CHAPTER 4

The Circuit of Money Capital: M Presupposed

The complete form of the process is therefore $M\rightarrow C\rightarrow M'$, where $M' = M + \Delta M$, i.e. the original sum advanced plus an increment. This increment or excess over the original value I call ‘surplus-value’.\(^1\)

If the original capital is a quantum of value = x, it becomes capital and fulfills its purpose by changing into $x + \Delta x$, into a quantum of money or value = the original sum + a balance over the original sum. In other words, it is transformed into the given amount of money + additional money, into the given value + surplus-value ...\(^2\)

Before production began, we had a capital of £ 500. After production is over, we have the capital of £ 500 plus a value increment of £ 100.\(^3\)

The relation between the value preposited to production and the value which results from it – capital as preposited value is capital in contrast to profit – constitutes the all-embracing and decisive factor in the whole process of capitalist production.\(^4\)

The starting point of this circulation [of capital] is money, exchange value become independent.\(^5\)

Money therefore forms the starting-point and the conclusion of every valorization process.\(^6\)

The characteristic feature of variable capital is that a definite, given (i.e. in this sense constant) part of capital, a given sum of value (assumed to be equal to the value of the labour power, although it is immaterial here whether the wage is the same as, or more or less than, the value of the

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\(^1\) Marx 1977a, p. 251.
\(^2\) Marx 1977b, p. 957.
\(^3\) Marx 1981, p. 124.
\(^5\) Marx MECW, v. 30, p. 15.
\(^6\) Marx 1977a, p. 255.
labour power), is exchanged for a force that valorises itself and creates value – labour power, which not only reproduces the value paid to it by the capitalist, but also produce a surplus-value, a value that did not previously exist and is not bought with an equivalent.\textsuperscript{7}

If we take society at any one moment, \textit{there exists} simultaneously in all spheres of production ... a \textit{definite constant capital} – \textit{presupposed as a condition of production} ... a \textit{postulated value which must reappear in the value of the product}.\textsuperscript{8}

Since ... the elements of capitalist production already enter the process of production as \textit{commodities}, i.e. with \textit{specific prices}, it follows that the value added by the constant capital is \textit{already given in terms of a price}. For example, in the present case it is £\textit{80} for flax, machinery, etc.\textsuperscript{9}

The cost price of a commodity is a \textit{given precondition} independent of the capitalist's production.\textsuperscript{10}

\begin{align*}
\text{value} &= \text{cost price} + \text{surplus-value} & V &= K + s \\
\text{price of production} &= \text{cost price} + \text{profit} & P &= K + p\textsuperscript{11}
\end{align*}

I argued in Chapter 1 that the basic logical framework of Marx's theory is the \textit{circuit of money capital} – \textit{M – C ... P ... C’ – M’} – and that this logical structure implies that the initial money capital \textit{M} is taken as given, as the initial data in Marx's theory, both in the theory of the production of surplus-value in Volume I and in the theory of the distribution of surplus-value in Volume III, for the following reasons: (1) \textit{M} is the starting point of the circuit of money capital and thus \textit{M} is the starting point of Marx's theory of the circuit of money capital, and (2) \textit{M–C} is the first phase of the circulation of money capital, which takes place in the sphere of circulation, prior to production, so that the presuppositions of Marx's theory of surplus-value in the sphere of production come from previously existing quantities of money capital advanced in the sphere of circulation.

\begin{itemize}
\item \textsuperscript{7} Marx 1978, pp. 295–6.
\item \textsuperscript{8} Marx MECW, v. 30, p. 413 [TSV, v. I, p. 109].
\item \textsuperscript{9} Marx 1977\textsuperscript{b}, p. 957.
\item \textsuperscript{10} Marx 1981, p. 265.
\item \textsuperscript{11} Marx MEGA II/4.2, p. 240.
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