

On Fred Moseley's 'Money and Totality: A Macro-Monetary Interpretation of Marx's Logic in Capital and the End of the "Transformation Problem"'

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Abstract:

Moseley confronts the 'transformation problem' from a methodological conception based on interpreting 'Capital' as a logical representation composed by a macro-theory concerning total social capital, and a micro-theory concerning the distribution of total surplus-value among individual capitals. This approach mutilates the dialectical development of the organic unity between social capital and individual capitals. Moseley attempts to reinstate the broken unity by interpreting that the prices of production of the elements of capital must be considered as quantitatively given to explain the very process of value's valorisation from which the same prices would result. To eliminate any further quantitative divergence Moseley rejects the determination of gold's exchangeability as a product of capital. In conclusion, he attempts to end the 'transformation problem', but his methodological approach falls within its realm. Nevertheless, by forcing the methodological inversion beyond its logical coherence, the need for a 'dialectical reproduction' to overcome the issue becomes evident.

Keywords: transformation problem; value; prices of production; Marxism; method; dialectics

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As its title suggests, Moseley's book crowns many years of struggle against what he conceives as the false, or rather, non-existent 'transformation problem'. The core of his argument is well known. Marx's *Capital* deals exclusively with the capitalist mode of production.¹ From Part 2 of Volume I on, commodities enter circulation not just as the products of labour, but as the concrete products of capital; hence, commodities enter circulation with their values determined as prices of production.² Then, when the means of subsistence for the workers and the means of production respectively appear as variable and constant capital constituting the premises of production, their values have to be taken as already determined as prices of production.³ And this criterion must apply even at the points in *Capital* where Marx himself explicitly refers to those capitals as simple values. Such textual references should be interpreted as mere accidents where Marx 'slipped back into his previous simplistic thinking', where he 'misspoke' due to 'habit' or, at best, he 'simplified the exposition [...] but it has resulted in ambiguity and confusion ever since'.⁴ There is no transformation question whatsoever:

... if Marx's logical method is interpreted in this way, then there is no 'transformation problem' in Marx's theory, and [...] Marx's theory of prices of production is logically coherent and complete.⁵

Thus, firstly, Moseley recognises method as the true core of the debate, and secondly, he conceives the central issue as a matter of interpreting what he calls 'Marx's logical method'.⁶ From his point of view,⁷ Volume I essentially consists of a 'macro theory' concerning total social capital as such and its unitary valorisation through the extraction of surplus-value from productive wage-labour as a whole. In this totality - according to Marx himself, as Moseley correctly points out- the total sum of prices of production equals the total sum of value, and the total sum of profits equals the total sum of surplus value.⁸ In turn, Moseley interprets Volume III essentially as a 'micro theory' concerning the distribution of an already determined total surplus-value among the multiplicity of individual capitals operating in the different spheres of social production, through the average rate of profit. Therefore, an immanent critique of Moseley's approach to the unfolding of the concrete determinations of prices of production needs to begin by discussing his methodological criterion.

¹ Moseley 2016, pp. 6-7, 222.

² Moseley 2016, pp. 30, 140, 312.

³ Moseley 2016, pp. 20, 30, 136-8, 141-2, 170-1, 180-7, 312.

⁴ Moseley 2016, pp. 138, 170, 187.

⁵ Moseley 2016, p. 4.

⁶ Moseley 2016, pp. XI-XII.

⁷ Moseley 2016, pp. XII-XIII, 4, 15, 38, 151, 223, 258.

⁸ Moseley 2016, p. 39

- On the mutilation of the organic unity of social capital and individual capitals as its concrete organs, by representing it through a macro-micro theoretical approach

In the capitalist mode of production, the valorisation of total social capital rules the organic unity of the process of social metabolism, taking shape through the valorisation of individual capitals thus determined as its concrete organs. On the one hand, a macro theory abstracts the organic movement of total social capital from the concrete movements of individual capitals through which the former takes shape. On the other hand, a micro theory abstracts the movements of individual capitals as if they were not the concrete forms taken by the very organic unity of total social capital. The Neoclassical fragmentation between macroeconomics and microeconomics is a typical example of this operation. For example, macroeconomics studies GDP without bothering to explain the determination of prices, while microeconomics studies the elasticity of demand without considering it as the necessary form taken by the organic unity between social consumption and private production.

This twofold abstraction is a procedure inherent in the method of logical representation. This representation necessarily starts by defining a set of concepts through the abstraction of attributes presented by its object. It then proceeds to re-present the relations between the isolated concepts in accordance with the formal rules established by the constructive logical necessity. Now, could this double fragmentation of the organic unity of the object be a legitimate recourse when the methodological point is not to represent the concrete but to achieve a dialectical ‘reproduction of the concrete by way of thought’?⁹ The answer should be obvious according to Marx’s assertion:

In the first place, I do not start out from ‘concepts’ [...] What I start out from is the simplest social form in which the labour-product is presented in contemporary society, and this is ‘the commodity’.¹⁰

The commodity in question is not an historically abstract one. The very first sentence of *Capital* has already made clear that it specifically belongs in the capitalist mode of production. Thus far, exactly in agreement with Moseley’s point of view.

