CHAPTER 9

Circulation

Introduction

In Division I (‘Capital in Its Notion’) I showed that the movement of capital is a spiral of accumulation. Its reflexivity means that it aims to ground value on value. However, the fundamental presupposition is that there is available a source of commodities and of a monetary increment. Now this is to be posited when I explore below the capital relation proper, in Division II. I consider how capital formally determines the material metabolism as carrier of its life cycle, and takes it into its possession. Given this analysis, Division III treats the capital system as a whole.

These later Divisions of my systematic-dialectical presentation flow from the application of the logic of capital, outlined in Division I; but this is not simply my procedure; it shows how the logical form of capital applies itself to the problem of production and embodies itself therein. I distinguish between form-determinations (such as those in Division I) and formal determination. The latter refers to the activity of the said forms. At the end of the dialectic of the value form narrowly conceived, that is as pure form, I introduced two such activities infusing the material with form, but at that level themselves purely formal.

The first is (formal) subsumption; even before determining their value the goods have to be granted commodity form; more and more of the life-world is becoming subsumed under the commodity form. The second is valuation, the activity of applying the money form of value to the commodities brought to market.

Below, where I treat the production of commodities for the market, formal determination takes on more significance in that the real subsumption of the product under capital changes the very material process of its production. This formal determination is distinct from causal determination; but it makes certain material processes of determination possible. Indeed, the Idea of capital, in order to become really effective, must regulate the material metabolism by its concept.

I use ‘Notion’ in the title of Division I to refer to the value form as a whole, in the same way that I consider the purely formal first section of Hegel’s Doctrine of the Concept to be notional with respect to the rest of that Doctrine. Despite its highly internally mediated character, Division I on the Notion of
capital appears as a one-dimensional *immediacy* with respect to the material inscribed within it, which latter makes of it something ‘two-dimensional’ so to speak. Thus the value form has immense inner complexity but ends up with the mere *formula* of capital accumulation. In this respect therefore, it is somewhat parallel to the sphere of Being *within* the logic. So the transition to Division II is a little like a transition to Essence, a sphere of relatedness, for example the relation of circulation and production, finally united in the form of reproduction. This then seems to reduce the value form to a presupposition posited by the real material development. Even so, however, the value form *formally determines* the purpose and direction of material production.

Division I and Division II together make up the structure of capital ‘as such’, roughly the same as taking a capital as singular, with merely external relations as when it buys and sells. But Division III greatly expands the horizon of the systematic dialectic of capital by addressing capital as a *system*. Capital unfolds itself into a world of many capitals and their relations. Following the parallel mentioned above, the third part is analogous to the logic of the Concept.

While the categories of Division I are purely logical, those of Divisions II and III are what I call ‘mixed categories’ in the sense that formal determination is supplemented by the economic determinacy of what is formed. So, while the triadic exposition is retained in these Divisions, it lacks the rigorous logic of the first Division. This is because, although the material is organised in a logical scheme, the forms concerned are given sense only because they simultaneously take up specific aspects of the material metabolism of the economy.

The transition here to circulation and production is justified by the possibility of retrogressively vindicating the general formula for capital in this context. In this respect Space and Time are taken broadly as given conditions of existence of the developed form of capital. But this is not merely in the mundane sense that, like anything real, capital exists in these dimensions, but that its Idea is conceptually bound up with its movement in space/time. Time and Space become *constitutive* of the Idea of capital, I shall show.

Division II, on the capital relation, divides into § 4 Circulation, § 5 Production, and § 6 Reproduction.

### § 4 Capital in Circulation

The presentation now moves from the pure forms of value discussed in the first Division to its finite reality. So this part deals with the *reality* of circulation, whereas in the first Division it is taken purely formally, as a given. The logic of the value form culminates in the idea that capital must make itself a reality in
what is other than it, yet is essentially related to it. Centrally this is of course labour, but I do not begin with that immediately. First I further explore circulation. Only then shall I begin to uncover the secret of valorisation, which in the first Division was left unexplained. In the development of the categories of the value form earlier, the relation between these forms and what is to be inscribed within them was undeveloped. The methodological legitimacy of this procedure is that the surface sphere of exchange and circulation itself is, in practice, founded on such abstraction from matter.

