

Lecture Notes 4 : Chapters 4-6

Chapter 4: The general formula for capital

(a) C–M–C: selling in order to buy (money as money)

(b) M–C–M: buying order to sell (money as capital)

In (a) consumption is the final goal, in (b) ‘determining purpose’ is exchange value, so value ‘presents itself as a self-moving substance’ (256).

cf. Aristotle’s *Ethics* distinction between ‘economics’ and ‘chrematistics’

Surplus value

M–C–M′, where $M' > M$, and $M = M + \Delta M$. Here ΔM is surplus value (S).

The capitalist

It is only insofar as the appropriation of ever more wealth in the abstract is the sole motive behind his operations, that he functions as a capitalist, i.e., as capital personified and endowed with consciousness and a will. Use-values must therefore never be treated as the immediate aim of the capitalist; nor must the profit on any single transaction. His aim is rather the unceasing movement of profit-making. (254)

The miser and the capitalist are disanalogous in that:

while the miser is merely a capitalist gone mad, the capitalist is a rational miser. The ceaseless augmentation of value, which the miser seeks to attain by saving his money from circulation, is achieved by the more acute capitalist by means of throwing his money again and again into circulation. (255)

Chapter 5: Contradictions in the general formula

Mutual gain from trade in terms of use-value does not entail mutual gain in terms of exchange-value. So how is a positive *total S* possible?

Is S created in circulation?

The seller’s gain is the buyer’s loss. So S not created in circulation.

Is S created outside circulation?

How can I valorize my boots outside circulation, without, that is, ever coming into contact with other commodity owners? I can’t. So S apparently not created outside circulation.

Chapter 6: The sale and purchase of labour-power

The source of S

Need a commodity that produces more value than it consumes, and is therefore a source of S.

- (1) Commodities exchange at their values. (exchange of equivalents assumption)
- (2) If commodities exchange at their values, then S is not created in circulation.
- ∴ (3) S is not created in circulation, but in production.
- (4) S is created by employing a commodity that creates more value than it consumes.
- (5) That commodity is labour-power (LP).

This is why Marx will turn, in chapter 7, to the 'hidden abode of production'.

Note that (5) does not follow from (4). Why pick labour-power, as opposed to another commodity, as *numeraire*?

Conditions of commodification

LP is a commodity iff:

- (i) It is 'free labour' (as opposed to slave labour) sold for a 'limited time only' (272)
- (ii) Its owner is 'compelled to offer it for sale as a commodity.'

The conditions of S

Since capital circuit presupposes the commodification of LP, it follows that:

For the transformation of money into capital... this worker must be free in the double sense that as a free individual he can dispose of his labour-power as his own commodity, and that, other hand, he has no other commodity for sale, i.e. he is rid of them, he is free of all the objects needed for the realization of his labour-power. (272-3)

Determination of the value of LP

Like all commodities, LP's value is determined by SNLT:

The value of labour-power can be resolved into the value of a definite quantity of the means of subsistence. It therefore varies with the value of the means of subsistence, i.e. with the quantity of labour required to produce them. (276)

What counts as 'subsistence'? Distinction between 'ultimate or minimum limit' provided by 'physically indispensable means of production' (277) and value of LP partly determined by 'historical and moral element' (275).

Thus Marx does not subscribe to Malthus' 'iron law' of wages.

Suggested Reading

Wolff, R.P. *Understanding Marx*, ch. 3, 4, 5, 6

Further Reading

Schweickart, D. (1984), 'On Robert Paul Wolff's Transcendental Interpretation of Marx's Labor Theory of Value', in *Canadian Journal of Philosophy* 14: 359-67.