Marx starts by analysing a commodity in search of the action that gives it the social attribute of exchangeability, its value. He thus discovers that commodities are able to relate between themselves as equal values in exchange for being materialisations of socially necessary abstract labour -that is, materialisations of the productive expenditure of human labour power in general, and as such common to all forms of social organisation- whose historical specificity arises from its allocation under its concrete useful forms in a private and independent way. He then dialectically follows how value necessarily expresses itself. He thus discovers, firstly, that although labour is the substance of value, the value of a commodity can never express itself in quantities of this substance. It can only express itself as exchange value, that is, as quantities of the body of another commodity, precisely because of the private form taken by the social labour that constitutes it. Secondly, Marx thus discovers that, as values, commodities are the objectified form taken by the general social relationship between the units of social production and consumption that function as the private and independent organs of the process of social metabolism. Thirdly, he thus discovers that money -namely, the commodity whose body acts as the general expression of value and, hence, in which

⁹ Marx 1993, p. 101.

¹⁰ Marx 2002, p. 241.

exchange value takes the concrete shape of price- represents the capacity to rule the social labour privately performed in an objectified manner. In brief, in chapter 1 of Volume I Marx discovers that, in the capitalist mode of production, the organic unity of the process of social metabolism is embodied in the exchange of the material products of its individual private and independent organs as equivalent materialisations of social labour. Therefore, these individual organs only act indirectly as bearers of the organic unity and, hence, can only recognise themselves as such organs in that same indirect way.

At this point, Marx has discovered commodities as the simplest expression of the way in which social labour is organised in the capitalist mode of production. Nevertheless, commodities do not yet present any trace of their concrete determination as the products of capital. On the contrary, thus far commodities are known only as the products of private labour in its purest form, that is, of a private labour based on the private property of one's own means of production.

By following the movement of money in circulation, in chapter 3 Marx comes to face the concrete form taken by the general unity of social production and consumption. As results from the private organisation of social labour, this unity can only be established after social production has taken place, through the adjustment of solvent social needs to the former. Consequently, the mutual recognition of the social labour performed by the private productive units entails the possibility of a non-equivalent exchange in terms of social labour, as some commodity owners put in more (less) and take out less (more) of it by selling their commodities at prices below (above) their value or purchasing them at prices above (below) their value.

As Marx goes on by following the movement of money in circulation, in chapter 4 he faces its circuit as capital: M-C-M'. In the first place, this circuit reflects the generic form of capital as a self-valorising value 'as it appears *prima facie* within [...] circulation'.¹¹ And, concerning circulation,

If, therefore, commodity production, or one of its associated processes, is to be judged according to its own economic laws, we must consider each act of exchange by itself, apart from any connexion with the act of exchange preceding it and that following it. And since sales and purchases are negotiated solely between particular individuals, it is not admissible to seek here for relations between whole social classes.¹²

Therefore,

... money-capital [...] constitutes the form in which every individual capital appears upon the scene and opens its process as capital. It therefore appears as the *primus motor*, lending impetus to the entire process.¹³

What M-C-M' does not reflect by itself is the circuit of total social capital: this circuit takes the synthetic form C'...C',¹⁴ the concrete content of that 'immense accumulation of commodities' from the first paragraph of *Capital*.

In its movement in circulation, any individual capital appears as an amount of value that valorises itself without bearing in itself any qualitative difference whatsoever. Nevertheless, as soon as Marx follows the movement of an individual capital into the

¹¹ Marx 1965, p. 155.

¹² Marx 1965, p. 586.

¹³ Marx 1967, p. 358.

¹⁴ Marx 1967, p. 99.

process of production, that is, into the process in which an individual capital produces itself and, moreover, asserts itself as a concrete subject of privately organised social production, he discovers the substantial qualitative difference between variable and constant capital. Variable capital is consumed in production, as the labour-power in which it is materialised becomes active labour that engenders a new value, that partly replaces the value of the labour-power consumed and partly becomes surplus-value. By contrast, the value of constant capital, materialised in the means of production, remains inert and reappears transferred to the value of the product.¹⁵

As he advances within the process of valorisation of individual capitals, Marx acknowledges that the determination of the length of the working-day transcends their individuality through the struggle between the ‘universal worker’ and the ‘universal capitalist’, that is, between the working-class and the capitalist-class.¹⁶ In turn, class struggle determines the necessity that the valorisation of individual capitals take shape through the state’s action.¹⁷ Thus, Marx discovers that the true concrete subject of the process of social life in the capitalist mode of production are not the individual capitals, but the total capital of society. That is, total social capital is the alienated concrete subject, whose unitary movements take form through the scattered movements of the individual capitals that constitute its organs.

Marx has thus unpacked how ‘capital produces’,¹⁸ recognising commodities not just as the products of labour, but as the products of labour alienated in capital; in brief, as the products of capital. Nevertheless, at this point, the reproduction in thought of the movement of individual capitals remains within the scope of the determinations it has discovered in the process of production. And, within this scope, no determination has arisen that could cause the value of the commodities produced by individual capitals to take a concrete expression in circulation that differs from that previously discovered at the stage in which commodities were recognised only as the simple products of labour.

Marx makes explicit this point in a letter to Engels:

Regarding the objection that you mentioned the philistines and vulgar economists will infallibly raise [...] it amounts, in scientific terms, to the following question: How is the value of the commodity transformed into its price of production [...] This matter cannot therefore be treated prior to the 3rd book [...] Now if I wished to refute all such objections in advance, I should spoil the whole dialectical method of exposition.¹⁹

He publicly makes the point again in the last chapter on absolute surplus-value:

The law demonstrated above now, therefore, takes this form: the masses of value and of surplus value produced by different capitals -the value of labour power being given and its degree of exploitation being equal- vary directly as the amounts of the variable constituents of these capitals [...] This law clearly contradicts all experience based on appearance. Everyone knows that a cotton spinner, who [...] employs much constant and little variable capital, does not, on account of this, pocket less profit or surplus value than a baker, who relatively sets in motion much variable and little constant capital [...] For the solution of

¹⁵ Marx 1965, p. 199.

