

**CLASS AND
THE
OVERDETERMINATION
OF PRICES**

A Dissertation Outline Presented

by

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Chapter 1: Introduction

In my dissertation, I propose to consider the way the circulation of commodities — and the individual cell of circulation, exchange — facilitate class and non-class distributions of surplus value and non-surplus value respectively. Through the deviation in the price of a commodity from its value — or in the subsequent deviation of the sale price from the purchase price — value (including surplus value) is distributed between the buyers and sellers of commodities. After considering the general distribution of value that occurs through exchange, I will focus on specifically capitalist commodities, capitalist price forms and the ways that these price forms facilitate the distribution of value (including surplus value), while providing conditions of existence for the reproduction of capitalist class processes and capitalist social formations.

In examining the distribution of surplus value occurring in the deviation of price from value and in the movement of prices, I will also consider the ways physical, political, cultural and economic processes overdetermine the struggle over price levels and the distributions of surplus value facilitated by those price levels. In this sense, I will show how the bargaining often one-sidedly celebrated by neo-classical economics is simultaneously a site of class struggle that does not lead to the ‘best of all possible worlds,’ but instead has contradictory effects extending beyond the individual buyer and seller.

After describing this apparatus, I will consider in detail four different price-forms: wholesale prices, monopoly/monopsony prices, deficient supply / deficient demand

prices and production prices. Within each of these price forms I will show how class and non-class processes contradictorily overdetermine the price levels and how price levels likewise have class and non-class effects.

Lastly, I will turn my analysis toward commodities that are not produced by industrial capitalist enterprises: in fact, commodities that are not produced through productive labor at all. There I will analyze the ways these quasi-commodities participate in the distribution of value and surplus value through their repeated purchase and sale. Using that analysis I will show how speculation interacts with class processes (among others) to turn a sum of money into more money through the formation of value tokens and the distribution of value and surplus value to commodity speculators. I will therefore produce an understanding of speculators as participating in class and non-class processes as receivers of surplus value and value respectively.

Throughout my thesis, I hope to produce a clearer understanding and separation of the process of appropriation of surplus value and the process of its realization. In addition, I will more clearly delineate value from exchange-value from price. My thesis will challenge the frequent equation of value with money by showing how money is only one form of value along side others: i.e., commodity and means of production.

Along these lines, much is often made in value theoretic literature about Marx's pronouncement that with its development, money gives an external expression to "the opposition between use-value and value which is latent in the nature of the commodity" (Marx 1976 [1867]). The two aspects of the commodity now become divided between ordinary commodities as use-value and money as value. My understanding of Marx here

is that, though the contrast between use-value and value appears most readily in the difference between money and ordinary commodities, this does nothing to eliminate the contrast within any particular commodity. Ordinary commodities and money both continue as use-values and both persist as values, though now within different and still changing conditions of existence. So when a quantity of value in the form of money (a price) is paid for an ordinary commodity, two use-values (at once two values) change hands. The value of the commodity provides us a measure of the socially necessary labor-time required to produce the commodity. In turn, that measure provides us a means of measuring the surplus labor also borne by this commodity and appropriated by the capitalist who takes possession of these commodities as quickly as workers produce them. It is therefore at the point of production that a capitalist enterprise appropriates surplus value in commodity form. The sale of that commodity allows the realization of some or all of the surplus value borne by the commodity, but when the commodity is sold for a price magnitude greater or lesser than its own value, value (including, at times, surplus value) is distributed to or received from the commodity's buyer respectively.

My thesis therefore relates prices and value to class in two ways. 1) It establishes value as a measure¹ of the fundamental class processes. Through value, we can differentiate and measure paid and unpaid labor within the process of production. 2) My thesis shows how prices participate in distributive class processes and how these

¹ What precisely constitutes this measure of socially necessary labor-time through value is beyond the scope of this thesis. My point here is that measures of the commodity production (labor) process are possible through value. My understanding is not that value provides *the* objective and independent measure of production or abstract labor. Instead I understand a value measure, like all measures, as situated within a particular theoretic apparatus and among other things, deployed for its discursive and rhetorical effect. For a powerful exposition of the social overdetermination of measure, see Gould (1996).

distributions of surplus value occurring through circulation and exchange provide conditions of existence for the fundamental class process.