From the perspective of this relation to the material metabolism, the ideality of the value form as a whole appears as a simple immediacy. Correspondingly, the materiality of commodities served merely as the bearer of the form-determinations of value. However, throughout this Division, we shall see how the Value Concept succeeds in formally subsuming the material referents, and then really makes this matter adequate to capital’s determinations.

The triad of Capital in Circulation is: § 41 Temporality of Capital Accumulation; § 42 Ideality and Reality of Circulation; § 43 Capital Posited in Otherness.

§ 41 Temporality of Capital Accumulation
The logic of relations between commodities becomes real only if we consider them as practically separate and co-existent. For this Space makes room, so to speak. Even more important is that Time makes real the notional sequence of M–C–M’. In considering the movement of capital, time is important because it gives the Concept the real possibility to become different from itself; in this way it becomes existent Concept, and, as such, Idea. Capital is present to itself in real time. In time it reflects on itself objectively.

Whereas in Division 1 this reflexivity is merely a logical potential requiring retrogressive grounding in real time, here it is concretely present to itself only in its motion across its determinacies. It is not that capital develops in time; rather the temporality of capital is constitutive of its Idea. For it exists only as a project. What capital is becomes so, as it determines itself negatively against what it was. Capital is the movement of absolute negativity; it is absolute becoming. In the spiral of accumulation (see § 33.31/3 above) the linear movement is K′–K”–K‴ ..., which immediately is a movement of successive presentations of itself, but here (at the level of real time) this is achieved concretely by reference to the interval between nodal points, I shall argue. (In this section on circulation, time is treated formally; only later do I address ‘periods of production’.)

Time is a central category of value theory. Formally it here takes shape in a fashion analogous to the elementary logical categories of Quality, Quantity, and Measure. The qualitative notion of time is that of simple succession; one event precedes or succeeds another. The quantitative notion of time is that of the
pure *continuum*, infinitely divisible and infinite in extent. The synthesis of these two is that of the *interval*, the time elapsed between two successive moments. This allows a measure of time.

*Succession* was already accepted in our categorial system, when I analysed the metamorphoses of money, and the logic of accumulation. This is mere change in the qualitative sense, when various commodities pass through one’s hands as a result of sequential exchange. It is further exemplified when the transformation of commodities into money is taken to be for the purpose of then transforming money into new commodities. So the C–M phase is logically precedent to the M–C phase in simple circulation. (Where we consider simply monetary circulation, implicit in it is *inertial motion*; the very same value circulates indefinitely. But with accumulation the movement of money springs from an intrinsic *drive*.)

However, for the qualitative category of temporal *order* to be quantifiable means we pass to the next category, that of *The Time Continuum*. This time is infinite, time passing but with no closure in principle. Moreover, when integrated, all concrete times are sublated in a common abstract time; this time is continuous, homogenous, and never ending. Nonetheless there are certain *nodes*, between which there is an *interval*, at which time is taken as halted, whether really or ideally, for the purpose of taking its measure across the interval. This is a qualitative measure of a quantitative dimension pertaining to the movement between two of these successive phases.

Although every material process with which capital is caught up has its own time, e.g. the time for beer to ferment, these are all subsumed into time in the abstract, *the pure time of capital*, mere clock time, or calendar time. An obvious example of this, which I discuss later, is the total time it takes to produce and market a commodity. This we shall see becomes important when we consider that every capital has a turnover time distancing its laying out from its recovering of itself, the period subtending a measure of growth from one time to another. The rhythm of capital’s time frames its period of turnover. However, when disassociated from this rhythm of renewal, every capital casts itself as a metronomic beat across purely notional intervals. The rate of accumulation *per annum* constitutes a measure of capital in real time.

