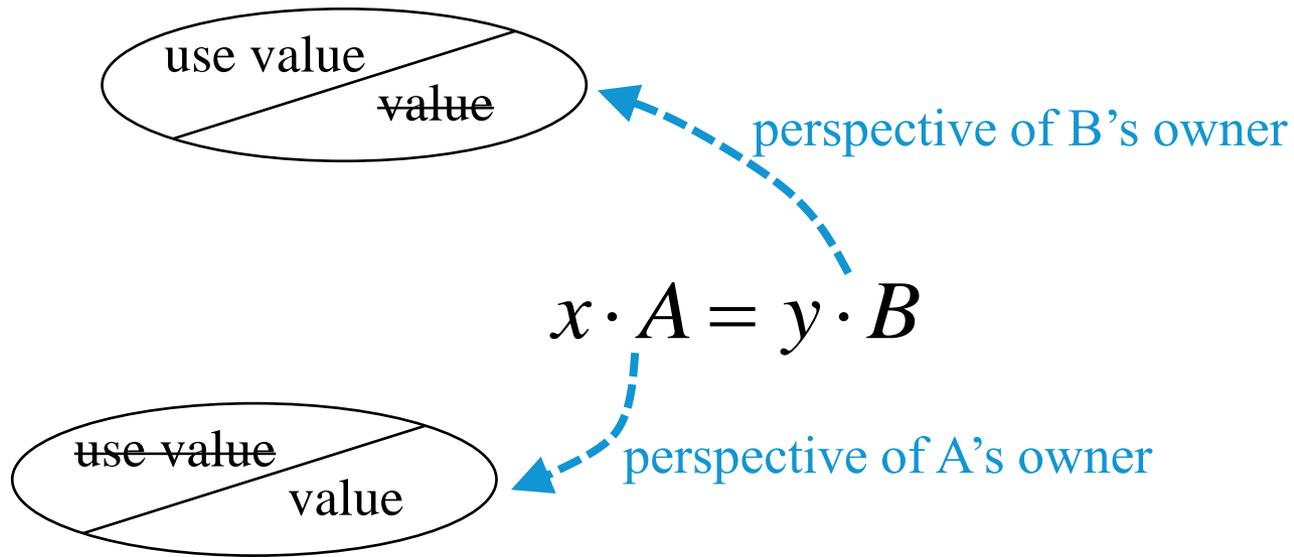
The simple value form



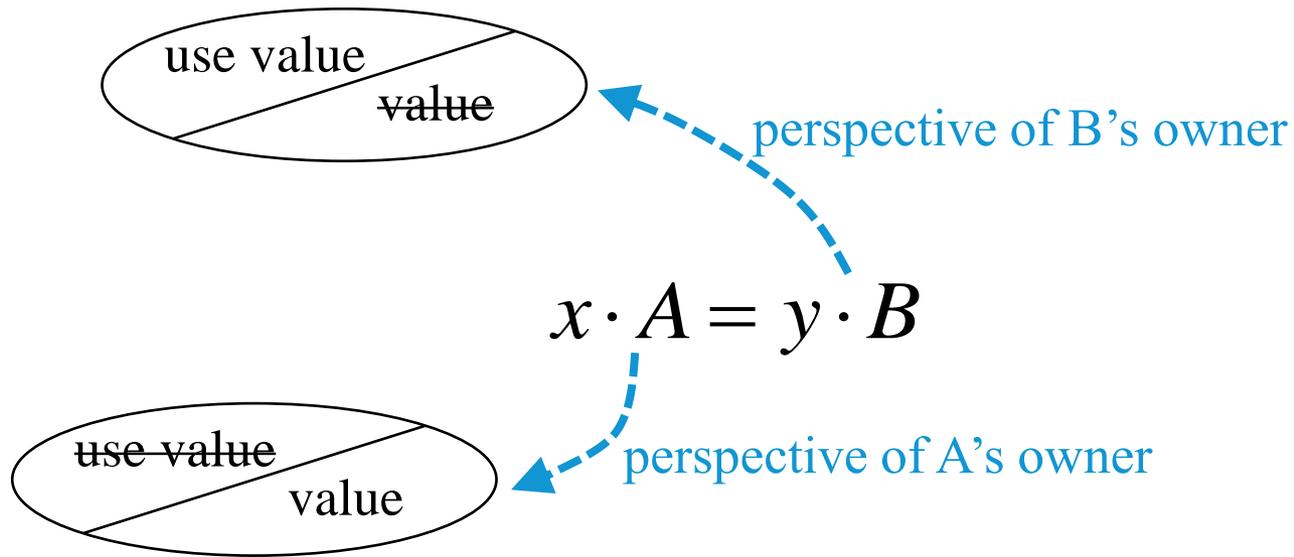
“the use value and the value of a commodity are opposites”