By distributive class processes, I mean the process of distributing surplus labor appropriated in fundamental class processes. Distributive class processes may involve the distribution of surplus labor in unintentional, unconscious and accidental ways. However, when the occupier of the distributive class position does so in an intentional, conscious and instrumental fashion, and does so in order to deliberately secure conditions of existence for the fundamental class process, I understand such a distributive class process as a subsumed class process. Therefore as I use the terms here and in my dissertation a subsumed class process is always a distributive class process, but a distributive class process is not necessarily a subsumed class process. The introduction of the term ‘distributive class process’ in my thesis is my attempt to more thoroughly span the category of class process as the process of the performance, appropriation and distribution of surplus labor. In working out the overdetermination of class and price, it is my view that unintentional and repressed distributions of surplus labor arise as important components of class processes. My thesis therefore identifies class processes that are neither fundamental class processes nor subsumed class processes: rather these processes are processes that distribute surplus labor in ways that provide conditions of existence for fundamental class processes but are not subsumed class processes.

Though hints and starts of class abound in value and price theoretic discussions, my thesis will be the first I am aware of to introduce a thorough class analysis into value and price theoretic discussions. Even more, my thesis is a great success for class analysis because it demonstrates how class analysis and overdetermination together provide a

solution to the problems facing value theorists: for example, I plan to show in my thesis how class blindness contributed to the “problems” of transformation.

Following the lead set by Hilferding (Hilferding 1949) in his response to Böhm-Bawerk (Böhm-Bawerk 1949), many argue that Marxian theory is *not* about prices. I am sympathetic to this view: I understand Marxian theory to be about something profoundly distinct from prices. But I would argue that even neoclassical economics, steeped in its own obsession with prices, is about something profoundly different than prices. Though beyond the bounds of this thesis, I will say briefly that neoclassical economics is, in part, about showing how ‘free’ markets are the answer to all life’s problems. Neoclassical economics’ price theory is meant to advance that premise. So while Marxian theory may not be about prices, that fact should not prevent Marxian theory from having and developing a thorough theory of prices.

In situating value theory on top of entry-points of class and overdetermination, my dissertation will advance the Marxian notion that surplus value in its various forms is, among other things, an expression of surplus labor and that value is an expression of abstract labor. It therefore provides an important apparatus for understanding the class processes pervasive throughout capitalist social formations. I expect my thesis to provide new insights into prices and exchange. Here I want to consider just a few of the significant theoretical contributions I expect my thesis will have on the field.

1) I believe my thesis will profoundly change how one understands the transformation of values into prices of production. Much of the stream of criticism over Marxian theory’s transformation of values into prices of production (descending from the early critique of Ladislaus von Bortkeivicz), has centered on the failure of the two

simultaneous equations (total profits equals sum of surplus value and total prices equals sum of values). My thesis will show how the long-standing debate has been misguided: each side entrenched in defending or attacking equalities that only make sense (within an overdeterminist Marxian theory) under the special circumstances acknowledged and delineated by Marx in volume three of capital.

Rather than attempting to understand why and where the discrepancy occurs between two disparate theories (Marxian and anti-Marxian) and the two equalities posed, critics declared Marxian theory false. However, when values do not add up, one typically calls for an audit. My thesis provides a framework for such an audit and accordingly I expect it will show that the discrepancy is completely explained by the transfer of surplus value taking place in the purchase of means of production and labor-power. Such an explanation means the transformation of values into prices of production is not the problem it has been so long considered.

2) I hope my thesis will produce and reveal profound understandings surrounding its class analytical, value theoretic approach to financial markets. As one might expect this Marxian theory provides a solid critique of both Post Keynesian theories of financial markets and other more mainstream and more hegemonic theories of financial markets. For example, because my thesis criticizes prevailing theories that prices have teleological or metaphysically just (sometimes pronounced or spelled efficient) magnitudes, it similarly undermines the attempt to designate any historical moment as one of irrational exuberance or irrational despair. Financial instrument prices can rise and fall; how far these prices rise or fall depends upon an infinity of overdeterminants that neither rationality nor any other mysticism can foretell. However much prices rise or fall, my

thesis will be the first to show how fundamental and subsumed class processes shape the rise and fall of these prices and the speculative gains or losses that result.

