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Theme : Circuit and the circulation of Capital. Costs and revenue of the company.

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Plan:

1. The General Formula
2. Contradictions
3. Expanding the General Formula
 - Circuit of Money Capital
 - Circuit of Production Capital
 - Circuit of Commodity Capital
 - Circuit of the Reproduction of Labor Power

The General Formula

- M - C - M' (vs C - M - C)
- Quantitative expansion ($M' > M$)
- Money as alpha & omega
 - (vs money as mediator)
 - capitalism as money making, greed
- Commodities are mere means to an end
- Metamorphosis of Capital (of value)

Contradictions

Problem: Explain source of “prime” in M’

Marx *assumes* equal exchange

So M’-M cannot originate in exchange

Unequal exchange, e.g., cheating, would
merely *redistribute* value

Ques: If not in circulation, then where?

Ans: In production!

Circuit of Money Capital - I

M - C - M' becomes:

M - C(LP, MP) ... P ... C' - M', where

M - C = factor market exchanges

LP = labor power

MP = means of production

...P... = production process

C' = produced commodity with expanded value

C' - M' = sale of commodity

Circuit of Money Capital –2

LP & M - C(LP) are discussed in Chap 6

...P... is discussed in Chap 7

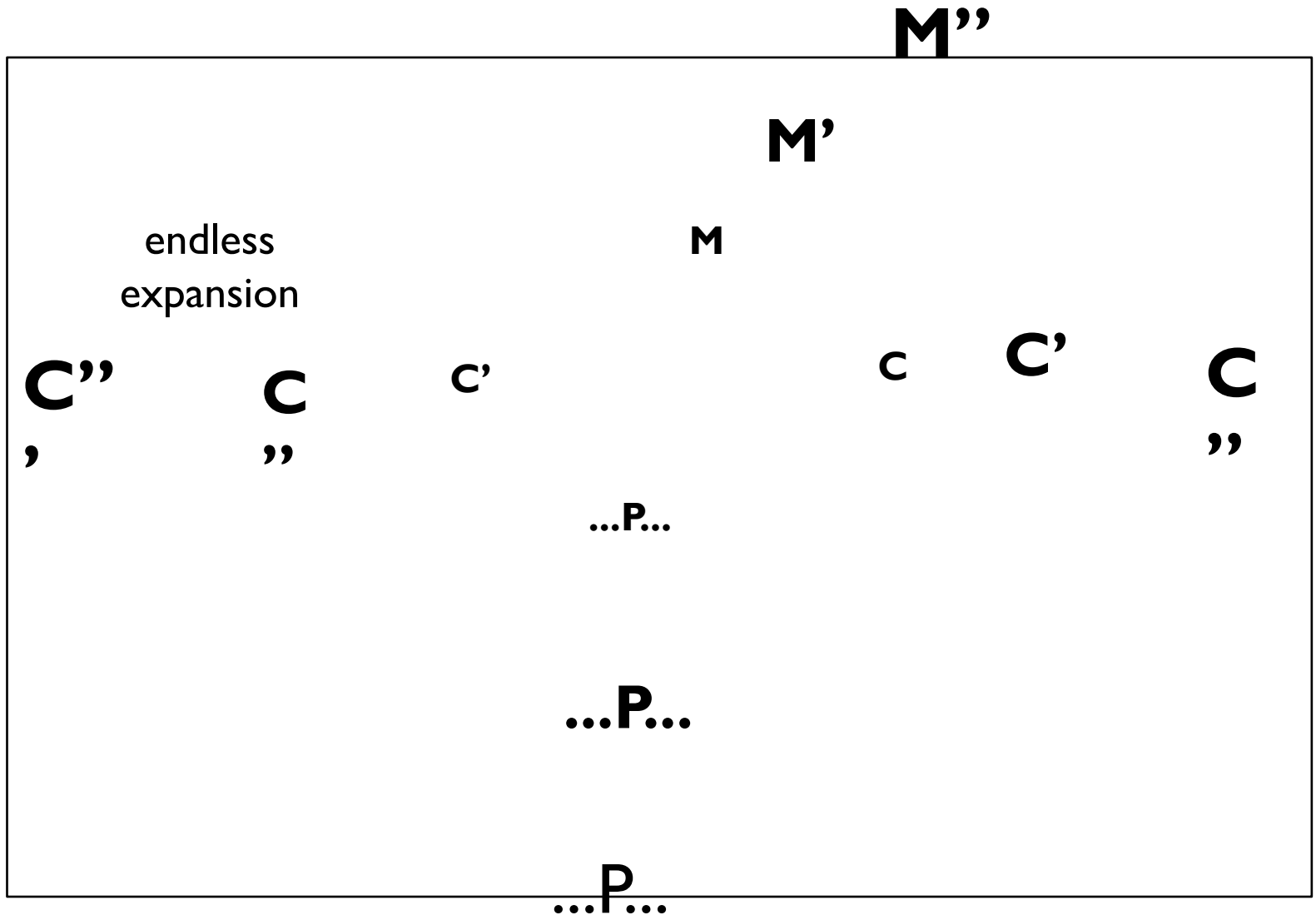
NB: Money, as one moment of circuit, is reproduced in the circuit

