

# Marx: Circulation

Market based economy      E

Non-subsistence based mode of production **P**

Non-subsistence based mode of production **P**  
(aka: commodity production)

Fundamental interaction between two human necessities:

Production **P** and sociality **S** and their complex interaction \

**E**

**P**

**P / S**

**C**

Commodities **C** are the basic unit of wealth exchanged in the market economy **E**

There are four fundamental *forms* of value that develop in this market economy: the most important being the monetary form of value **M**

a# Commodity 1 =	i	\$ <b>M</b>
b# Commodity 2 =	j	\$ <b>M</b>
c# Commodity 3 =	k	\$ <b>M</b>
d# Commodity 4 =	l	\$ <b>M</b>

E

P

P / S

C

M

A = B

Market economy **E** thereby achieves the following abstraction

Commodity A (a coat) = Commodity B (an apple)

**A = B**



E

P

P / S

C

M

A = B

L

**A = B**because

commodity A and commodity B *represent* the basic unit of  
wealth of this society **S**

I.e., the commodity **C** represents *as a symbol* the amount of  
labor in time or labor hours **L** contributed by the  
producer to the society **S**

E

P

P / S

C

M

Labor time **L** is represented by commodity **C**

A = B

**L** *is represented by* **C**

L

**L = C**

L = C

E

P

P / S

C

M

A = B

L

L = C

L = M

Where labor time **L** *is represented by* commodity **C**

and **C** *is represented by* money **M** at market **E**

labor time **L** *is represented by* money **M**

**L = M**

E

P

P / S

C

M

Via monetary exchanges M at market **E**, commodities *circulate*

A = B

$\Delta C$

L

L = M

$\Delta C$

E

P

P / S

C

M

A = B

L

L = M

$\Delta C$

$\Delta V$

This circulation  $\Delta C$  is a *metamorphosis* of money form **M**  
into commodity form **C** and vice-versa in a value circuit  
 $\Delta V$

The circuit of value  $\Delta V$  is represented by  
changes in price  $\Delta \$$

E

P

P / S

C

M

A = B

L

L = M

$\Delta C$

$\Delta V$

\$

$\Delta \$$  is the amount of money  $M$  a given commodity  $C$  is worth  
at a given moment in time  $T$

$E$

$P$

$P / S$

$C$

$M$

$A = B$

$L$

$L = M$

$\Delta C$

$\Delta V$

$\Delta \$$

$T$

Price commodity **\$** is labor time **L** multiplied by quantity of **C**

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

**$\Delta C$**

**$\Delta V$**

**$\Delta \$$**

**T**



At market **E** changes in price  $\Delta \$$  are determined by the  
interaction between production and sociality **P \ S** at time T

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

$\Delta \mathbf{C}$

$\Delta \mathbf{V}$

$\Delta \$$

**T**

E

P

P / S

C

M

A = B

L

L = M

$\Delta C$

$\Delta V$

$\Delta \$$

T

There are two inverse processes of exchange at market **E** for commodity producers:

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1) Sell commodity **C** for money **M** to buy new commodity **C**

**C M C** (sell a commodity to get money to buy a different commodity)

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

$\Delta \mathbf{C}$

$\Delta \mathbf{V}$

$\Delta \$$

**T**

**C M C**

There are two inverse processes of exchange at market **E** for commodity producers:

- 1) Sell commodity **C** for money **M** to buy new commodity **C**

**C M C** (sell a commodity to get money to buy a different commodity)

- 2) Buy commodity **C** for money **M** to sell commodity **C** for money **M**

**M C M** (buy a commodity to sell it for money)

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

$\Delta C$

$\Delta V$

$\Delta \$$

**T**

**C M C**

**M C M**

Exchange and the circulation of money  $\Delta\$$  and commodities  $\Delta\mathbf{C}$  functions as a circuit of value because the equation of two commodities in terms of value or worth  $\mathbf{A} = \mathbf{B}$  is pinned to the labor time  $\mathbf{LT}$  that furnished those commodities.

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

$\Delta\mathbf{C}$

$\Delta\mathbf{V}$

$\Delta\$$

**T**

**C M C**

**M C M**

This fundamental commensurability of commodities **A = B** is not, therefore, the result of their common monetary worth.

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

**ΔC**

**ΔV**

**Δ\$**

**T**

**C M C**

**M C M**

The academic and political significance of this analysis is that one cannot then claim that the market economy is independent of the processes of production or of consumption, of work or of leisure, as some neutral site of exchange.

E

P

P / S

C

M

A = B

L

L = M

$\Delta C$

$\Delta V$

$\Delta \$$

T

C M C

M C M

By refusing thus to contain the market to a kind of neutral zone of society, Marx thereby renders a view of the economy as a kind of *quantitative side of the social system* and thereby also a deeper systematic look at the interaction **P \ S** between the fundamental human necessities of production **P** and sociality **S**. Or, survival, and, as it were, language.

**E**

**P**

**P / S**

**C**

**M**

**A = B**

**L**

**L = M**

$\Delta C$

$\Delta V$

$\Delta \$$

**T**

**C M C**

**M C M**