3) I expect my thesis to prove significant in showing the role played by class processes in exchange: an area where many have neglected the importance of class processes. Some long advanced arguments, suggest that: 1) the movement of prices; 2) the speculative gains brought about through price fluctuations; and 3) the divergence of prices from anything proportional to the labor-time spent producing commodities proves Marxian theory's specification of surplus labor and its performance, appropriation and distribution have no place in capitalist processes. I expect my thesis to show quite the opposite: that the overdetermination of prices by class and non-class processes participates in the formation and proliferation of just such richly unpredictable price magnitudes. Moreover those same dynamic price movements do nothing to undermine the value category as a measure of socially necessary labor, nor the appropriation of surplus value as an appropriation of surplus labor.

Chapter 2: Exchange, the Distribution of Value, and Class

The reading of Marxian theory central in my dissertation understands one of Marx's great contributions to be introducing the first comprehensive and sustained class analysis in terms of the performance, appropriation and distribution of surplus labour. In addition, I read Marx's *theory of value* as developed to further this analysis.

In considering the value of commodities, Marxian theory is concerned with understanding how the production and circulation of commodities participate in class processes of performing, appropriating and distributing surplus labour: i.e., how commodity production and circulation provide conditions of existence for capitalist class processes. In particular, the possibility (indeed likelihood) arises for two commodities of different value to exchange for one another. In other words, when the exchange-value of a commodity differs from the magnitude of value a commodity bears or — when an ordinary commodity exchanges for money — the price of a commodity deviates from its value (the magnitude of its value).

For example, if two commodities bearing equal value exchange for one another, the parties to the exchange each end up with different use-values (articles of utility) than those with which they began. However, the *value* each possesses is the same after the transaction as before the transaction. On the other hand, whenever the price paid for a commodity deviates from the commodity's value, a distribution of value takes place simultaneously with the exchange of commodities. The parties to the exchange not only end up with different use-values, in the end they also end up with different *quantities* of *value*. The exchange of these commodities is therefore simultaneously the distribution and receipt of value. Consider a commodity whose magnitude of value — i.e, the

measure of the abstract labor it bears, aka the socially necessary labor time required to produce a commodity — equals \$100. If the price paid for this commodity is \$125, then the value paid for the commodity in money form is \$25 more than the value borne by the commodity. Therefore in addition to the use-values changing hands, \$25 in value is distributed from the buyer to the seller.

The circulation of commodities allows industrial capitalist enterprises to transform their finished commodities into money and thus to realize the value and surplus value earlier appropriated at the point of production. By selling at a price that diverges from the value of their commodity, capitalist enterprises might also distribute surplus value to buyers of their commodities.

An important example of this surplus value distribution occurs when industrial capitalists distribute surplus value to merchants in the form of merchant discounts through their associated wholesale prices (Resnick & Wolff 1987, pp126-7). When an industrial capitalist enterprise sells commodities to a merchant often it does so at a discount. For example, the industrial capitalist may sell a commodity whose value is \$50 to a merchant for only \$40. The merchant gives up a money-commodity whose value is \$40 and receives in exchange a commodity whose value is \$50. In this way, the industrial capitalist distributes a portion of the surplus value it appropriates to the merchant. In return, the merchant provides certain conditions of existence for the reproduction of the fundamental class process of the industrial capitalist. For the industrial capitalist, the merchant capitalist helps transform ordinary commodity-values into money-value and vice versa in order to begin the circuit of capital anew.