¹⁶ Marx 1965, p. 299.

¹⁷ Marx 1965, p. 302.

¹⁸ Marx 1965, p. 176.

¹⁹ Marx 2010, p. 390.

this apparent contradiction, many intermediate terms are as yet wanted.²⁰

The next step in the dialectical reproduction of the movement of capital presents Marx with the real subsumption of labour in capital via the production of relative surplus value. This production is an attribute of total social capital, through which it determines the very subjective and objective conditions for its intensified self-valorisation.²¹ It does so even to the point of producing a relative surplus labouring population -thus depriving its members of their generic human attribute- in order to satisfy its need for an industrial reserve army. Total social capital is now recognised in its complete determination as the concrete historical subject of the process of social life under the capitalist mode of production.²² Nevertheless, the general increase in the rate of surplus-value takes concrete form through the independent action of the individual capitals. They compete between them in pursuit of an extraordinary surplus-value by making the labour privately materialised in their products to appear in circulation as if it were a multiplied amount of social labour.²³ Even these terms used by Marx make evident that the dialectical reproduction is not able yet to recognise the exchangeability of the commodities produced by individual capitals beyond their determination as the simple products of labour.

In brief, Moseley's methodological fragmentation of *Capital* into a macro and a micro theory overlooks three contradictions that appear in Volume I, whose development constitutes the synthetic unity that flows from it into Volume III. These contradictions embody the development of the determination of individual capitals as the concrete organs through which total social capital asserts itself as the inverted subject of the unity of social life in the capitalist mode of production:

a) In circulation, individual capitals appear as values that valorise themselves without embodying any qualitative difference whatsoever. On the contrary, in production the substantial qualitative difference between variable and constant capitals becomes evident. From this qualitative difference result the differences in the capacity of individual capitals to valorise themselves according to their diverse organic composition. This contradiction between the lack of qualitative difference with which individual capitals present themselves in circulation vis-à-vis their qualitative differentiation in production is further developed in Volume II. At first, within the process of production as a consequence of the separation between production and labour times, and the forms in which productive-capital turns over. But, finally, as a result of the turnover of circulating capital in the process of circulation itself.²⁴

b) By following the movement of individual capitals in their self-valorisation and reproduction, it becomes evident in Volume I that total social capital is the true subject of the process of accumulation and that individual capitals are concrete organs of its unitary movement. Nevertheless, thus far individual capitals appear as lacking any determination that immediately rules their movement as individual organs and that allows them to recognise themselves as such. Marx further develops this contradiction in Volume II from the perspective of total social capital: the movement of individual capitals must satisfy the material unity between social production and consumption, though in an indirect way given the private realisation of social labour.²⁵ In simple reproduction this unity takes form in the twofold expression of total constant capital, variable capital and

²⁰ Marx 1965, pp. 306-7.

²¹ Marx 1965, p. 573

²² Marx 1965, pp. 578, 581.

²³ Marx 1965, pp. 315-7.

²⁴ Marx 1967, chapters XIII-XVII.

²⁵ Marx 1967, p. 65, 398.

surplus-value, on the one hand, as the social aggregate of the respective portion of the value of each commodity and, on the other hand, as the total value of the product of the capitals that produce, respectively, means of production, the workers' means of subsistence and the means of consumption for the capitalists.²⁶

c) From Part 2 of Volume I on, commodities are known as the products of capital. Nevertheless, in Volumes I and II the expression of their value, that is, their price, is only known as if it corresponded to their simplest determination as the products of privately performed social labour.

Volume III opens by synthesizing the character of its content:

Considering what this third book treats, [...] it must locate and describe the concrete forms which grow out of the *movements of capital as a whole*. In their actual movement capitals confront each other in such concrete shape, for which the form of capital in the immediate process of production, just as its form in the process of circulation, appear only as special instances.²⁷

This dialectical unity of content has no way of fitting into a macro-micro theoretical fragmentation.

In Volume III Marx develops the three abovementioned apparent contradictions to the point of their supersession through the formation of the general rate of profit through competition in the process of circulation. Only at this stage of its unfolding, the dialectical reproduction discovers that, in the capitalist mode of production, the private allocation of social labour to the different spheres of production does not correspond to the proportions of social labour materialised in each type of commodity, as it was able to know thus far. It now recognises this allocation as it is concretely determined by the social representation of the abstract labour materialised in commodities as amounts of proportionally valorised values. As it thus recognises the value of commodities under its necessary concrete form of prices of production, it recognises: a) the reason why, from the very beginning, individual capitals appear in circulation as amounts of value that valorise themselves without any qualitative difference, albeit their substantial qualitative differences in production and in their turnover rates; b) the form in which individual capitals carry within their own singular processes of valorisation their determination as the concrete aliquot organs of the unitary movement of total social capital; c) commodities as the products of capital not just as they emerge from production but as they flow in circulation.