Capital is endless change that is not a change *in* anything substantial, but simply capital positing and re-positing itself in its movement of becoming ever larger. So capital exists only as the temporalisation of this passage between nodes. Capital is constituted through a backwards ‘casting’, and forward ‘casting’ as endless becoming-greater. As time, the infinite becoming of the concept has three dimensions: present, future, past. But this temporality does not apply to mere empirical finitude as such with its infinite sequence of ‘nows’. Capital
makes itself present to itself only through a casting of this complex sort, a time past made present as a moment of self-recognition informed with an orientation to becoming future.

The dialectic of capital is that of absolute negativity. Time is the existent Concept of capital because the logic of negativity needs time to accomplish its movement through its phases. Capital exists only as the process of negating its current form in favour of an expanded one. It is a continual surpassing of itself that must never collapse to a fixed presence; it is a continual ‘presencing’. It continually denies what it was only in order to project itself as what it will be. It is not that capital – like all existent beings – exists in time; rather the movement of its time is its reality because it is actual only in its reflection on itself at intervals. It collapses to money merely, if fixed; so any such fixing has to be a notional vanishing moment.

It is important that this is pure negativity. It is said that the plant ‘negates’ the seed, but this is a metaphorical abstraction; in reality the plant merely replaces the seed. But, in our case, the logical abstraction of such examples really does exist. Capital accumulation is founded on an empty presence. Its presenting of itself is infinite becoming. But this also requires the moment of finitude in order to know the rate of accumulation. The time continuum takes a finite turn in the interval between two times, across which a rate of accumulation is computable. To know itself capital reflects on itself as a movement between virtual nodes in the continuum of abstract time (for example, a yearly accounting). Ideally the rate should tend to infinity. But this unrealisable outcome is sublated in the concrete notion of a drive to increase it. This Idea is logically prior to its enforcement through competition.

However, in the case of capital, it is the featureless real time that itself supports the reflexivity of capital’s ideal existence, because capital’s ontological poverty permits no more organic rhythm. But, through its ‘casting’, capital takes its own measures; it casts itself back to a previous time and projects its aims to a future time. The ‘casting’ by capital of its being in time allows it to take its measure.

The motion of capital in its immediacy is given abstractly in terms of capital’s relation to itself as it is articulated in its rate of accumulation. But this movement takes time; thus the measure of capital in motion is not simply a continuing increase in its mass, but its rate of accumulation, taken over an interval. Moreover, it is this that enables a comparison of one capital with another; that which conforms most closely with its concept is that with the highest rate of accumulation.

Whatever the original masses of capital deployed, the one with the highest rate per annum will eventually overtake all others even on that measure, name-
ly mass. It turns over faster and soon has more accumulated capital than the less ‘energetic’ one. Even a smaller capital with a higher rate of accumulation than another eventually becomes the larger one. The pure time of capital, centred on itself, comprises its immanent measure of itself once articulated as a rate of accumulation over time.

We have seen that in order to give its rate of return in real time capital must compare itself at one time with itself at another time, while yet positing itself as still the same capital, albeit grown larger. The time between two times is, as it were, the differential of the movement of time, reducing to a fixed quantity the continual passing of time; it becomes time passed as if time itself were accumulated.

Furthermore, the actuality of the magnitude of value requires a reflex within time such that it condenses to a real (sale of products) or notional (valuation of assets) point in time allowing synchronic comparison with other values. (For the purpose of annual accounts such values must be fixed notionally only.) To take its measure capital must reflect into itself at specified intervals in order to create two nodes in its continuous process of accumulation. Thus capital is both infinite (endless growth) and momentarily finite (measured in actuality as a rate). At all events, time is central to capital’s measure of itself as a rate of accumulation.

The difference of levels of concretion means that the earlier qualitative notion of accumulation is now conceived as occurring across time, thus allowing comparison of two capitals in this respect.

**Remark:** At first it seems that every industrial capital has its immediate reality in a peculiar *period of production*. But these materially based differences between capitals in their time of production are entirely abstracted from insofar as capital as a pure form is concerned. So the measure of the rate of accumulation is taken as the rate of return *per annum*. The concrete times of circulation and production are subsumed by the pure time of capital in the abstract. When I deal with production later in our exposition (§ 50) time gains another significance. Capital in production has to engage with real time in a more intimate way, as ‘duration’, so that it makes sense to take as the relevant nodes the beginning and end of a production period when there is a real or notional sale.