Deficient Demand

The process of distributing surplus labour from industrial capitalist enterprises — the first receivers (aka appropriators) of surplus value — to merchants takes place through the deviation in the price of commodities from their value. However, such distributions through prices are not limited to the interaction of merchants and industrial capitalists. When the market for a particular commodity is weak and industrial capitalists are unable to find buyers for all their products, they may decide to lower the price of their commodities in order to realize at least a portion of the surplus value these commodities bear. In this way the industrial capitalist enterprise gives up some of the surplus value appropriated in commodity form to consumers of its products in order to realize the rest of the value of the commodity (including the remaining surplus value). Just as in the case of the merchant, the industrial capitalist enterprise distributes a portion of its appropriated surplus value to the buyers of its commodities: the purchaser realizes that surplus value. The difference here is that these buyers buy in order to consume the commodity (productively or unproductively) whereas the merchant bought in order to sell the commodity and capture a distribution of surplus value in the process. Buyers, whether merchant or consumer, are a condition of existence for a capitalist fundamental class process.

Deficient Supply

At other times an industrial enterprise may find itself in a position where supply is not being met in its industry. In that case the enterprise may be able to negotiate a higher price for its product than before. By selling at a price above value, the enterprise now receives a distribution of value from the buyers of the commodity. Whether this is a

distribution of surplus value or not depends on the circumstances. If the enterprise sells a commodity to workers to satisfy their means of subsistence, then the distribution of value is not surplus value. Workers who do not appropriate surplus labor at the point of production have no appropriated surplus value to distribute. If on the other hand the enterprise sells its commodities under conditions of scarcity to another industrial enterprise, the distribution it receives is a distribution of surplus value from the buyer: previously appropriated at the point of production (in the form of commodities) and realized (in the form of money) through the sale of those commodities.

Considering wholesale prices, deficient supply and deficient demand prices together, we can express the deviation in the concrete price of a commodity from its value with the following simple expression:

Expression 1

$$\tilde{p} = w + \square, \text{ where}$$

\tilde{p} : the magnitude of any particular price-form.

w : the unit magnitude of value or value-price

\square : the total magnitude of the deviation of any particular price-form from the value-price.

Any commodity can exchange for a quantity of money greater or less than its value when \square is positive or negative respectively. Each of the terms in this equation is a magnitude of value in the form of money. As I said above, any form of price is a particular quantity of value in the form of money actually paid for a commodity. Therefore \tilde{p} is a particular magnitude of money-value paid for a commodity. The term w is the portion of money-value paid for the commodity that is equivalent to the commodity's own value, measured by the same money-value that purchases the commodity. Finally the deviation, \square , is also

a magnitude of value: the greater or lesser money-value paid for the commodity than the value borne by the commodity.

Whenever Δ is non-zero, a distribution of value takes place through the process of commodity exchange. What constitutes Δ draws our attention throughout my thesis. We can elaborate on *Expression 1* a bit to cover the price-forms above: demand-deficient prices, supply-deficient prices and wholesale prices. Accordingly, we can express wholesale price as:

Expression 2

$$p_{\text{wholesale}} = w + \Delta = w + dc|nc_{\text{merchant discount}}$$

where dc denotes a distributive class distribution of surplus value involved in the exchange and the subscript indicates this distribution of surplus value occurs due to a merchant discount; nc indicates a non-class distribution of value and the “pipe” (|) symbol indicates “or” because the distributions can be class or non-class depending on the circumstances.

Similarly, we can express the demand (supply) deficient price of a commodity as:

Expression 3

$$p_{\text{production}} = w + \Delta = w + dc|nc_{\text{market deficiency}}$$

where again the term dc|nc denotes a distribution of value — either distributive class or (“|”) non-class — in this case due to some market deficiency.

We can combine these two scenarios to consider how the simultaneous distribution of value surrounding deficiencies in the market effects the *wholesale* price of a commodity:

Expression 4

$$p_{\text{wholesale}} = w + \Delta = w + d_{\text{c}lnc_{\text{merchant discount}}} + d_{\text{c}lnc_{\text{market deficiency}}}$$

