

On differential concrete rates of profit as a necessary specific form taken by the general rate of profit in competition

1) Shaikh and I completely agree in that "monopoly power", "monopoly capital", "oligopolistic markets", etc. are categories emptied of true scientific content, that only serve to ideologically mask the real determinations of the concrete forms taken by the general rate of profit in competition.

2) To make the point clear, let us exclude any specific determination to concrete rates of profit that could arise from differences of fertility or location, special subsidies (from the national state or anyone else), special taxes or tariffs, national currencies with differential rates of exchange, differences in labor intensity and in the length of the working day, different technologies, i.e., different productivity of labor inside each special sphere of social production, any difference in the wages paid for the same type of labor along the whole economy, any agent of social production that does not advance capital to valorize it at the highest possible rate of profit and that is a direct producer instead of being a buyer of labor-power (i.e., all productive labor is performed by wage labor), etc..

3) Under these conditions Shaikh sustains that any difference in the concrete rates of profit among different special spheres of social production is only the consequence of the constantly crossed fluctuations through which the general rate of profit realizes itself. Hence, it suffices with considering a lengthy enough period of time, for the differences in the concrete rates of profit among special spheres to vanish.

4) On the contrary, what I find is that the tendency of the concrete rates of profit to immediately fluctuate around the general rate of profit only is the simplest form through which this rate realizes itself. But that this simplest form necessarily develops into a specific concrete one in which the tendency towards the equalization of the rates of profit realizes itself through concrete rates of profit that are different from one sphere of production to the next, with this difference constantly reproducing itself along time. In this specific concrete form of the general rate of profit, the capitals of some spheres steadily tend to valorize themselves at a rate of profit that is below the general rate of profit, typically selling their commodities at a price beneath the price of production although their unitary cost of production and the capital advanced per produced unit are higher than the corresponding to a capital with the highest possible productivity of labor in the same sphere that is compatible with the appropriation of the general rate of profit. Moreover, I find that the capitals from a different sphere that get into direct relation with the former capitals in circulation, typically by purchasing their product as the object of labor the latter capitals operate with, constantly earn a concrete rate of profit above the general one, albeit they put into action a productivity of labor that at best corresponds to the highest possible and typically sell their own commodities at a price that tends to correspond to the price of production.

5) Let us focus on the problem through an actual concrete example. This is the case of the production that provides the milk and fresh derivatives to the Gran Buenos Aires, from the commonly named "supply basin". The data are the average for the period 69/78 and are adjusted to reflect the effect of inflation. For the sake of clarity, they are expressed on a normalized basis related to the total capital consumed or advanced in milk farms under the real conditions = 100. The ground rent per unit of land is equal in all cases, and can be computed either by including its capitalization in the individual advanced capitals or directly as an annual payment. Since the former is the actual generalized situation in the concrete case, it has been consequently reflected in the computation.

6) In these conditions, capitals that put into action the highest productive capacity of labor that is compatible with the general capitalist regulation (i.e., that correspond to the lowest possible capital consumed and advanced per unit produced, while being valorized at the general rate of profit) in each sphere present the following data:

Advanced capital		
	milk farms	54
	milk factory	4
total		58

average individual		
	milk farms	985
	milk factory	6611

Utilized capital (cost)		
	milk farms	91
	milk factory (exc. milk purchase)	82
total		173

annual rate of profit (%)		
	milk farms	16
	milk factory	20.4

7) Still, these capitals do not actually exist. In reality production is performed by two different types of capital. The farming is performed by capitals with a productivity of labor below the general norm, that results in higher costs and capital advanced per unit produced, but that sell their product below the price of production. Therefore, this capitals reproduce themselves as active individual industrial capitals albeit their rate of profit is lower than the general one. Opposite to them, the capital of the milk factory puts into action a productivity of labor that is below the norm too, but it goes on valorizing itself at a rate of profit higher than the general one, that is, by reproducing an extraordinary profit. For the same annual production of milk, actually we have (repeating the previous values to make the comparison easier):

Advanced capital	higher productivity	actual situation
	milk farms	100
	milk factory	7
total		107

average individual		
	milk farms	100
	milk factory	12348

Utilized capital (cost)		
	milk farms	100
	milk factory (exc. milk purchase)	97
total		197

annual rate of profit (%)

milk farms	16	2.539
milk factory	20.4	33.3

8) This productive structure has reproduced itself for about one hundred years now, and is still effective. Furthermore, it is a prototype of the generalized case for argentine industrial capital, ranging from the primarily production and further transformation (and commerce) of agricultural commodities (i.e., wine, fruits, natural textile fibers, seeds-oils, flour, poultry, cigarettes, etc.) to the production of cars, machinery, construction, etc. But, of course, as a specific concrete form of the realization of the general rate of profit through competition that is beyond any national specificity of the process of capital accumulation, it is present everywhere, starting with the USA.

9) The theory of "monopoly capital" is built upon the overwhelming effect of this sort of real phenomena, and the easiness with which it can be verified through the actual concrete data in question is one of the basis for its popularity. Now, I don't give a damn for the theory of "monopoly capital" and its fantasies made of appearances. What I am interested in is in discovering the concrete determinations that take shape in the process of capital accumulation, and therefore in the proletariat's political action, to personify the potencies this process carries in itself to revolutionize and annihilate itself into the community of the freely, that is, consciously associated individuals, socialism or communism. And this potencies necessary take concrete shape through an action that needs to be in itself a conscious action, an action that is aware of its own necessity. And, totally agreeing with Shaikh in this point, the concrete form taken by the rate of profit is a concrete determinant of this necessity.

10) In a work I hope I will be able to publish soon, I develop what I find concerning the necessity of the general rate of profit to take a specific form in concrete rates of profit that steadily differ from its magnitude, including a reproducible extraordinary profit for some capitals. But, as everyone else in this room, I have not come here to listen about my findings, but about what does Shaikh think about the concrete forms of the rate of profit. So to focus the discussion, I will present to him this very concrete question: where does he thinks the extraordinary profit appropriated by the milk factory year after year comes from?

11) Allow me to finish my questioning with a very brief true story, not dedicated to Shaikh since his reply yesterday was a demand for further clarification, but to those who very lightly claimed that the concrete case I was presenting could not exist. In the late '70s an argentine student was attending to a lecture by Joan Robinson, were she claimed about the impossibility of a real negative rate of interest in the long run. The student pointed out the argentine case as a clear counterexample. She replied, that should be only a circumstantial situation. The argentine student insisted that this situation has been effective for 40 years by then. Faced with this insistence, Joan Robinson cut off the discussion: "Darling, that country doesn't exist." But, of course, she was a prototype of vulgar economy and her only intention was to provide an ideological cover for bourgeois politics, while Marxists are supposed to be interested in acting upon reality to change it with cognition of cause.

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