Part Three

The Reproduction and Circulation
of the Total Social Capital
Chapter 18: Introduction

1 The Object of the Inquiry

Marx here summarises where we are in our analysis. ‘The immediate production process of capital is the process of labour and valorisation.’ The immediate process of production, the \( P \) in \( M\rightarrow C \ldots P \ldots C\rightarrow M' \), was the object of analysis of volume 1: ‘the result of this process [...] [is] the commodity product, and its determining motive the production of surplus-value.’

The process of reproduction of capital also involves the process of circulation of capital, or, more precisely, the place of this circulation in the reproduction of capital. This process, of the constant repetition of the cycle of capital, of its perpetual re-emergence as productive capital, is conditioned by its transformations in its cyclical movement; at the same time, the constant repetition of the production process is the condition for transformation of capital in the sphere of circulation.

At the same time, we have to take account of the fact that each individual capital forms a fraction of the total social capital. ‘The movement of the social capital is made up of the totality of movements of these autonomous fractions, the turnovers of the individual capitals.’

The overall process comprises:

- productive consumption (‘the immediate process of production’)
- the changes of form which mediate this (materially manifested as exchange)

Insofar as these exchanges also comprise the conversion of variable capital into labour-power, the sale of commodities for the individual consumption of the workers, and the circulation of surplus-value – and therefore the individual consumption of the capitalist – the totality of the cycle of the individual capitals comprises not just the circulation of capital but also commodity circulation in general. This last – the general circulation of commodities – consists fundamentally in (1) the cycle of capital and (2) the cycle of those commodities that go into

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1 It would be worth noting here that this final part of the work, in which Marx develops his celebrated (and controversial) reproduction schemes, was intended by him as the concluding section of only the first part of the volume to follow volume 1, the second part of which was to consist in what has come down to us as volume 3; thus the import of what Marx is to say here will be clearer once volume 3 itself is taken account of. In this respect, we should also note that the material from which Engels compiled volume 2 was written after that used for volume 3.


3 C2, p. 427.

4 ‘Having devoted Book [volume] I to the revelation of the class relation obscured from view by the market relations structuring economic activity, Marx turns in Book [volume] II to the way in which the social class system is constituted by way of those same market relations. [...] As products of capital, [...] commodities are intended for sale, transformation into money. To continue to function as capital, that money (which, if all has gone well, includes an increment over the initial investment) must be reinvested in the elements of production, which must be set to work in the creation of new value and surplus-value-bearing commodities. Where the circulation of commodities, with which Book I began, implies relations among buyers and sellers, or producers and consumers, the circulation of capital in the commodity form implies relations between capitals, on the one hand, and capital and the owners of labour power, on the other. [...] Circulation is, according to Marx, the “first totality among economic categories”, since it provides the forms for the interaction of all economic units. [...] “The totality of the social process, circulation is also the first form in which not only the social relation – as is the case with a coin or with exchange-value – but also the movement of society itself can be seen as a fact independent of individuals.” [...] It is this role of circulation in the social reproduction process that gives rise to the idea of “the economy” as an autonomous system of forces, to be studied by a science of economics.’ Paul Mattick, Jr., ‘Economic Form and Social Reproduction: on the Place of “Book II” in Marx’s Critique of Political Economy’, in Christopher J Arthur and Geert Reuten (eds.), *The Circulation of Capital: Essays on Volume Two of Marx’s Capital* (London and New York, 1998), pp. 25-6. (The quotation by Marx is taken from Maximilien Rubel’s French edition of Marx’s works: Mattick, ‘Economic Form and Social Reproduction’, pp. 30-1.)

5 What Marx in the *Grundrisse* and in his correspondence calls ‘capital in general’.

6 C2, 427.
individual consumption.

- In volume 1 the process of production was analysed as an isolated event (the production of surplus-value) and a process of reproduction (the production of capital). Circulation, other than involved in the buying and selling of labour-power, was just assumed.

- In part 1 of this volume we considered the forms of the cycle of capital.

- In part 2 we considered this cycle as a periodic one, and the implications of this periodicity.

- Now – since ‘the circuits [cycles] of individual capitals [...] presuppose one another’ – we consider the movement of the total social capital.

2 The Role of Money Capital

(Marx notes here that this matter is necessary to take account of but that it is tangential to the argument at this point.)

‘In connection with the turnover of the individual capital, we saw that money capital displays two aspects.’

1 The productive capacity of a given quantity of money capital is determined by factors other than the magnitude of its value

Commodity production presupposes commodity circulation; commodity circulation presupposes ‘the representation of commodities in money’; ‘the duplication of commodities into commodities and money is a law of the emergence of the product as a commodity.’ Capitalist commodity production presupposes capital in money form, as both ‘prime mover’ and ‘permanent driving force’. This is as true for social capital as for individual capitals. But: the absolute scale of production of capitalist production is not determined [within limits] by the volume of money capital in operation.