Now as before, the various distributions of value push and pull the price in contradictory directions. The merchant discount (typically negative) may indicate a subsumed class payment made by the seller and a subsumed class revenue received by the merchant. Secondly, the value of a commodity-value is always positive. However, the term subscripted ‘market deficiency’ can be positive in times of deficient-supply, negative in times of deficient-demand, or zero. The wide variation in value-price deviations due to market deficiencies implies that a commodity’s concrete wholesale price can rise above its value if the distributions from the merchant to the industrial enterprise to cover a supply deficiency are greater than the distributions from the industrial enterprise to the merchant to provide the merchant its discount: i.e., if $-d_{\text{c}lnc_{\text{merchant discount}}} < d_{\text{c}lnc_{\text{market deficiency}}}$ then, $p_{\text{wholesale}} > w$. Under these circumstances the merchant occupies simultaneous positions as a subsumed class receiver of surplus labor as well as a non-class distributor of value. If deficient demand prevails the merchant might instead occupy two class positions: one as a subsumed class receiver of surplus labor due to the merchant discount and the other as a distributive class receiver of surplus labor due to the deficient demand distribution.

However nothing natural or automatic determines the level of these distributions and thus the level of prices. These distributions are overdetermined by economic, cultural, political and physical conditions of existence. Capitalists and non-capitalists struggle over the prices of the commodities that they buy and sell. In the struggle prices are pushed higher in one transaction and lower in the next. This pushing and pulling of

prices between and among industrial capitalists is simultaneously a struggle over the distribution of surplus value and value: a struggle over class and non-class processes. When one industrial capitalist enterprise sells its commodities at a price above value, it realizes or receives value in money-form beyond what it appropriated at the point of production (in commodity-form). If the buyer is not another industrial capitalist, the distribution is not a distribution of surplus value but rather value from somewhere else. When it is an industrial enterprise buying these commodities (to use for means of production perhaps) it distributes a portion of its surplus value in the act of purchasing these commodities. On the other hand, when an industrial enterprise sells its commodities at a price below value, it distributes surplus value to the buyers of those commodities no matter what class position the buyer otherwise occupies. In this way, the bargaining over prices is simultaneously a class struggle over the distribution of surplus value and a non-class struggle over the distribution of non-surplus value: a class and non-class struggle with repercussions for the reproduction of class processes and beyond. I will develop this argument below and in greater detail in my dissertation.

Whatever the outcome of the class and non-class struggles over the level of prices, any concrete price can be expressed as an elaboration of our original *Expression 1*.

Expression 5

$$\tilde{p} = w + \square = w + dclnc_1 + dclnc_2 + dclnc_3 + dclnc_4 + dclnc_5 + \dots$$

This unbounded expression depicts the overdetermination of any concrete price by the various class and non-class struggles over the distribution of value and surplus value that lead to the deviation in the prices of commodities from their unit values. What is more,

the various dclnc terms also indicate possible class and non-class positions occupied by the participants in any commodity exchange process.

Production Prices

Now I want to briefly introduce another price-form that has been frequently discussed within the Marxian tradition: production price. The depiction of prices and exchange we get from *Expression 5* provides an entirely new way to understand production prices. To achieve a tendential equalization in profit rates from across departments, the enterprises in those departments need to receive both surplus value as well as value they did not appropriate and, at other times, to relinquish surplus value they did appropriate. The exchange of commodities at prices deviating from values makes this possible. *Expression 5* can help to illustrate how profit rates equalize across industries.

For example suppose an enterprise operates in a department with a high organic composition of capital (OCC). Assuming a tendency toward equal rates of exploitation, this enterprise will appropriate much less surplus value relative to the value expended on means of production than an enterprise operating under average organic composition of capital conditions across all departments. Likewise imagine an enterprise operating in a department with a lower than average OCC. To realize a rate of profit that tends toward the average, the high OCC enterprise needs to receive distributions of value and surplus value through exchange; the low OCC enterprise needs to make distributions of surplus value through exchange. But contrary to the long misguided approaches to the transformation of values into prices of production that ignores the class and non-class processes occurring simultaneously with exchange, there are two ways these distributions and receipts can take place. First, the high OCC enterprise can receive distributions of

value (including distributions of surplus value) by selling its products above value (as traditionally conceived) and secondly, by buying its means of production below value (as traditionally ignored). Secondly, the low OCC enterprise can sell at prices below unit value and/or buy means of production at prices above their unit values. There is no mysterious inconsistency in the transformation of values into prices of production when properly situated within such a Marxist and overdeterminist class analysis.