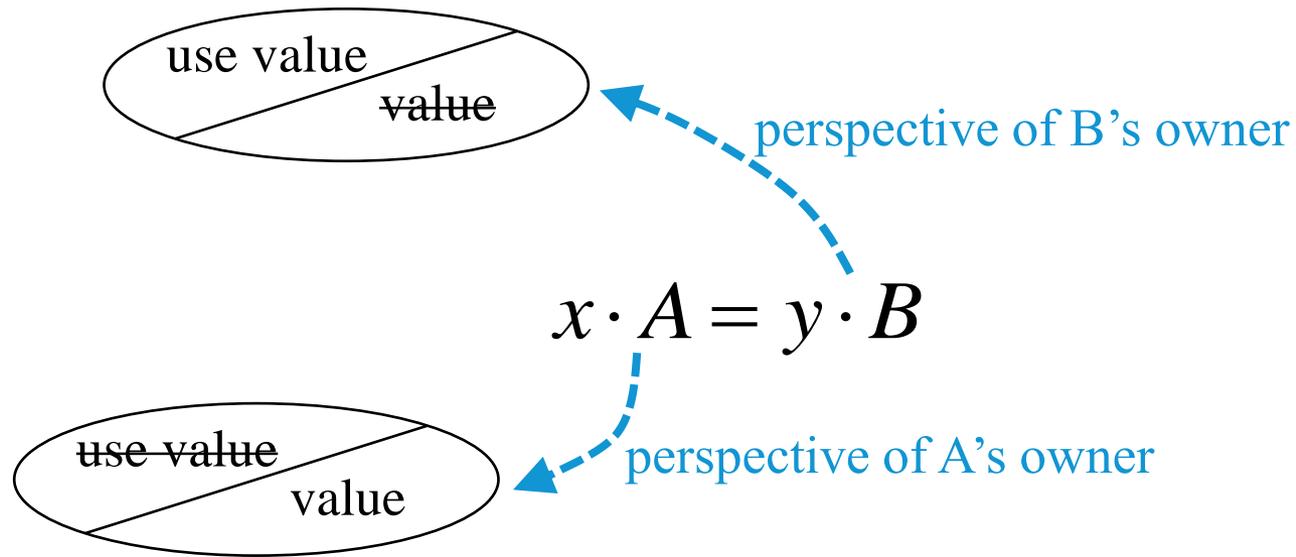
(1) The 2 perspectives are not subjective. They are elements which shape the structure of exchange and thus they become constitutive conditions of the carriers of the exchange relations as subjects.



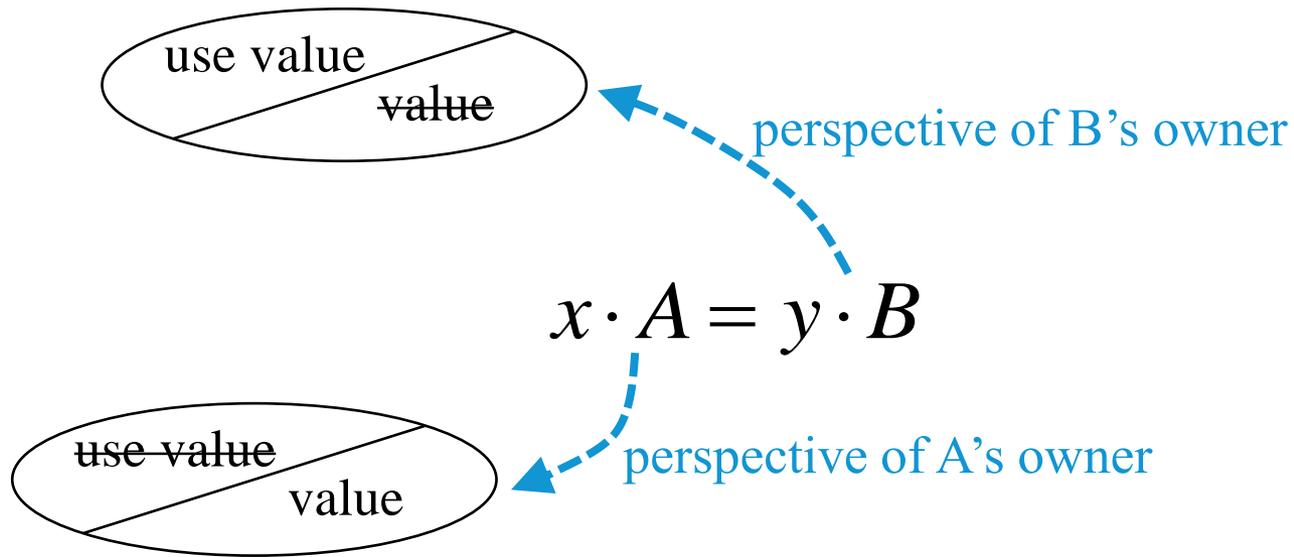
(2) The perspective of equalization (~~use value~~/value) requires the capacity to 'translate' the specific use-value into any other use value: commodity as value is the same as every other commodity.