M as money to be invested is reproduced as M' as profit

BUT: M - C - M' is endlessly repeated as

M - C - M'.M' - C'' - M''.M'' - C''' - M''' etc

Circuit of Money Capital - 3



Circuit of Production Capital

Circuit of Money Capital

$M - C(LP,MP) \dots P \dots C' - M' . M - C(LP,MP) \dots P \dots$

Capital

Circuit of Productive

Reproduction of relations of production, LP & MP, within the overall circuit

Closest to “socio-political” point of view, focus on work

An Absence?

Circuit of Money Capital
Productive Capital

Circuit of

$M - C(LP,MP) \dots P \dots C' - M'.M' - C$
 $(LP,MP) \dots P \dots C''$

Circuit of Commodity
Capital

Circuit of Money Capital

Circuit of Productive Capital

$M - C(LP,MP) \dots P \dots C' - M' . M' - C (LP,MP) \dots P \dots C''$

Circuit of Commodity Capital

What is left out?

Question: The reproduction of which aspect of the circuit is left unaccounted for?

Answer: LP - Labor Power

Circuit of Reproduction of Labor Power-I

- Where is labor power reproduced?
- To some degree within the circuit, workers maintain their skills and abilities by using them.
- To a greater degree outside the circuit, in “consumption,” daily life, the family.
- The wage buys the means of “reproduction”

Circuit of Reproduction of Labor Power-2

- Marx: LP - M - C(MS)
 - LP = labor power
 - M = wage
 - C(MS) = means of subsistence/reproduction
- This makes Consumption/life goal of circuit
 - --appropriate from worker's point of view
 - --Inappropriate from capital's point of view

Circuit of Reproduction of Labor Power-3

- Capital needs $C(MS)$ to reproduce worker
 - $C(MS)$ must “produce” (...P...) new LP
- So:
- $LP - M - C(MS) \dots P \dots LP^*$
 - Where LP^* = reproduced labor power
 - LP^* might be greater (kids, more skill)
 - LP^* might be smaller (less wage required)