What I have said about varying OCCs across departments can also be said about the varying organic turnover times across departments. An expression for production price requires that we include two distribution components on the right-hand side yielding *Expression 6*:

Expression 6

$$\tilde{p} = w + \square = w + d\text{clnc}_{\text{occ}} + d\text{clnc}_{\text{turnover}}$$

Whether we can expect any pattern or tendency in the magnitude of these distributions depends on many contingent factors; including how we measure a commodity's unit value expressed in 'w' above. As I will elaborate below, if 'w' is measured through and constituted by the money value expended by an enterprise on means of production (and not the value of the means of production themselves), the sign of these terms indeed corresponds to Marx's exposition: positive for those with higher than average OCC and higher than average turnover time and negative for those with lower than average OCC and lower than average turnover time.²

² Below and in my Dissertation I will also show how that is not the only way to count the value borne by these commodities. By other methods of accounting for the value of constant capital we cannot draw any conclusions about the sign of these terms.

Therefore, the implications of my thesis for the long-standing debate over the transformation of values into prices of production are profound. When prices are understood as not merely expressing the values of commodities but also in their role participating in class and non-class processes, the traditional criticism of Marx's production price description slip away.

Chapter 3: The Overdetermination of Class and Price

Expression 5 above (repeated below) gives us a simplified expression for the countless overdeterminants that push and pull the price of a commodity away from its value. While we can calculate prices using linear algebra according to one rule or another, each exchange is uniquely constituted. Yet each exchange is also overdetermined by other processes including, of course, the exchange of other similar and dissimilar commodities. In the third chapter of my dissertation, I plan to consider in greater detail how class participates in the deviation of price from value as well as how that deviation participates in class processes. I will do this by applying the generalized equation in *Expression 5* to specific price-forms and examining how these price forms overdetermine and are overdetermined by class.

Expression 5

$$\tilde{p} = w + \square = w + dclnc_1 + dclnc_2 + dclnc_3 + dclnc_4 + dclnc_5 + \dots$$

In chapter 2, I provided an examination of four price-forms: wholesale prices, deficient demand prices and deficient supply prices and production prices. These examples helped with the introduction of *Expression 5* as a generalized apparatus for understanding the class and non-class processes participating in exchange. In chapter 3, I will apply this expression to a more detailed examination of these price forms. In addition, I will use *Expression 5* to analyze additional price forms: monopoly price and production price again.

In analyzing these price-forms, I want to pay particular attention to distinguishing between the distributive class processes and the non-class processes occurring through

exchange and manifested in the various deviations of the price of a commodity from its unit value. Similarly I will draw out the consequences that these distributions have for the reproduction of capitalist fundamental class processes.

As an example, I briefly look at monopoly price here. My dissertation will provide a more thorough consideration of monopoly price as well as other price-forms such as wholesale price and production price.

Monopoly Prices

An industrial enterprise may be able to sell its commodities above their value because the enterprise is either the only or one of the only enterprises producing these commodities. In terms of our expression:

Expression 7

$$\tilde{p} = w + \square = w + d\text{clnc}_{\text{monopoly}}$$

For a monopoly the term $d\text{clnc}_{\text{monopoly}}$ is positive. So its monopoly position allows it to sell at a price above value. However we do not know the class constitution of this distribution until we know the position occupied by the purchaser. If the buyer is a financial capitalist, the distribution of value represented by the term $d\text{clnc}_{\text{monopoly}}$ is a non-class distribution of value. The financial capitalist decides it needs this commodity for whatever reason and is willing to pay the monopoly price for it. On the other hand, if the buyer of this commodity occupies a position as an industrial capitalist, then the distribution of value is a distributive class process — a distribution of surplus value — distributing surplus value from one industrial capitalist to the monopoly industrial

capitalist. As with any distribution of surplus value, a distribution for one purpose implies the same surplus value is unavailable for another purpose.

The monopoly capitalist receives a distribution of surplus value above the value equivalent (w) paid for the commodities it sells. It may then expend these revenues to secure conditions of existence not only for its fundamental class process, but also to reproduce the conditions of existence of its monopoly position.