(3) The relation expresses the value of A. This is a morphic outcome. The significant point is the mechanism by means of which *value makes its appearance*: A's demand for product of other commodity owners. B is the fulfilment of this demand. B thus constitutes the manifestation of A's value as thing always in the context of the relation.



(4) In terms of objectified labour: the demand of privately performed concrete labour for a proportion of the products of other instances of private labour is fulfilled in B in the form of objectified labour. But this result of the structure itself of the exchange relationship is an elementary structure of 'abstraction'. The fact that A concrete labour is translated into B concrete labour and thus exists as value, as demand for representations of the work of others, means that the purpose of type A concrete labour is *abstracted* and considered *as every other instance of labour*.



(5) The value of A is outside itself. It is always presented in relation with a physical form other than that of A . The body of A denotes A as use-value but the body of B denotes A as value. *In the relationship, B is not itself but a body of value.* B is no longer a 'particular use value' but 'every use value'. The coexistence of the two perspectives becomes possible because B *intervenes as something other than what it is.* Its body is in the direct possession of something other than itself: the value of others, and is a presentation/manifestation of value.

$$x \cdot A = y \cdot [B']$$

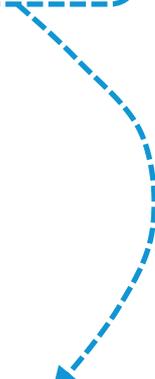
the general form of value

- 1 coat
- 10 lbs of tea
- 40 lbs of coffee
- 1 quarter of corn
- 2 ounces of gold
- 1/2 a ton of iron
- x Commodity A, etc.



= 20 yards of linen

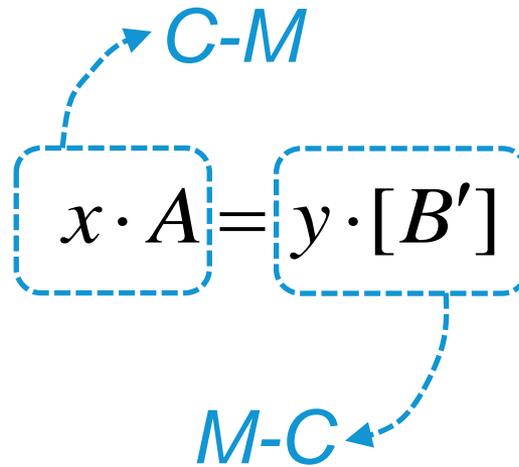
money as general equivalent



“Commodities do not then assume the form of direct mutual exchangeability. Their socially validated form is a mediated one.”

$$x \cdot A = y \cdot [B']$$

- We observe that both for the “commodity” and for “money” their truth is something outside themselves. While our starting point was 2 physical forms, we end up with A as a ‘commodity’: its use value being certified by others and its value actually being a different thing. We have also ended up with B as ‘money’, whose body is the value of others, in this instance of A (while its own is simply absent), and its use-value have become the potentially immediate transformation to different use-values.



- The commodity is a relationship between one use value and a notional representation of its value as a price, owing to the existence of money, a form of value of commodities which as use has the potential to be converted into any use-value. We have 2 forms, C-M, the commodity form and M-C the money form.

Major implications: (1) *money as an end in itself*

~~$$x \cdot A = y \cdot [B']$$~~

$$M - C - M'$$



$$M - C_{Mp}^{Lp} \dots \Pi \dots C' - M'$$

“Value therefore now becomes value in process, money in process, and, as such, capital. [...] The circulation of money as capital, is [...] an end in itself, for the expansion of values takes place only within this constantly renewed movement.”