**§ 42  Ideality and Materiality of Circulation**

Given that social production is located in dissociated enterprises, commodity exchange is the fundamental mediation that secures association. Commodities are doubly constituted as use-values and values, and the process of their exchange realises both determinations at the same time. However, the proced-
ure I adopt here is to treat the issues separately. In the first Division the problems of exchange are bracketed; it is assumed all commodities are exchangeable as such. This is in order to focus on the formal conditions of existence of value relations. Now I concretise value by looking at its existent reality. So here the problem of the realisation of value in exchange is addressed. Even if commodities are formed as values the problem of their exchange as values in reality arises, because there is no point in exchanging equivalents. Exchange of equivalent values is mediated in exchange of different use-values wanted by different agents. This condition of existence of value transactions impedes the free movement of commodities.

Throughout the pure logic of value form (treated in Division 1) use-value issues were bracketed. The materiality of the commodity appeared merely as the shell of value. (However, the specific material requirements of the monetary medium had to allow money to be used as the phenomenal body of value. But later I show that money drops its material shell.) In this Division, use-value is now considered as having economic determinacy. First the issue is taken in its simplest, and most immediate, aspect.

Even if all parties agree to trade at perceived value things may stall because moneyless circulation of commodities requires the possible realisation of use-value as a condition of the previous realisation of value. For a real exchange to occur, there must be agents in search of specific use-values. Moreover, bodily differences in commodities support the variety of use-values that motivate exchange. Yet these very differences may block the realisation of value. In the case of direct exchange of goods there is only limited exchangeableness because the fit with individual need may not be present.

An exchanger requiring a certain use-value may endeavour to take their existing use-value to be means of purchase so as to buy others. But it may not be acceptable, because of its limited character as use-value. The problem of actualising exchange is solved if there is something incarnating what commodities have in common, a ‘universal commodity’ everyone will accept in any amount.

Looking back to the first Division, it is the universal equivalent form derived there, excluded from those in relative form. Given that special commodity, use-values can circulate through sale as values. This money commodity stands to regular commodities as their negative unity, something they are not but to which they have a common relation. Something that imposes commonality on heterogeneity is not any empirically given use-value, differing from others only in its popularity, but something designated as of ‘pure exchangeability’, unlimited by specific need, and this abstraction from the heterogeneous existence of commodities is why money plays the role of ‘universal commodity’ because it
is wanted as value. So money has immediate exchangeability, meaning anyone selling will accept it, only because it represents, not its material use-value, but the formal use-value of constituted value, and it has that in direct proportion to its amount.

In the context of the process of exchange the most important use-value of money is that of monopoly of purchasing power. Presupposed as the bearer of exchangeability as such it acquires a ‘formal’ use-value, purchasing power; it enables its possessor to turn a value into a use-value, paradoxically just because it is not limited in its action by use-value constraints on its exchangeableness. Money is universally exchangeable because it is autonomous form of exchangeability; it has a power of exchange without its use-value bearer being wanted as such. Money as the actuality of value mediates the process of exchange. The opposition between use-value and value is inherent in the commodity. Money allows their realisation in sequence. Money as ‘the universal commodity’ interposes itself between commodities to allow the transmutation of use-value in simple circulation.

Materially the commodity is a use-value; its existence as a value appears only ideally, in its price, through which it is related to the real shape of its value, the gold which confronts it as its opposite. Inversely, in its reality gold counts only as the materialisation of value, as money. Its use-value appears only ideally in the series of commodities on which it may be laid out, here it confronts all the other commodities as the totality of real shapes of its use. These antithetical forms of commodities are the real forms of motion of the process of exchange.

This problem (that of the order of realisation of value and use-value) is resolved when money is present in its function of medium of circulation. It plays such a role because, unlike commodities in general, it is immediately exchangeable as value existent in autonomous form. To put the point paradoxically, money has the use-value of being value.

