VALUE, MONEY, PROFIT, AND CAPITAL TODAY

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VALUE, MONEY, PROFIT, AND CAPITAL TODAY

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PRESENTATION

The new volume of *Research in Political Economy* that we deliver to the reader is devoted to the themes of value, money, profit, and capital within the theoretical and empirical framework of contemporary Marxism. To think about and discuss them, we brought together 18 economists – in addition to the author of these lines – from eight countries and four continents; economists who are, for some, experienced and internationally renowned personalities, and for others, young researchers starting their careers, but all working in their own way to broaden and deepen Marxism in order to apply its powerful methods to the interpretation and, above all, the transformation of the present world.

Even if we had to distinguish these four concepts of value, money, profit, and capital to better structure the exposition of the 13 contributions of the present volume, they are in fact narrowly related to each other in the analyzes provided by Marxism and its various currents. Let us briefly and basically recall here, in this presentation, how these distinct but linked notions are logically articulated by Marx and how they are dialectically chained in order to constitute the Marxian general theory of capitalist accumulation.

First, value: The law of value not only has the function of regulating exchanges but also commodity production and the reproduction of the capitalist system itself, based on private property. According to Marx, labor, as an expense of human power, is the source of value, determined by the labor time socially necessary for production. The commodity's dual character defines it, as we know, by both its use value, insofar as it has a social utility and satisfies human needs, and its exchange value, quantitative relation in which use values are exchanged for each other. Value in itself is the principle of this relation, lying on the labor crystallized in commodities, i.e., on what is common to all of them and allows them to be compared. Thus, the very substance of value resides in abstract labor, which is undifferentiated and noncomplex.

Secondly, money: The exchange relation involves money. If the commodity asserts itself as use value and in relation to another commodity as exchange value, the latter remains expressed with respect to the use value proper to this other good. Money brings commodities into relation under a common expression representing them as values, independently of the use values. The labor contained in them manifests itself as abstract labor. Extending the concept of value to the labor-power commodity leads to that of surplus value, key to the theory of exploitation. Observed in the fact of the capitalist's enrichment, surplus value is, as is known, an excess value produced by the wage earner, once reproduced the value of labor power, equivalent to salary. Unable to spring from an identity of value with itself, it arises from the process of production. Invisibilized under the appearance of free and equal exchanges of labor, it can only be identified at the level of global social labor because of the impossible distinction between the labor times devoted to the reproduction of value or to the production of value beyond the equivalent. The relation of exploitation, through the purchase of the use of labor power by the capitalist, is a monetary one. As value, the commodity is money, and its price is value in money form, fixed in its relation to a special "object," both commodity and non-commodity, which embodies labor in general and serves as general equivalent.

Thirdly, profit: One of the "phenomenal" forms of the surplus value is – with money's interest, in particular – profit. As capitalism developed, a mode of production completely enclosed in the logic of money for money was propelled. The desire grew among capitalists to substitute commodities with money which, from a medium in exchanges, became a purpose in itself. Money acquired the property of functioning as capital, whose movement is only intended for profit. For Marx, profit is not a simple difference between income and expenditure, but results from the social organization of capitalism which polarizes the distribution of property rights. It is the form taken by the value form of the surplus labor, that is, the surplus value produced by the workers and extorted from them, according to the degree of exploitation of the labor power. Profit is a transformed form of surplus value, from which come all the income of the owners of capital. As an excess in money of commodity value over the production costs, it has a monetary form, implying the realization of commodities. Always for Marx, the rate of profit, or quotient of the surplus value to total advanced capital, is subject to laws, for some, spatial (intersectorial equalization under the effect of competition), for others, temporal (downward trend, stemming from a rising value composition of capital). Profit is born in the process of production, where surplus value is created, but is realized only in the process of circulation, from which seem to be drawn its commercial and banking parts, even more mystified forms of the "new value" than industrial profit. Fetishism in capitalist relations is such that profit seems to be generated from trade or even money itself. In the movement of capital, the extortion of social labor is concealed – just like the increasingly parasitic distribution of the conflictual fractions of profit.

And fourth, capital: Marx's determination of the concept of surplus value, which passes through the technical distinction between constant capital and variable capital, as sums of money, opens the way to the analysis of capital. The latter is the specific social relation of capitalist economy according to which value as valorization process is enhanced through the exploitation of labor. The exchange M – C, where the goals of use value and exchange value intertwine, can become a capitalist relationship M – C – M', where the accumulation of abstract wealth predominates. This social relation of capital is characterized by an inequality, because money is transformed into a commodity only with a view to the production of a higher quantity of value. As we have said, for Marx, a single commodity is indeed capable of producing a greater quantity of value; it is the labor power, which can produce more than its own value, since it daily works longer than the time required for its own production and thus contributes to capital's valorization. So we understand that capital does not exist without money. The term capital therefore also designates value itself in its process of self-valorization.

The four concepts of value, money, profit, and capital under consideration, being at the heart of all economic thought and its various problematics, constitute by this very fact major intellectual battlefields where the Marxist theoricians confront the many representatives of the mainstream in economics. As we unfortunately know too well, the striking dominance of the neoclassical mainstream is overwhelming today in academic institutions and their ideological apparatuses. Nevertheless, this hegemony, which is exercised to the detriment of all economic heterodoxies – and in the forefront of them Marxism – has in reality nothing of a scientific superiority, since the problems that neoclassicals encounter are numerous, serious, and so to speak insoluble when considering each of the four concepts we have chosen to examine. Let's take a closer look.