The recognition of these concrete determinations makes evident another crucial point concerning the debate on the 'transformation problem'. The formation of the general rate of profit takes place in circulation, where no new value nor surplus-value, can be generated, and where the rate of surplus value cannot change. Nevertheless, compared with their allocation to the different spheres of production in accordance to the value content of their commodities, individual capitals flow from the spheres with a higher organic composition, or a lower turnover rate of their circulating portion -which mean an annual specific rate of profit below the social average- towards the spheres that present the opposite conditions, causing the crossed movement of their prices. Therefore, albeit the total amount of social labour, hence of value and of total capital, remains unchanged, the relative difference in the allocation of social labour results in an average lower organic composition and higher turnover rate for total social capital. With the rate of surplus-value unchanged, both conditions imply an increased annual total surplus-

²⁶ Marx 1967, pp. 401-2

²⁷ Marx 1966, p. 25.

value vis-à-vis the unchanged total social capital, at the expense of a lower average productivity of labour. Hence, the concrete form taken by the private allocation of social labour through the equal valorisation of values carries in itself, not only a different material composition of social production and consumption, but a different average rate of profit compared to that previously discovered when commodities were still known in circulation as simple values. From the concrete determination of individual capitals as the aliquot organs of the unitary movement of total social capital, a concrete determination to the valorisation of the latter itself emerges here.

The question about the determination of values as prices of production and of surplus-value as average profit goes far beyond the scope of any micro theory, and more specifically of one that reduces the question to the distribution of surplus-value between the capitals of the different spheres of production. This sort of reduction shows its consequences when the focus is placed on the analytical representation of the quantitative expressions taken by the determination at stake.

- The inversion of the development of the concrete determination of prices of production by values into a matter of interpreting Marx to formulate systems of linear equations

Marx appeals to a very elementary model to represent the quantitative determination of prices of production by values. This model is based on five different spheres of production whose unity Marx compares with that of a single individual capital distributed among those spheres rather than with that of total social capital.²⁸ So much so that the model does not assume the general unity between production and consumption; in other words, it is not a scheme of simple or expanded reproduction whatsoever. And, as it concerns the core of the debate, it does not take into account the transformation of the value of the elements of variable and constant capitals into prices of production. Those who take part in the debate know very well the presence of these two assumptions upon which Marx's bases his model. But, recalling Hegel, perhaps for that very reason, they do not recognise that, however abstract the model could seem given the former assumptions, its true abstract character results from the fact that it abstracts from the concrete form through which the determination it attempts to quantitatively represent necessarily realises itself. This is not the case of a form that could be disregarded in order to show the movement of its content freed from the constant deviations from the norm in which the latter imposes itself. It is the case of a form through which the content itself reaches its own determination. Hence, only provided this true abstract character is overlooked, the qualitative content that underlies the quantitative expression could be reduced to a mechanical distribution of surplus-value.

However much they may diverge in the definition of their equations and unknowns, and even in their simultaneous, iterative or temporal structure, the many well-known 'solutions' to the 'transformation problem' share a common trait. They all start by ignoring that the concrete determination of values as prices of production implies a change in the materiality of the reproduction of social production and consumption compared to that whose determinations have already been discovered when commodities were known in production as the products of capital but still recognised in circulation only as the products of labour.

The advance towards the concrete determinations of prices of production requires the development of the relations of measure involved beyond the point achieved by Marx.

²⁸ Marx 1966, p. 159.

Instead, the ‘solutions’ invert the process. They start by inverting these relations of measure -dogmatically in some cases, ill-intended in others- into ‘Marx’s invariant conditions’ or ‘invariance postulates’ that enter as such in the construction of their models, therefore inverting what has to be discovered into the presuppositions for their own discovery. Thus doubly inverted, the discovery of the concrete quantitative relations is brought down to a matter of building some system of linear equations, either of simultaneous or iterative character. In the former case, the equalisation of the number of equations and unknowns renders a unique solution; in the latter, the repeated reintroduction of a given constant ensures the convergence towards a unique solution. Yet, in neither case the solution achieved corresponds to the concrete determination of values as prices of production. These ‘solutions’ just result from the mathematical attributes of the respective systems of linear equations. In other words, the mathematical properties of the models are mistaken for the concrete determinations of prices of production.

Under the appearance of advancing towards the concrete determinations of values as prices of production by allegedly including in their models the conditions for the reproduction of social production and consumption, and the determination of the values of variable and constant capitals as prices of production, the ‘solutions’ engender mathematical abstractions emptied of the real content they are supposed to represent. Their modelling starts by leaving aside the twofold character of commodities, as the unity of use value and value. On this basis, they abstract the determination of the latter as if it were alien to the material allocation of the general capacity of society to perform productive labour -that is, the allocation of abstract labour- to its socially useful concrete forms in a private and independent way.

Underlying the widespread uncritical acceptance of this abstraction lies the equally widespread, uncritical acceptance of two conceptions that are commonly taken as irreconcilable opposites: on the one hand, the reduction of the materiality of social abstract labour into an ideal existence, inspired by Rubin; on the other hand, the inversion of a direct allocation of social labour that produces use-values -hence, where neither commodities nor value exist- as if it were the private allocation of social labour that specifically produces commodities and therefore value, renewed by Sraffa. Based on the former, the relation between values and prices of production is conceived as a matter of changing the allocation of an abstract mass of abstract values between spheres; based on the latter, the same relation is conceived as a matter of naming ‘commodities’ and ‘values’ the products of a social labour directly allocated a priori to each sphere.

On these bases, the point ceases to be the discovery of the concrete forms and their quantitative expressions taken by values in their determination as prices of production. Instead it becomes a matter of debating whether a SSSI, a NI or a TSSI, etc. is the best of the different ways to *interpret* Marx. Thus, the problem of discovering the objective concrete determinations of the capitalist mode of production is *transformed* into the problem of interpreting texts. No wonder why even Samuelson could speak in jest about how to solve the ‘transformation problem.’