Commodity exchange implies two conditions: on the one hand, it presupposes that the identical values find a moment of difference, if only ‘ideally’, so that one commodity can be value in autonomous shape; on the other hand, exchangeableness of materially different use-values requires as a universal mediator a non-specific use-value ideally identically related to all commodities. Money is the solution to both. Posited as actuality of value money can serve as the universal commodity, which is immediately transformable into all others.

(The argument in this section for the necessity of money to lubricate exchange is purely logical. In no way is it to be understood as a historical account of the original emergence of money.)
Remark on Moneyless Circulation

This discussion is not part of the systematic presentation; it is included because of the historical prevalence of the topic in the literature on money.

It is worth exploring the problem of circulation of use-values in some detail through a thought experiment. I start from a situation without money, and I assume that commodities exchange at perceived value. However, the focus is now on the individual owners whose need for use-value is necessarily the motive for exchange (at this level of analysis). It is of great interest to the theory of value to see if this motive can succeed without money.

In the first Division we saw the logical requirement of a value universal had to be particularised in a money commodity to be actual. In this second Division the need to realise the particularity of use-value raises the issue of a universal use-value, a universal commodity, ensuring that the particular commodities are commutable within the same space of exchange.

So let us attend to the process of exchange. We assume all owners of commodities are alien to each other and meet in the marketplace as such. ‘Selling’ is the act of realising value. ‘Buying’ is the act of converting value into use-value. A, B, C, etc. are owners; commodity (a), commodity (b), commodity (c) etc. are their commodities.

Without money it seems impossible to say whether an offer to exchange is a proposal to sell a commodity or to purchase one. However, I argue it is an offer to buy for the following reasons. In simple circulation A sells in order to buy; i.e. they essay C–M–C. If money drops out, the moment of sale drops out, and A is trying to buy commodity (b) directly in the hope B will accept commodity (a) as a valid equivalent. A has no need for commodity (a) and therefore hopes to use it as a means to acquire something they do need. But key to my argument is that A wants commodity (b) in a definite quantity, one coat not two. A possesses bales of linen which are of absolutely no use to them, and they want to employ these to secure what they do want. However, while A is not worried about quantifying the amount of linen they are prepared to part with, they do have quantitative worries about the use-values to be acquired. A does not offer 240 yards of linen in exchange for 12 coats, because these are no use to them; they want one coat – no more no less – and they hope to get it for 20 yards of linen. The same happens when A goes round the market trying to secure definite quantities of tea, sugar, potatoes etc., and when they haggle they vary the amount of linen offered, not the quantity of the stuff they are buying.

This is because the quantity demanded is required by A as a use-value and therefore in definite limited amounts, whereas the quantity offered has no con-
straints arising from use-value. A is using it to acquire a use-value as if linen were money, i.e. means of payment.

Notice that because commodity \((b)\) is wanted in a definite limited quantity this means that its value equivalent in commodity \((a)\) must also be determined as a definite limited quantity. If \(A\) were a seller interested in realising the value of commodity \((a)\) they would offer any amount (or a unit amount) of commodity \((a)\) for its value equivalent in commodity \((b)\), commodity \((c)\), etc. But the notion of ‘sale’ is senseless here because commodity \((b)\), or commodity \((c)\), etc., is no better form of realisation of value than is commodity \((a)\); value is still imprisoned in use-value.

To realise the value of commodity \((a)\) requires that there exists value in autonomous form, namely money. As values all commodities are indiscernible even if their bearers are differentiable. There is no point here in realising the value of commodity \((a)\) in commodity \((b)\). This would have point only if commodity \((b)\) had a special quality, namely immediate exchangeability.