We can depict the value revenues and expenditures for this monopoly industrial enterprise using an equation (Resnick and Wolff 1987):

Expression 8

$$C + V + SV + DCINC_{\text{monopoly}} = C + V + \square DCP + \square X + \square Y.$$

The terms on the left-side of *Expression 8* are summations of the revenues realized in the sale of all of the monopoly enterprise's commodities in a particular period of time: they equal the dot-product of the quantity of each commodity sold with its selling price:

Expression 9

$$\begin{aligned} C + V + SV + DCINC_{\text{monopoly}} &= \square p \cdot q \\ &= \square (w + dclnc_{\text{monopoly}}) \cdot q \\ &= \square (c + v + sv + dclnc_{\text{monopoly}}) \cdot q \end{aligned}$$

The right-side of *Expression 8* indicates the expenditures of the enterprise. The enterprise expends value (in money form) to purchase constant capital in order to replace that transferred by workers from the means of production to the finished commodities sold by the enterprise (C). It expends variable capital (V) to buy productive labor-power. To secure conditions of existence for the reproduction of its fundamental class

appropriation, the enterprise distributes ΔDCP . The enterprise distributes a sum of value (X) to secure conditions of existence for the subsumed class revenue it receives, including that received in the monopoly deviation of its commodities sale-price from its value. Likewise it distributes another portion of value (Y) to secure conditions of existence for the non-class revenues it receives, including those in the term $dclnc_{monopoly}$.

We now take a closer look at only the portions of X and Y payments made by the enterprise to secure the revenues constituted by the term $dclnc_{monopoly}$. The enterprise may distribute non-class payments X to secure conditions of existence for its monopoly revenues received from industrial capitalists (subsumed class revenues) and Y to secure conditions of existence for its monopoly revenues received from others (non-class revenue). It may make distributions of X and Y to advertisers to differentiate its product from the competition and to create understandings of its commodities as very different from other commodities that might otherwise be seen as close substitutes. Or if the commodity is already commonly understood as different from others, the monopoly enterprise may distribute X and Y to the state to prevent (encourage) legislation or state litigation from interfering with (reproducing) its monopoly position, and so on. These non-class distribution help to secure conditions of existence for a receipt of value above the value of the monopoly enterprise's commodity (Ibid., p332 n4).

The additional value received by the enterprise due to its monopoly position may be a direct distribution of surplus value from the first appropriator, in the case of an industrial capitalist buyer of the monopolist's commodity. On the other hand it may be a non-class distribution of value in the case of the other buyers (e.g., financial capitalists and wage earners). If the monopoly-price deviation ($dclnc_{monopoly}$) falls, it may jeopardize

the enterprise's ability to reproduce its monopoly position. If it continues to make the same distributions to X and Y even after the decline in its monopoly price deviation, it may have to reduce its subsumed class payments that help to reproduce its fundamental class process. Under these circumstances it may jeopardize its ability to reproduce the fundamental class process that is itself a condition of existence for its monopoly position.³

Production Prices

A powerful implication of the class analytical approach to prices and exchange I propose to produce, applies to the long-standing debates over production prices and the transformation of values into production prices. While I expect to devote an entire chapter in my dissertation to developing the implications of this approach to production prices; here I will merely provide a general overview of that chapter.

We may express production prices as in *expression 10*:

Expression 10

$$\bar{p} = w + \bar{\pi} = w + d\text{c}lnc_{\text{occ}} + d\text{c}lnc_{\text{turnover}}$$

Whenever the organic composition of a department rises above the average, $d\text{c}lnc_{\text{occ}}$ will tend to be positive. Whenever the organic composition falls below the average, $d\text{c}lnc_{\text{occ}}$ will tend toward negative magnitudes. Similarly whenever the total turnover time for an enterprise is greater than the average turnover time for all departments, the $d\text{c}lnc_{\text{turnover}}$ term will tend toward negative magnitudes and vice versa.

³ In my dissertation I will also examine the class processes involved for the buyer of this commodity using expressions similar to *Expression 8* and *Expression 9*.