- From the ‘transformation problem’ to a problem of logical contradiction

Moseley defines his position on the transformation of values into prices of production as a matter of properly interpreting Marx’s texts. This definition directly locates his position within the realm of the ‘transformation problem’. The first peculiarity presented by Moseley’s conception in this field, is the rejection of the ‘problem’ as a non-

existent one. Its second peculiarity is the assertion that the values of variable and constant capitals enter the model already determined as prices of production from the outset. Moseley justifies his interpretation by arguing that, as commodities belong in the capitalist mode of production, they have to be considered the products of capital, both in production and in circulation, from the very beginning of the process of knowledge, since they actually are such. Therefore, Moseley mistakes the real concrete determination for the ability achieved by the process of knowledge to objectively recognise that determination at each stage of its advance.

Marx himself makes clear the necessity to take into consideration the determinations that arise from the transformation of the value of the components of variable and constant capitals into their prices of production. He explicitly points out the risk of being mistaken if the quantitative relationships between those prices of production were considered the unequivocal expressions of the material allocation of social labour to the different spheres of production.²⁹ By contrast, Moseley's approach presupposes the prices of production of the components of variable and constant capitals as given in order to properly explain the quantitative determination of the prices of production of the products in general. In other words, it presupposes the prices of production of the means of subsistence for the workers and the means of production to explain the quantitative determination of the prices of production of these very same means of subsistence and production as products themselves. Therefore, it explains the quantitative determination of a concrete form by presupposing the same quantitative determination as already given, as a precondition for itself. The logical flow itself becomes inverted: the *explanandum* is posited as a given condition to explain the *explanans*.

- The implicit assumption in the 'solutions' of average social organic compositions and turnover rates among the departments

Even setting aside this logical circularity, Moseley's model shows it has not an analytical but an abstract character.³⁰ This evidence does not result from the singularity of its assumptions. On the contrary, it results from the assumptions it shares with a number of other 'solutions,' including Bortkiewicz-Sweezy's, as Moseley himself makes evident through a very exhaustive and illuminating study.³¹

In its concrete determination, the identity of content between total surplus-value and total profit lies in the fact that both are the historical specific social expression of the total surplus-product, hence of the total surplus-labour extracted from the productive workers in the capitalist mode of production.³² The former expresses the unitary content as the commodities produced by capital are still recognised in circulation as the simple products of labour; the latter expresses the unitary content as the commodities produced by capital are already recognised in circulation under their concrete determination as the products of capital. Therefore, the quantitative expression as an amount of money of one and the same amount of value is mediated by the relative organic composition and turnover rate of the capitals that produce said surplus-product. If that organic composition is higher, or this turnover rate lower than the respective social averages, the same amount of privately materialised abstract social surplus-labour will be socially represented in

²⁹ Marx 1965, pp. 161, 164-5.

³⁰ Marx 1976, p. 163.

³¹ Moseley 2016, Part 2.

³² Iñigo 1995, pp. 16-7.

exchange, under the form of total profit, as if it embodied a higher amount of social labour than that it actually does. A relative lower composition or higher turnover rate will present the opposite result. In either case, the same content of privately materialised social abstract surplus-labour, that is of surplus-value, will appear in circulation represented by two different amounts of money, namely gold, when commodities are recognised as the simple products of labour or as the products of capital.

Moseley's conception abstracts value from its content as the necessary mode of organising the private allocation of social labour to its concrete useful forms. This abstraction reduces value to the empty appearance of its form, namely, to an amount of money. Under this appearance, the unity of content between total surplus-value and total profit becomes inverted into the assumption of their equalisation as one and the same amount of money. This assumption is then forced into the model as an 'invariant condition.'

Now, this apparently inconsequential assumption has a direct implication concerning the model's self-coherence as a representation of the transformation of values into prices of production. It implies that the price of production of the set of commodities in which the total profit is expended must be immediately equal to the set's value. In turn, this implies that said set of commodities unavoidably must be produced by a set of capitals having the social average organic composition and turnover rate. In simple reproduction, for example, the assumption in question implies that the capitals that produce the means of consumption for the capitalists must satisfy these average conditions and, consequently, that the set of the capitals that produce the means of subsistence for the workers and the means of production, taken together, must satisfy the average conditions too.

In brief, Moseley's model implicitly imposes an average organic composition and turnover rate on the capitals that produce the set of commodities in whose purchasing surplus-value is expended. It does so to explain the general quantitative determination of prices of production by values, albeit this determination results from the contingent differences in the organic compositions and turnover rates between the different spheres of production. Again, that which has to be explained is posited as a condition for its own explanation. No wonder that Moseley time and again reduces the content of Marx's analysis of simple reproduction in Volume II to a discussion with Smith on the difference between the value-product and the value of the product.³³ Likewise, he explicitly rejects the need to consider the indirect achievement of the material unity of social reproduction through the private allocation of social labour to the spheres that produce the different types of use-values, as a step in the process of knowledge that flows towards the discovery of the determination of prices of production by values. He does so by equating this step with the absurd inverted assertion that the said reproduction is itself the determination in question.³⁴ In other words, the fact that the process of reproduction does not intervene in the determination of the prices of production does not mean, conversely, that these prices are not the ones at which the materiality of social reproduction has to be indirectly achieved.

As a marginal note, it has to be said that the 'New Interpretation' goes even further than Moseley's interpretation concerning the implicit and unnoticed assumption of an average organic composition and turnover rate for the capitals that produce the different parts of the social product. It assumes that not only the monetary amount of total profit is quantitatively identical to that of total surplus-value, but that this equality is also verified concerning variable capital, that is, that the price of production of the means of

³³ Moseley 2016, pp. 62, 133, 192, 225, 274.