\(A\) has no idea if commodity \((a)\) is wanted by others, still less whether the terms of any offer are acceptable. \(B\), by contrast, becomes aware that commodity \((b)\) objectively possesses a social use-value (at least \(A\) wants it), and they have the chance of exchanging it if \(B\) agrees with \(A\)’s estimation of commodity \((b)\)’s worth. So there is an asymmetry in that commodity \((b)\), but not commodity \((a)\), is initially posited as a genuine commodity. Only if \(B\) accepts the offer is commodity \((a)\) posited as a genuine commodity, and the objective existence of a value relation established. What is it? \(A\) wants commodity \((b)\) as a use-value; but as a condition of obtaining it he must offer at least what it is worth. Thus \(A\) attempts to assure \(B\) that commodity \((a)\) is the equivalent of commodity \((b)\).

However, there is a major problem about \(A\)’s offer to \(B\) as we have understood it so far. \(B\) is not interested in thereby realising the value of commodity \((b)\). Just like \(A, B\) is wanting to use this commodity as a means to acquire definite quantities of other commodities. Even if \(B\) is into linen, they may not want 20 yards, but 10, or 40. So the contradiction of simple exchange is much worse than the issue of differing qualities of the commodities. \(A\) really does want a coat and \(B\) really wants linen; but this does not allow \(A\) to buy because in reply to their offer \(B\) may say: ‘I’ll only exchange with you if you give me 40 yards for 2 coats’. \(A\) will reply: ‘but an extra coat is worthless to me!’ The problem is both parties want to determine the absolute amounts for themselves even where they agree on the value ratio.

It follows from this that no solution to the contradictions of exchange is yet found; even if there is a commodity that is generally wanted, it has to be
wanted in *any amount* if it is to be acceptable means of exchange. Even if everyone wants linen, *A* still does not have a general means of exchange, because linen is wanted as a use-value, hence in a specific quantity, so *A* cannot get people to accept an offer to buy at the amounts offered (and if *B* only wants 10 yards *A* can hardly buy half a coat). As we know, it is buyers who are interested in absolute amounts whereas sellers will sell any amount at the ‘right price’.

The simple exchange system, without money, is dominated by the need to acquire use-value, and that is the only reason driving anyone to market; their own commodity is merely a means to satisfy their needs indirectly through a swap. It is not produced with a view to realising its value by sale. Value here is a constraint on ratios of exchange, not the motive of exchange activity. Hence the logically fundamental relation is buying, because its object is to acquire definite use-values.

The contradiction in the elementary process of exchange is that everyone wants to be a buyer, but no one can be, because no one has generally accepted means of purchase. If *B* does not want commodity (*a*) it is no use *A* protesting it is a value equivalent of commodity (*b*); *B* is not interested in value but in use-value, just like *A*. Exchange stalls because no one wants to be a seller.

How might a solution arise? It *might* happen if commodity (*b*) became empirically the ‘universal commodity’, one that everybody wanted. Suppose winter is coming and everyone decides they need a new coat and makes offers to *B*. Inundated with such offers to buy, *B* is now in a sufficiently strong position to appear as a *buyer*, and to force the others to turn into *sellers*. For example, *B* says to *A*: 2 coats buys 40 yards of linen. When *A* protests that (even though this proposal is a fair exchange) they only want one coat, *B* says: I have here a list of people who came to me for a coat but whose commodities I did not want; you can easily trade that extra coat (i.e. employ it to buy something of use to you).

If *A* accepts *B*’s offer *A* has become a seller because they have accepted a coat that is of no use to them *as a coat*, but which *B* has convinced *A* has a new use-value, that of power of purchase. Coats have now become empirically the *universal commodity* because possession of them allows the owner to turn one into any other commodity. Now all will accept the role of sellers and give *B* any quantity he demands indifferent to how much use-value is in the value equivalent *B* offers.

*But coats are not money*. They are currently the ‘most marketable’ commodity; but final demand is still for the use-value of the coat. They gradually leave circulation, and *B* must then wait until they wear out. The coats then are finally all realised as *use-values*, even if transitorily *A* accepted one as a non-use-value.
The story above is a roundabout barter. But money is never bought, it only buys, it is never sold so it never leaves circulation.

Money is opposed to commodities in being wanted for quite different reasons, as the instantiation of exchangeability as such, opposed to any specific want that might lead to a purchase oriented to consumption; money must never be consumed.