Major implications: (2) fetishism (ideology)

$$M - C_{Mp}^{Lp} \dots \Pi \dots C' - M' \quad \longleftrightarrow \quad x \cdot A = y \cdot [B'] = y \cdot M$$

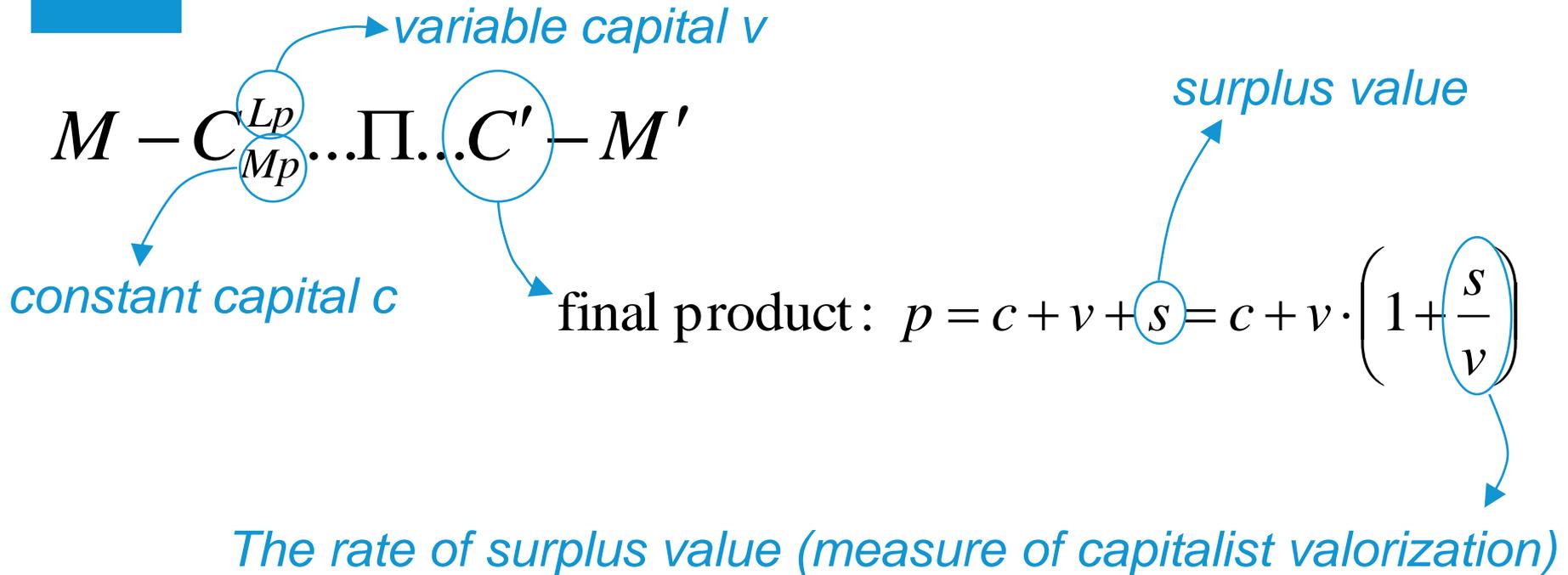
“A commodity appears, at first sight, a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties. [...] A commodity is therefore a mysterious thing, simply because in it the social character of men’s labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour. This is the reason why the products of labour become commodities, social things whose qualities are at the same time perceptible and imperceptible by the senses.”

Major implications: (2) fetishism (ideology)

$$M - C_{Mp}^{Lp} \dots \Pi \dots C' - M' \quad \longleftrightarrow \quad x \cdot A = y \cdot [B'] = y \cdot M$$

- The social complex of activities produces social representations of objects at the same time as it produces representable objects. The commodity, the money and capital are always social objects already given in the form of a representation.
- These representations does not depend on the prior givenness of subject, a consciousness or a reason. Economic agents are not constituent, but constituted by the process of fetishism.
- The constitution of the world is not, for Marx, the work of a subject, but a genesis of subjectivity as part of the social world of objectivity.