³⁴ Moseley 2016, p. 371.

subsistence for the workers also equals their value. Therefore, this solution starts by assuming that, for example in simple reproduction, not only the capital that produces the commodities for the personal consumption of the capitalists, but the capital that produces the means of subsistence for the workers too have the average organic composition and turnover rate. Consequently, the capitals that produce the means of production that in turn enter the circuit as constant capital, must necessarily share the same attribute. It follows that the sum of the prices of production must immediately equal total value. Nevertheless, thanks to the magic of linear systems, this interpretation concludes that, under the assumed conditions, this equality is not verified. The New Solution is a tautology that bears the peculiar property of contradicting itself.

- The exchangeability of gold as a concrete product of capital

Moseley names his methodological approach to the questions developed in Volume I a ‘macro-monetary theory’. Nevertheless, when the time comes to recognise gold’s concrete determination as the product of capital, he rejects any consideration of the determination of the exchangeability of gold in its function as money. He argues that, since prices are the expression of value in quantities of money, it does not make sense to speak of a price of production of gold as money.³⁵ This argument is absolutely correct, but it does not enable the demise of said determination.³⁶ The point is not about a flawed name given to the determination of the quantitative exchangeability of gold in the full development of its recognition as the product of capital. The point is that, albeit gold is unable to express its own value under the form of a price of production, its concrete capacity to express the value of the rest of commodities by functioning as their general equivalent is affected by its concrete determination as the product of capital. As such, its exchangeability is mediated by the divergence from the social average organic composition and turnover rate presented by the capital that produces it.

To justify his conception, Moseley argues that the surplus-value extracted by the capitals in the gold industry to their workers does not enter the formation of the general rate of profit, given its material form: an ounce of gold is always an ounce of gold whether it is the simple product of labour or the product of capital.³⁷ Suddenly, the materiality of the commodity, completely neglected in all other cases, is brought up as the key argument that explains everything. Of course, an ounce of gold is always an ounce of gold. But the point is not this obvious unitary materiality; the point is the social representation of an ounce’s exchangeability in one or the other case. And through the determination of this exchangeability, the surplus-value extracted in the sphere that produces gold enters the formation of the general rate of profit as any other. If the capital that produces gold has an organic composition above (below) the social average, the same ounce of gold will enter circulation as if it embodied a capacity for exchange higher (lower) than that which corresponds to its value. Therefore, it will be able to attract the product of an amount of privately materialised abstract social labour higher (lower) than that actually materialised in it.

As soon as the capitals that produce gold have a higher (lower) organic composition or lower (higher) turnover rate than the respective social average, the total sum of the prices of production will appear as an amount of money, that is of gold, lower (higher) than that which corresponds to the sum of their values when both the

³⁵ Moseley 2016, pp. 208-9.

³⁶ Iñigo 1995, pp. 24-6.

³⁷ Moseley 2016, pp. 212.

commodities and gold produced by capital are recognised in circulation as the simple products of labour. Consequently, with the velocity of circulation given, a lower (higher) quantity of ounces of gold will be needed to satisfy their function as money in circulation. Now, a new concrete determination to the private material allocation of social labour becomes visible due to the formation of the general rate of profit.

In the general case, the same total amount of privately materialised abstract social labour, namely the same amount of value, will take two different quantitative expressions as amounts of gold if the former is considered entering circulation as the simple product of labour or as the product of capital.

Moseley transforms the determination of gold as the general equivalent into an abstraction. He does so by mistaking the material identity of gold's use-value for the said social function embodied in this materiality. Strangely, Moseley's interpretation resorts again to the same abstraction he condemns as Bortkiewicz-Sweezy's misconception.

- The abstraction of the 'given'

As stated earlier, Moseley's book condenses his lifelong struggle to prove the inexistence of the 'transformation problem'. From his point of view, the key issue is to interpret Marx's texts in such a way as to justify that the identity of content between total surplus value and total profit, as well as between the total value of commodities and the sum of their prices of production, appear immediately manifested as the equality between their respective quantitative expressions as amounts of money. As it has been shown above, he sticks to this aim even to the point of overlooking that his conception inconsistently forces an average organic composition and turnover rate on the capitals that produce the commodities into which surplus-value is transformed in the process of reproduction. Likewise, Moseley pursues his objective even at the cost of mistaking the materiality of gold for the functioning of this use-value as the general expression of value. Nevertheless, his need to achieve the goal in question makes him appeal to the deeper abstraction of what he interprets as a 'given.'

At the beginning of *Capital*, Marx notes that any use-value has to be considered as such under a given amount. Likewise, provided this quantitatively determined use-value is the social product of private labour, it embodies a given amount of value. And this given amount of value necessarily expresses itself as a given amount of the body, the use-value, of the commodity that acts as its equivalent in exchange. In turn, this given exchange value takes the concrete form of a given price as that equivalent is socially accepted as the general one, that is, as money.³⁸ Then, when this money enters circulation to act as capital, it always does so as a given amount. But this given amount of money is not an abstractly given one. It is concretely determined by the value of the labour-power – namely, of the workers' commodified means of subsistence- and of the means of production into which it needs to be transformed to valorise itself. And all these given value-magnitudes are determined, as it is known thus far, by the given amount of socially necessary abstract labour privately materialised in the respective commodities.³⁹

Moseley turns this obvious quantitative determination into a given quality itself. To him, 'given' means that the object in question is taken as if it lacked any already-known qualitative determination that determines its magnitude. In other words, he leaves aside capital's value content as discovered in Part 1, replacing it with the appearance of capital as a given amount of money whose quantity lacks any known qualitatively

³⁸ Marx 1965, p. 70.