So there is a conceptual difference between the empirical universal commodity (above the coats) and the value universal borne by commodities but opposed to them as use-values, and becoming autonomous in money. Only this explains why world money took shape not as corn, or linen, or knives, but as a luxury item (gold)! There is no empirically universal commodity (bread with gluten is rejected by those allergic to it, gold by those who think ornamentation vulgar). But to then take the ‘most marketable’ is in any case to miss the point of the conceptual difference between an empirically universally saleable commodity, and money as autonomous value never sold.

§ 43  Capital Posited in and through Otherness
This section on the three different shapes of capital is a concretisation of the general formula for capital: M–C–M′. Capital in its general formula must engage with commodity markets. There are three elementary shapes of capital: merchant capital; money-lending capital; industrial capital. (This order is not intended to be historical of course.) In all cases the problem is not so much to show a monetary increment is possible, as to assess how well grounded it is. Moreover, a key issue is the conquest of otherness, namely use-value. The present discussion determines which shape of capital is constituted as a form proper, rather than an abstract formula, by its ability to regulate its own content.

§ 43.1  Merchant Capital
To begin with, trade in commodities does not take place in some dimensionless universe; every exchange is a certain distance from another, especially with the growth of a world market. Merchants deal in commodities, uniting spatially separated markets. (A similar possibility arises through connecting times also, buying cheap now to sell dear later.)

Capital tendentially unifies the spaces of exchange, originally through the efforts of merchant capital. Even in the same place different producers may offer the same commodity at different prices so the merchant can make money on their alienation; but differences due to spatial distantiation of exchange offer capital its best opportunity for arbitrage. However, such arbitrage rapidly squeezes out such variety in price; arbitrage across a distance likewise tenden-
tially disappears such that the higher price of sale simply reflects transport costs. Spaces of exchange allow arbitrage *contingently* but when it is squeezed out only transport time enters into capital’s calculus.

The merchant may specialise in transport; but at the most basic level merchant capital is not grounded on itself because the commodities in which it trades arise outside its circuit. There must be ‘fuel to the fire’, for trade to continue and expand.

§ 43.2 Money-Lending Capital
Money-lending capital short-circuits the circuit M–C–M′ to M–M′. Someone may borrow for various purposes; the simplest is to fund consumption (in the case of basic usury), next to fund trade. It funds purchase of consumption goods, or producer goods, ‘ahead of time’, because the borrower is not yet in possession of means of payment. In the first case, someone wishes to engage in M–C before C–M′, that is to say, buying commodities before having sold one of their own. Secondly, someone may embark on an M–C–M′ circuit, without having in their own hands the originating capital. In all cases the money lender makes a monetary increment through the truncated circuit M–M′. However, despite its antiquity, and despite recent financial innovations, this circuit cannot be grounded on itself. It is parasitic on some real source of surplus.

Remark: My presentation deals with the more primitive categories before the developed ones. It follows that the two forms of capital just treated are not to be identified with commercial capital, and the modern banking system, in their modern sense, which I come to later. At this level of abstraction, only the most elementary version of these possibilities of monetary increment is intended.

§ 43.3 Industrial Capital
Industry concretises the general formula for capital in such a manner as to allow it to produce its own ground. (This I shall underline when I treat the immediate results of the production process.) Industrial capital is a synthesis of its abstract identity with the real difference introduced by commodity production insofar as capital not merely form-determines goods as commodities but takes charge of their production. Through taking charge of production, industrial capital solves the fuel to the fire problem; and insofar as it produces the monetary increment which it reinvests, it has become self-grounded, unlike the previous two forms. However, the source of its growth is still not yet explained. For that I must discuss the inner life of production.

These three real shapes of capital exhibit a dialectic of the sublating of use-value. Merchants circulate commodities but in reality they are at their mercy – the production of these commodities has to be taken as given. Money-lending
capital ‘conquers’ use-value only by abstracting from commodities themselves. Industry combines both: it subsumes the use-value sphere by producing the commodities it markets.