1 Given the rate of payment of labour-power, more or less severe exploitation, intensively and extensively, of this can occur. If an increase in the amount of money capital (i.e. a rise in wages) coincides with greater exploitation, the former does not necessarily rise in proportion to the latter.

2 The productive use of natural materials (soil, sea, etc., which do not form a part of capital’s value) may be more or less severely exploitative with a given amount of labour-power, hence without an increase in money capital advanced.

3 In the case of means of labour, prolonging their daily use or raising the intensity of their application increases the velocity of turnover of fixed capital; but, allowing for the fact that the elements of its reproduction are supplied more quickly, also increasing the quantity of fixed capital deployed.

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7 C2, p. 429.
8 C2, p. 430.
9 C2, p. 430. ‘Bei Betrachtung des Umschlags des individuellen Kapitals hat sich das Geldkapital von zwei Seiten gezeigt.’ ‘The consideration of the turnover of individual capital has revealed two sides of money.’
10 Where I insert my own subheads they appear, as here, in sans serif type.
11 C2, p. 430.
12 C2, pp. 430-1.
13 C2, p. 431.
4 The incorporation, which depends on scientific advances, of natural forces as productive agents costs the capitalist nothing.

5 This last point also applies to ‘the social combination of labour-power in the production process and to the accumulated skills of the individual worker.’

- An increase in the productivity of labour in itself increases the quantity of products, but not their value, excepting that more constant capital (of the same value) may be produced for the same labour, which can form the basis for an increase in the accumulation of capital.

- If the social organisation of labour heightens its social productivity, increasing the scale of production and hence the amount of money capital necessary to be advanced, this last can be met by the centralisation of capital, without an absolute growth in its volume.

6 A reduction in the turnover period allows the same productive capital to be set in motion with less money capital (or more productive capital with the same money capital).

**Conclusion:** What all this indicates is that capital advanced – in form a given sum of money – contains productive powers whose limits are not just given by its value. ‘Once the prices of the elements of production ‘…’ are given, the size of the money capital required to buy a certain quantity of these elements ‘…’ is ‘…’ determined. ‘…’ However, the scale on which this capital operates to form values ‘…’ is elastic ‘…’.”

II The necessity of capital in the money form

Independently of the fact that the ratio of capital in the money form to the total of productive capital is determined by the lengths of the turnover period and of its component parts, i.e. by the continuity and scale of production, that proportion of capital in process that can function as productive capital is restricted by the size of the capital advanced that must exist alongside productive capital in money form.

A certain portion of social labour and means of production, and hence a reduction in the scale of social production, is necessary for the production and acquisition of money; but money in circulation and as hoard already exists alongside existing elements of production ‘an cannot be considered a restriction on these.’

The amount of money capital necessary to set a given amount of productive capital in motion is determined by the length of the turnover period. In addition, the amount of capital that exists in latent or suspended form is determined by the division of turnover time into working and circulation times.

The degree to which the turnover time is determined by working time is determined by the material, and not the social, character of production. Under conditions of capitalist production, however, production of a greater extent requires greater advances of money capital for more time and as such is restricted by the extent of money capital at the capitalists’ disposal (a restriction overcome by the credit system).

Under social production, the extent to which labour-power and means of production would be withdrawn without providing useful product for a given period of time (damaging those less extended branches of production) has to be determined – independently of the social character of production. Under ‘collective production’, in which money

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14 C2, p. 432.
16 C2, p. 433.
17 We here ignore that money capital that may be necessary cope with delays in circulation.
18 C2, p. 433.
19 ‘A “communistic” society would have to make decisions about how much resources to allocate to projects with a long gestation period. These activities subtract “labour, means of production and means of subsistence from the total annual production” […] without providing a return to society for a considerable period. Society must calculate in advance how large a
is dispensed with, ‘society’ determines the distribution of labour-power and means of production.20

Insofar as the necessity of money capital is determined by the length of the working period, two conditioning factors exist.

1 That money capital is the necessary form in which capital begins its process is a product of capitalist production and commodity production in general. This remains true independently of the form taken by money – metallic money, credit money, tokens of value, etc.

2 The quantity of money advanced depends on the fact that elements of production are withdrawn from society before useful products that can be converted into money are returned. This is unaffected by either the form of money or the form of production itself.

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20 C2, p. 434. ‘There is no reason why the producers should not receive paper tokens permitting them to withdraw the amount corresponding to their labour time from the social consumption stocks. But these tokens are not money; they do not circulate.’ (Italicisation added.)