³⁹ Marx 1965, p. 172.

determined content, as a renewed point of departure.⁴⁰ Thus capital becomes reduced to the appearance of being a given quantified object due to an abstract unknown qualitative character itself. Moreover, to him, ‘given’ means that this appearance has to be taken as a precondition to discover the quality that determines this quantitative expression itself. Consequently, following Moseley’s conception, the gradual advance towards dialectically discovering the concrete qualitative determinations -and their corresponding quantitative expressions- of capital as an objectified social relation that puts social production into private action must be replaced by a twofold leap. First, a leap that goes from the discovery of money as the general expression of privately materialised social labour to its reduction to a ‘given’ amount bearing a yet undefined value content; second, from the appearance of capital as that abstract given amount of money that engenders more money to the concrete determination of this amount of money as the sum of the prices of production of variable and constant capital. To satisfy this conception, Moseley breaks down the contradictory unity between total social capital and its individual organs, into a ‘macro-monetary theory’ and a ‘micro theory’ concerning the distribution of an already ‘given’ amount of money. Nevertheless, he cannot avoid making visible his twofold leap through self-contradiction. On the one hand, he repeatedly opposes any attribution of a ‘hypothetical’ character to Volume I that ‘... Volume I is about the actual capitalist economy [...] Marx’s theory is about the actual capitalist economic system from beginning to end’.⁴¹ On the other hand, he asserts that ‘In Volume I, it is provisionally assumed, as a first approximation, that the long-run equilibrium prices of individual commodities are equal to their values [...] This assumption is not exactly true’,⁴² thus attributing Volume I the ‘hypothetical’ character that he repeatedly rejects.⁴³

- The true methodological question regarding the transformation of values into prices of production: Dialectical Reproduction vs. Logical Representation

The mutilation of the organic unity into a macro-monetary and a micro-distribution theory is not to be blamed on Moseley’s eccentricity. On the contrary, his procedure strictly sticks to the principles on which any logical representation must be based. To avoid logical contradiction, every real concrete form must enter the process of representation with its qualitative determination reduced to its quantitative expression; that is, it must enter representation as a given concrete that lacks any qualitative content other than that represented by its measure.

Now, this criterion entails a logical consequence: the simple model based on the given relations of measure is built by appealing to simplifying assumptions. Then, to advance towards a more concrete representation, these assumptions must be lifted. If the relations of measure that result from the more complex model contradict those that resulted from the simplified model, then this simplified model should be considered mistaken, invalid, or in the best of cases, trivial. This criterion inherent to logical representation is at the core of the ‘transformation problem’; in fact, it is what transforms the transformation of values into prices of production into an unsolvable, albeit false, ‘problem.’

⁴⁰ Moseley 2016, pp. XIII, 4.

⁴¹ Moseley 2016, pp. 328, 390. See also pp. XIII, 3, 6-7, 17, 19n30, 39, 121, 151, 182, 222-3, 238, 313.

⁴² Moseley 2016, p. 6.

⁴³ Moseley 2016, p. 7.

Bortkiewicz opens the way to the inversion of the dialectical reproduction of the concrete into the logical building of a model based on the relations of measure emptied of their qualitative content, and makes clear the aim of this inversion:

Insofar as it is a question of demonstrating Marx's errors [...] what does not hold in the special case cannot claim general validity.⁴⁴

Sweezy reinforces Bortkiewicz's inversion by presenting Marx's dialectical reproduction of the concrete as its opposite, as if it were a logical construction based on simplifying assumptions that should be lifted to achieve a more concrete representation:

Throughout Volume I [...] it is assumed that in every branch of production the organic composition of capital is the same. Once this assumption is dropped, however, a serious, some have maintained a fatal, difficulty arises.⁴⁵

Contrary to Sweezy's oft-repeated assertion, in Volume I Marx actually presents the question of the different organic compositions among individual capitals in a completely different way:

The many individual capitals invested in a particular branch of production have, one with another, more or less different compositions. The average of their individual composition gives us the composition of the total capital in this branch of production. Lastly, the average of these averages, in all branches of production, gives us the composition of the total social capital of a country, and with this alone are we, in the last resort, concerned in the following investigation.⁴⁶

There is no recourse to a simplifying assumption here, but the recognition of the irrelevance of the individual differences in the organic composition for the analysis of the process of accumulation that concerns the unity of total social capital.

His disagreement with Bortkiewicz-Sweezy's results notwithstanding, Moseley shares with the latter the methodological inversion of the dialectical reproduction into a logical representation based on assuming assumptions:

In Volume I, it is provisionally assumed, as a first approximation, that the long-run equilibrium prices of individual commodities are equal to their values [...] because that is the only assumption consistent with the labour theory of value at the 'macro' level of abstraction of capital in general in Volume I. This assumption is not exactly true; it is only a first approximation. Long-run equilibrium prices depend not only on labour times, but also on the equalisation of the profit rate across industries.⁴⁷

Marx continued to assume in Volume II, as a first approximation, that the prices of individual commodities are equal to their values (because this is still the only assumption that is consistent with the macroeconomic labour theory of value at

⁴⁴ Bortkiewicz 1949, p. 200.

⁴⁵ Sweezy 1962, p. 109.

⁴⁶ Marx 1965, pp. 612-3.