Contrary to the proponents of labor value who establish a distinction between value and price, these two notions are confused ("value-price") for the neoclassicals. The theory of labor value certainly poses serious difficulties, in particular those of the heterogeneity of forms of labor not always being determined solely by time, of the existence of capital which represents past labor, of the taking into account of productive labor alone in the value's measure, or of the regulation of profits according to principles different from those of wages. To try to solve this last problem, linked to the transformation of values into prices, the neoclassicals decide to let the market take its course and do its thing, which led them not only to reject the labor value, but also to ignore the issue of value. The latter, for the mainstream, depends on the utility of the good and on the satisfaction provided to the one who holds this good. It then results from the confrontation of supply and demand, but, no longer distinguishing itself from the price, the neoclassicals cannot say anything about it. In this respect, it is symptomatic that Gérard Debreu, who founded with Kenneth Arrow and others the modern version of the general equilibrium theory, so to speak no longer used the term "value" beyond the introduction of his *Theory of Value* (1959).

Simultaneously a unit of account, an intermediary in exchanges and a means of reserve, money is accepted by all. Its property is to serve as a link between individuals, which supposes trust between them and with regard to the institution issuing it. However, a phenomenon such as trust is a matter of inter-individual relations, not of the behavior of agents taken in isolation; and the legal guarantee required of the State for its issuance and circulation in society requires the action of a network of institutions that cannot be reduced to individual choices. Money is a social and political link that connects individuals to each other and to a community in which they can identify. It comes that taking trust into account is a huge problem for the neoclassicals' methodological individualism giving primacy to the individual over society. It should be noted, by the way, that there is no money in their theoretical reference, the Arrow-Debreu model. Money is not a "neuter" tool, as the mainstream claims or as the expression "to make money work" suggests, forgetting that only human beings work. Money is not natural. It is a complex, contradictory social reality – just as inflation in an economy reflects the intensity of the class struggle inside that country. Money is power, an attribute of national sovereignty. Its common appropriation by the peoples conditions the control of their collective future.

Whereas, for Marx, as we have seen, all the value created finds its origin in labor and nowhere else, the neoclassicals, on the contrary, support the ideas that it also comes from capital, defined with them as an aggregate representing the whole inputs (with the notable exception of the labor "factor") integrated in a "production function," and that this capital "factor" is remunerated up to its contribution to production through profit, the "normal" counterpart of this created value. The neoclassicals nevertheless come up against a logical problem related to the definition of profit. Since the latter is conceived, for them, as the difference between income and expenses, and that these same expenditures are supposed to include the remuneration of all the factors that contribute to production, then such a difference can no longer remunerate anything more, thus certainly not capital. Hence a mainstream theory that leads to consider that profit is zero and this permanently or, in the best case, momentarily. Yet, zero profit is obviously not going to be very pleasant to hear or easy to accept by the capitalist entrepreneur. Anyway, the fact is that the neoclassicals do not provide a theoretical analysis of the capitalist entrepreneur either.

If, following Marx, the term "capital" refers to the specific type of exploitation of the capitalist system and designates a social relationship between the owners of the means of production and the wage earners, it is conceived very differently among the neoclassicals, as we have just seen. However, a big problem is attached to this aggregation method, because capital as a factor of production is not a single good, but a heterogeneous set. Here, the solution they propose is not one, since it consists in evaluating, thanks to a system of prices, each of the goods that make up this capital, then in adding the different numbers obtained so as to obtain a sum representative of the "capital." And this is where the problem lies, because this unique number corresponds to a monetary "value," and not to a physical entity, whereas the production function is supposed to represent only technical relations between the arguments that it integrates. The neoclassicals are consequently faced with the impossibility of calculating the prices of the production factors, including that of capital, by deriving them from the factorial marginal productivities, while determining the latter presupposes that their prices are known, including for capital.

In view of such difficulties encountered by the neoclassical mainstream, insurmountable by the methodologies it deploys, we understand that their current has no lesson in scientificity to give to Marxism. It is even the latter which, in our opinion, constitutes the most powerful scientific instrument of analysis today at our disposal to account for the complex evolutions of the world and above all to envisage and organize the social transformations aimed at emancipating the workers. This is what we will collectively strive to show in the contributions that follow. These cover a vast spectrum of current topics relating to capitalist globalization, going from changes in the monetary policy's instruments and objectives, the rise of the credit system and the mutations of money, transnational corporations and their strategic behavior in the competition specific to oligopolies, relocations and the decomposition of value chains to produce ever more segments in low-wage countries, trends in profit rates or the recent forms taken by unequal exchange, up to the current crisis of capital, financialization, fictitious capital and the accelerating fictitious movements of capital (including the credit system and money capital), the role of crypto-currencies, the possibilities of monetary regionalization, and, beyond all that, the opportunities for post-capitalist alternatives that are opening up before us.

Rémy Herrera, January 23, 2023