Circuit of Reproduction of Labor

Power-4

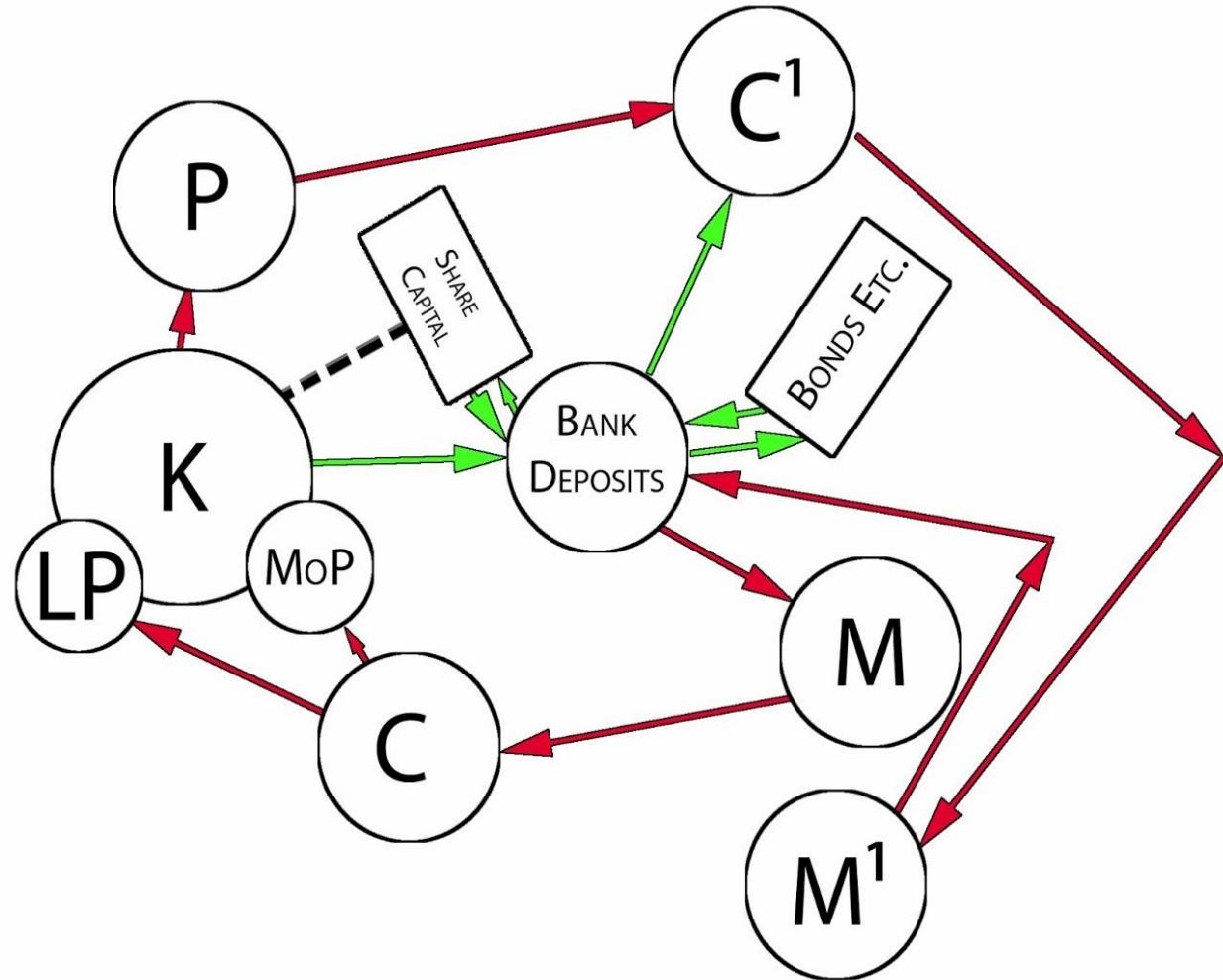
LP - M - C(MS) ...P... LP*. LP - M - C(MS)
M - LP M - LP
... P ... C' - M'. ... P ..
.
M - MP M - MP

Capitalist Circuit: Life reduced to reproduction of labor power for capital, ready for labor market

Reproduction of Labor Power?

- This takes us to Chapter 6 which discusses both the labor market and the value of labor power.
- We need to investigate:
 - LP - M
 - M - C(MS)
 - ... P ...
 - LP* (why an asterik instead of a prime?)

CIRCUITS OF CAPITAL AND MONEY



References

1. Marx K. Kapital, vol. 2. In K. Marx and F. Engels, *Soc h.*, 2nd ed., vol. 24.
2. V. M. RULEV
3. From Manuscript II. — *F.E.*
4. Beginning of Manuscript VII, started July 1878.
5. End of Manuscript VII. Beginning of Manuscript VI. — *F.E.*
6. End of Manuscript VI. Beginning of Manuscript V. — *F.E.*
7. This is true no matter how we separate capital-value and surplus-value. 10,000 lbs.
8. . Chuprov, *Railroading*, Moscow, 1875, pp. 69 and 70.