Note on the Concept of Capital

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Fred Moseley (2016) is quite correct in observing that Marx treats capital as a really existing concept in *Capital*, with its three moments, Universal, Particular and Individual.

The subject matter of Volume 1 is *universal* capital as conceived in the *universal* form of value, i.e., commodities. The aim of Volume 1 is consequently to determine the total surplus value produced in a given economy, irrespective of its distribution amongst the capitalists. Volumes 2 and 3 are concerned with the distribution of the surplus value between different capitals. Volume 2 deals with the circulation of capital and in particular with how a portion of surplus value is transferred to landlords, banks, retailers, distributors and the state. These sections of capital do not create any surplus value, merely lay claim to a portion of it produced by *industrial capital* which Marx takes to be exclusively the industry in which surplus value is produced. Volume 3 is concerned with how surplus value is transferred between different sections of industrial capital and prices adjusted such that prices no longer correspond to values, as they did in Volume 1.

The various sections of capital dealt with in Volumes 2 and 3 are *particular* capitals, particular because they produce different kinds of commodity circulated in the markets for different commodities, directly competing with one another on price and quality, but interacting with other particular capitals only through the capital market. A higher rate of profit attracts capital into a sector, creating a relative surfeit of capital and reducing the rate of profit accordingly, and conversely for those particular capitals delivering a lower rate of profit.

Fred Moseley's insights are exceptionally valuable because Fred follows Marx's words faithfully, and makes mistakes only where Marx makes mistakes, and he is vey thorough. As a result, our attention is drawn to the fact that in the *Grundrisse* Marx seems unable to make up his mind about the meaning of "individual capital," and effectively never returns to this question in *Capital*. Although never settling on a definition, Marx leant towards an interpretation of "individual" in the sense of an individual person.

One of the aspects of Marx's political economy which is widely recognised is that the true significance of relations within a complex phenomenon like bourgeois political economy only become visible in the most advanced form of that phenomenon. In Marx's case, that is the classical industrial capitalism of mid-19th century Britain.

At the same time, the logical exposition begins with the simplest and most universal form of value, in this case the production and direct exchange of tangible commodities between producers. This formation is one which of course has never existed and could not exist. When commodity production first emerged its existence was absolutely marginal, exceptional and accidental, within social formations governed by other values. Nevertheless, analysis showed that it was from the commodity relation that capitalism emerged because this form of value, but as it becomes more and more dominant, *produces the conditions for its own existence* and transforms all other relations into species of its own genus.

Marx never settled on the meaning of "an individual capital." The difficulty he confronted even at his time is that there are two interpretations of this concept which co-exist. On the one hand, the form of ownership of capital. Here individual persons own shares of companies and companies own enterprises. On the other hand, universal capital circulates across particular markets made up of individual, directly competing enterprises.

In the terms in which Volumes 1, 2 and 3 of *Capital* have dealt with the moments of capital, it is clear, to me at least, that the individual enterprise is the instantiation of the "individual capital."

In *Grundrisse*, Marx seemed more inclined to approach the question through the *ownership* of capital, thus identifying the individual share, whether traded on the stock market or bought and sold privately, to be the instantiation of "individual capital." But bar a mention of share capital penned by Engels near the end of Volume 3, this is not touched upon in *Capital*.

Now the relation between the structure of the capital market and the structure of the commodity market is highly mediated. Elon Musk owns enterprises which do respectively retail banking, messaging/advertising, and produce cars for the retail market, and rockets for both public and private use, and no doubt he owns shares in other businesses as wel;l. Meanwhile, wage workers in developed capitalist countries retire on the basis of dividends paid for out of the proceeds of capital owned by pension funds into which their a portion of their wages have been paid.

The classic industrial capital which Marx knew

> (1) enterprises produced commodities in tangible, portable form. He saw servants, doctors, scientists and lawyers as *consumers* of surplus value which capitalists paid for out of their surplus for the purpose of personal consumption.
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> (2) an enterprise was owned by a company, which borrowed from the bank and had shareholders, while competing with other enterprises in the same market for products.

It is now widely recognised, I think, that services can be commodities equally as tangle, portable products, and there is no problem in principle in expanding the concept of "commodity" to include services. However, the *accumulation* of wealth can only be comprehended on the basis of wealth being fundamentally made up of an "accumulation of commodities," an idea which makes no sense in respect to traded services. However, like everything in *Capital*, all forms of value are to be comprehended through their place in a system of interactions which logically and historically emerged from the exchange of artefacts.

The second issue, the entire structure of ownership of capital which is at odds with the production structure of capital through which surplus value is created, is another matter. In particular, what is at issue, finally, is not the movement of money around an economy, but *relations between people*. Can I suggest, for example, that claiming that a delivery rider for Uber is a capitalist because Uber treats them as an "independent contractor" and they have to register as a business, etc., is *nonsense*. Equally, that when a construction worker retires and the wages which have been transferred to CBUS then deliver them a handsome retirement income, then *they* are consequently a capitalist in their old age.

But on the other hand, it cannot be denied that these measures can be counted as "real illusions," in the sense that they *do* affect people's consciousness and their actions. In particular the fate of capital has real effects on the masses of workers because, in addition to being employees, they may be owners of capital through their pension funds.

One could go on. There are many factors about the financial structure and the labour process itself which have profound impacts on class structure and class consciousness. This is over and above the impact on the consciousness and organisation of the working class which have originated from the growth of the service sector and the high level of education demanded for employment in manufacturing, and other aspects of the labour process.

What was revolutionary about *Capital* was how Marx dealt with the real contradiction between the uniformity of the rate of profit, irrespective of the varying composition of capital from one particular industry to another, and the labour theory of value, which held that the value of a product was proportional to the amount of labour necessary for its production. It is not. The labour theory of value stands up only in a hypothetical never-existent society in which direct producers exchange commodities directly with one another never employing the labour-power of others.

In my view, Fred Moseley has dealt with this contradiction perfectly well and everywhere consistently with Marx's own words. I differ with Fred only when it comes to accepting Marx's incomplete acceptance of the idea of individual capital referring to an individual unit of *ownership* of capital.

I once read (Connell, 1977) that "the company is the basic unit of organisation of the capitalist class," just like, in its day, the union branch was the basic unit of the working class. This always struck me as true. The internal structure of the capitalist class is something distinct from the structure of production. The company structure overlays the units of production and is not longer a reflection of it. It is commonplace nowadays for companies to buy and sell enterprises or share in enterprises. It is a *different level* in the movement of capital. Capital may enter a particular sector or an individual enterprise either internally through changes in investments by a particular company, or by changes in investment by individual investors, or simply by the movement of trade itself.

The ownership structure of modern capitalism requires its own analysis. Geer Reuten deals with this in his book, but alas, Reuten has so misunderstood the method of *Capital* that I do not know how to appropriate what he explains.

References

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