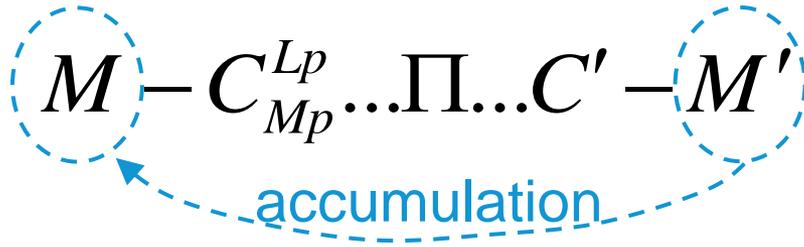
Major implications: (3) The capitalist process of production



2 basic possibilities for increasing the valorization of capital:

- *The production of absolute surplus value* (lengthening the workday, intensifying the labour process)
- *The production of relative surplus value* (increasing productivity)

Major implications: (3) The capitalist process of production



Industrial reserve army:
the mass of workers who are willing (or impelled) to sell their labour-power but do not find any buyers.

↑
accumulation

↑
productivity

- Industrial reserve army cannot disappear
- Full employment can be seen only as an unstable exception (↑ in $w \rightarrow \downarrow$ in accumulation and/or labour-saving techniques).
- Industrial reserve army has a double advantage for capitalist:
 - (1) exert a downward pressure on the wage
 - (2) 'reserve' for volatile expansions of accumulation

Major implications: (4) The profit rate

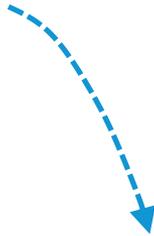
- For the capitalist, surplus value seems to emanate from all portions of capital equally: s appears as **profit**.
- The profit rate mystifies the origin of the exploitation. From the perspective of the capitalist, **the measure of valorization is the profit rate and not the surplus value.**
- The increase of the profit rate can generally come from 3 sources:
 - (1) Economy in the use of c
 - (2) Economization in the production of c
 - (3) Acceleration of the turnover of capital

$$R = \frac{s}{c + v} = \frac{\frac{s}{v}}{\frac{c}{v} + 1}$$

*organic
composition
of capital*

Major implications: (4) The profit rate

- Capitalist competition has as a result the tendency for uniform profit rate. Unlike the Classical Political Economy, this is not a technical condition.
- **Social capital** is the concept of capital at the level of the capitalist economy as a whole. It is a complex term introduced to embrace the hidden causal determination of the capitalist system. These immanent causal relations of capitalist production are actualized through the process of competition. The latter makes it possible for the separate individual capitals to constitute themselves and function as social capital, that is, as a uniform social class that opposes and dominates labour.


$$R = \frac{s}{c + v} = \frac{\frac{s}{v}}{\frac{c}{v} + 1}$$

*organic
composition
of capital*

Major implications: (5) Money and finance

C-M

The **commodity** C-M is itself a relationship between a certain use value and the representation of the value of the latter as a price.

M-C

This representation of value owes its existence to **money**, the form of value of commodities which as value has the potential to be converted, immediately, into any use-value. Hence, the money form M-C must be grasped in the following sense: *the commodity has been priced before entering into the exchange process (it has been produced to be value); it is always in a notional relation with money.*

But so long as it is in circulation, it is always posited in a two-fold way, not only in that it exists as commodity with respect to money, but also in that it always exists as commodity with a price, exchange value measured in the measuring unit of exchange values.

(Marx, *MEW*, Volume 29, pp. 430-507)

Major implications: (5) Money and finance

~~C-M~~



Metallist tradition:

- C is prior to M
- M must be of the kind of C possessing value within itself
- value is prior and external to the exchange relation

~~M-C~~



Chartalist tradition

- M as IOU relationship is external to the exchange relation
- value is the imaginary point by means of which we recognize the relations commodities enter into due to a host of 'circumstances' external to them

Value, commodity and money are terms defined external to their inter-relation (external to the value relation)

Major implications: (5) Money and finance

$C-M$



Value relation is the basis for the **capital relation**. Capital appears and exists as a sui generis commodity (fetishism, reification).



*Money — here taken as the independent expression of a certain amount of value existing either actually as money or as commodities — may be converted into capital on the basis of capitalist production, and may thereby be transformed from a given value to a self-expanding, or increasing, value. [...] In this way, aside from its use-value as money, it acquires an additional use-value, namely that of serving as capital. Its use-value then consists precisely in the profit it produces when converted into capital. **In this capacity of potential capital, as a means of producing profit, it becomes a commodity, but a commodity sui generis. Or, what amounts to the same, capital as capital becomes a commodity.***

Major implications: (5) Money and finance

IOU-M



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(Marx, vol. 3, ch. 21, § 2)

A final comment: *Capital* as incomplete project



Marx original plan, Six books on:

1. Capital
 2. Landed property
 3. Wage-labor
 4. The state
 5. Foreign trade
 6. World market
- Capital*

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