Let us go deeper into the systematic justification for concentrating on industrial capital in the further development of the presentation. Formal logic, faced with the variety of ways in which the general formula of capital (advance of money so as to make money) may be instantiated, would simply treat them as species of the generic form. Dialectical logic, however, asks, what is the proper content of the form? What gives the form its self-subsistence? Roughly, capital may be shown to sink into the sphere of use-value in three stages; these are merchant capital (the immediate concretisation of the general identity of capital with itself), the formal subsumption of production by capital (the moment of capital’s difference from itself in relation to itself) and the real subsumption of production by capital (the unity of capital with itself informing both production and circulation).

Merchant capital embodies in the real world of exchange the general formula of capital insofar as value transforms itself through its different instantiations to emerge as greater than it began; thus it appears as a self-reproducing substance; but it only subsumes the different commodities it buys and sells within its own determinations, it is not bringing them forth from itself as its determinations. It cannot legitimately declare the commodities it trades in are nothing but its own forms of development because its content is not brought forth from itself.

Only with industrial capital does the commodity brought to market originate from capital’s own circuit when it buys means of production and labour power, and sets them to work to produce a new commodity which it hopes to market profitably. It is the difference introduced at the material level (surplus product) that ensures the process of production is simultaneously a valorisation process, thereby resolving the contradiction in the general formula. Thus, if capital as self-valorising value is to realise itself, the movement of value must take a more complex form than it does in pure circulation; it must be the movement which simultaneously produces value as its own premise. The phenomenon of circulation may now be viewed as the necessary form of appearance of capitalist relations of production. Industrial capital is hence a more authentic realisation of the Idea of capital just insofar as it has reason so to claim genuine unity of form and content in its production and circulation processes.

Capital gains actuality only as industrial capital, not as merchant or money-lending capital. The latter lack a proper content whereas industrial capital determines its own proper content in the individuality of its product which
requires industrial capital to invest itself in a *particular* field of production. A merchant can set up as a 'general dealer'; his stock is an unmediated unity of substance (its value) and accident (the 'list'); but there is no such thing as a 'general producer'; production is necessarily the production of individual products by individual enterprises. Industrial capital thereby unites infinite form and the realm of finitude.

*To be self-grounded, value must be produced by value.* This means that only capitalistically produced commodities have adequacy in both form and content to value in and for itself. Thus to gain control of its conditions of existence, to ‘posit’ its presuppositions, capital must take charge of the production of commodities.

Industry has two conditions of existence worthy of note: the presence of a workforce, and the presence of households requiring commodities. 'Doubly-free' labour is present if the labourers are free from subjection to slave-owners, or feudal lords, and thus able to sell their services freely on the labour market; and at the same time they are 'free' from possession of means of production of their own, hence they are ‘forced’ to seek employment by capital. However, the systematic presentation need not look to the history of the creation of ‘doubly free’ labour; for I shall argue below that capital posits this presupposition in its own movement. Complementing wage-work are the households looking to spend wage revenues on commodities, to maintain themselves. Such demand is an essential presupposition of the reproduction of capital. (I do not assume the real wage is unchanging; it must increase if capital is to sell an increasing mass of commodities; but for the following sections of the exposition I take it as fixed.)

**Summary**

This chapter comprises the first in Division II of the presentation. This Division deals with the way the logic of value informs such material spheres as production and reproduction. This chapter, however, confines itself to the dimensions of circulation: Time, Space, and Body (meaning here the treatment of circulation as allowing that of specific use-values). The first section takes the formal notion of accumulation as requiring successive moments, discussed in Division I, and concretises its measure as a rate *per annum*. In this discussion I showed that *time* is intrinsic to the very concept of capital as *existent*. Capital casts itself back to measure its increase over an interval, and casts itself forward in the project of accumulation; only thus is it actual. Any fixity is to be sublated in its movement of absolute negativity.
The second section shows in detail that the circulation of specific use-values is possible only through the mediation of money, as the ‘universal commodity’, so to speak.

The final section argues that of all the possible shapes of capital only the form of industrial capital actually produces the commodities in which it deals. Hence capital in this form grounds itself on itself as it sinks into production and subsumes this under its imperatives.