⁴⁷ Moseley 2016, p. 19.

the level of abstraction of capital in general presented thus far...⁴⁸

According to Moseley, Marx does not start by analysing commodities as they appear in circulation in search of the social attribute that determines their exchangeability as bearers of an equal amount of the same quality, up to discovering the abstract social labour privately materialised in commodities as the source of that common quality, namely their value. Moseley conceives this process as the abstract interpretation of the phenomenon of exchange through the formulation of a 'labour theory of value' -which should be labelled a hypothetical one if his own criterion is to be followed. On the contrary, once Marx has analytically discovered the source of value as the social attribute of commodities, he returns to the concrete form taken by this attribute by following the movement of commodities in the necessary expression of their value as exchange-value, and then, as price. He advances through this path up to the point of being able to recognise commodities as the objectified form taken by the general social relation, that is, by the capacity to organise the process of social metabolism through the allocation of society's total labour-power into its useful concrete forms, among private independent producers. From Moseley's viewpoint, this process can be brought down to a matter of achieving logical consistency in the formulation of a 'first approximation', an 'assumption consistent with the labour theory of value', concerning the determination of the prices of commodities.

In brief, Moseley interprets Marx's dialectical method as if it were the construction of a representation of the real concrete, based on the appearances presented by its relations of measure. He disagrees with the 'transformation problem' not on a fundamental methodological basis. His disagreement starts as soon as it becomes evident that, based on his same methodological approach, the mathematical results obtained by the models elaborated to represent the concrete transformation of values into prices of production contradict the immediate quantitative identity between total surplus-value and total profit, and between total value and total prices of production. And in the domain of logical representation, where no identity of content other than that manifested as a quantitative one fits, such disagreement means the logical rejection of the corresponding theory from its very foundations. In Moseley's words: 'I think the divergence of total profit from total surplus-value would diminish considerably the force of Marx's theory of surplus-value and exploitation.'⁴⁹

Moseley agrees with the logical procedure itself but rejects its unavoidable results. At this point, it can be said that he faces three alternatives. First, to proceed as Sweezy and turn the scientific question into a matter of faith: 'If we believe with Marx...'⁵⁰ Second, to negotiate the disagreement of some variables in order to preserve, although tattered from the logical viewpoint, some agreements and then interpret these as the truly fundamental ones. However, this leaves an open flank to Sraffians' attacks. Third, to stick to an interpretation that allows the full conservation of the quantitative identities in question. Moseley chooses this third alternative. But the only possibility to sustain it is the constant appeal to the interpretation of the amounts of constant and variable capital needed to satisfy those quantitative identities as already 'given' in prices of production from the beginning. Consequently, to sustain against all odds the logical coherence of his model, he cannot avoid falling into the logical incoherence of positing as a given condition the same quantitative determination that has to be explained.

⁴⁸ Moseley 2016, p. 190.

⁴⁹ Moseley 2016, p. 364.

⁵⁰ Sweezy 1962, p. 130.

Moseley is right in struggling against the mystified ‘transformation problem.’ Moreover, he is right in doing so from a methodological approach. But since he tries to take the criterion inherent in logical representation as his own weapon, his legitimate attempt is condemned from the beginning to become yet another ‘interpretation’ within the realm of the ‘transformation problem.’

The true methodological battleground completely transcends this realm. Like most Marxists, Moseley recons the historical specificity of social forms. Nevertheless, although scientific method is a form of social consciousness and therefore a social form itself, like most Marxists he takes logical representation for the natural, hence unhistorical, method of scientific knowledge. Hence, he forgets that, since capital is an alienated social relation, it produces a scientific method that needs to turn every concrete form into an abstraction:⁵¹

Logic [...] is *alienated thinking*, and therefore thinking which abstracts from nature and from real man: *abstract thinking*.⁵²

As it was pointed out above, any logical representation starts by reducing the qualitative determination, that is, the affirmation through self-negation, to an abstract identity immediately expressed by the quantitative relations of measure. On this basis, it results logically incoherent that the same qualitative identity could present a different quantitative expression along the advance from its simplest representation towards its more developed representation through the lifting of simplifying assumptions. Therefore, logical coherence demands that the quantitative expression of value should remain identical to itself along this advance, to assert its qualitative identity.

By contrast, the dialectical reproduction of the concrete by way of thought starts by acknowledging that the simplest real concrete, from which it proceeds, necessarily affirms its potentiality through its own negation. In doing so, it develops itself into its more concrete forms, whose movements are to be followed in thought by the process of knowledge. Through these movements, not only does the simplest quality develop itself through self-negation, but its very quantitative determinations become transformed into expressions of the same content that can quantitatively diverge from those presented as an attribute of said simplest quality. For example, in *Capital's* Chapter 1, to work as an isolated individual with one's own means of production is discovered as a necessary condition to produce commodities. When the unfolding of this simplest determination advances towards its concrete forms, commodities become recognised as the products of collective workers whose individual members are deprived from their means of production. For logical representation, this is a contradiction that turns Chapter 1 into a mere hypothetical model. For dialectical reproduction, Chapter 1 is not about a hypothetical simple commodity production, but about the discovery of the simplest specific determination of actual commodities as the necessary form taken by the products of the private organization of social labour in the capitalist mode of production.⁵³ Thus, in the case of the transformation of values into prices of production, the point is to develop the necessary determinations of the quantitative expressions of its most concrete forms as commodities become qualitatively recognised as the products of labour alienated in capital.⁵⁴

⁵¹ Iñigo-Carrera 2007, pp. 2-7.

⁵² Marx 1975, p. 330.

⁵³ Iñigo-Carrera 2014, pp. 73-83.

⁵⁴ Iñigo 1995, pp. 14-28.

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