Thus in order for enterprises with varying organic compositions of capital and different turnover times to tend toward equal rates of profit on capital for the same period of time, all that needs to happen is for the distributions represented by these terms to tend, on average, toward their ideal — profit equalizing — magnitudes. Though these distributions allow capitalist industrial enterprises appropriating surplus value in varying quantities and with varying variable and constant capital advanced to realize profits at equal rates, we still do not know the class properties of these distributions.

As in our earlier examples, the class dimensions of these distributions depend upon the contingent conditions of their existence. For an industrial enterprise selling commodities destined to become means of production for another industrial enterprise, these positive terms represent receipt of distributive class payments from a fundamental class appropriator of surplus value, i.e., distributive class revenue. In the case where the commodity is sold to a non-industrial capitalist or to workers for means of subsistence, these terms represent non-class distributions of value. In cases where the production price forms involve negative magnitudes for the turnover time and organic composition of capital terms, the *selling* industrial capitalist is giving up some portion of its previously appropriated surplus value in the sale of the commodity: in the realization of the commodity's value. In my dissertation, I will more thoroughly consider the possible class and non-class distributions of value taking place and contributing to profit rate equalization tendencies.

Once we consider the pervasive deviation of prices from unit values, a concern arises regarding the valuation of constant capital and in turn, over the calculation of value

magnitudes themselves. Since a capitalist may begin the circuit of capital with constant capital of a definite magnitude in money form, this magnitude of constant capital will buy means of production of a different value whenever the price paid deviates from the value bought. In using a magnitude of value in the form of money to buy a different magnitude of value in the form of commodities destined to become means of production, a distribution of value takes place. However, what is of concern for us here is what magnitude of value passes into the finished commodity? The value of constant capital is constant only in so far as it enters into the production of other commodities. In the purchase of one commodity with money we witness a deviation in the magnitude of constant capital. So in the formula $C + V + S = W$, which magnitude of value do we substitute for C? The preceding question is one way of thinking about the so-called ‘transformation problem,’ but the implications extend well beyond merely production prices. Anytime the value of constant capital changes, either through the transfer of value coinciding with circulation of commodities, the moral depreciation of means of production, or otherwise, the question arises over *which* magnitude of value *counts*?

Let me explore this question a little further with an extended example. Suppose a capitalist enterprise begins the circuit of capital with an expenditure of \$100,000 to purchase means of production whose value equals \$50,000, because of temporary shortage of these means of production, for example (but the reason does not concern us here). In order to gain access to these markets and continue the fundamental class process in the enterprise, the enterprise distributes 50,000 in surplus value to the sellers of these means of production (i.e., \$100,000 in money is exchanged for \$50,000 in means of production so that an additional \$50,000 in surplus value is distributed to the seller). In

addition, imagine the value added to these means of production in one period of turnover equals \$200,000, \$100,000 in variable capital and \$100,000 in surplus value. From this example, the problem is clear. If the value of the newly produced commodity equals $w = c + v + s$, then substituting gives us:

$$\begin{array}{rccccccc} w & = & c & + & v & + & s \\ w & = & ? & + & 100,000 & + & 100,000 \end{array}$$

either

$$300,000 = 100,000 + 100,000 + 100,000$$

or

$$250,000 = 50,000 + 100,000 + 100,000$$

What number do we enter for c ? The enterprise clearly begins with \$100,000 in constant capital in the form of money. It buys means of production and after that transaction the value of its constant capital is only 50,000. If we treat the value of the money as constituting the constant capital portion of the finished commodities' value, then the total value resulting from this production process is \$300,000. If we instead treat the value of the means of production as the important magnitude, the total value resulting from this process is \$250,000. If we use a weighted value of the two magnitudes we come to yet another number. Though this example considers an excess demand constituted market price rather than prices of production this same issue lingers at the center of 'transformation problem' debates. The remarkable result of using overdetermination and a class analytics to approach these 'problems' is that both calculations 'work' and both yield interesting insights.

From the perspective of the capitalist enterprise that has a special interest in repressing the connection of the magnitude of value to the duration and intensity of labor performed, value only has meaning in its money-form. To this enterprise it is clearly the money expended that matters because the commodities do not possess value in the minds of the capitalist appropriators, only the money. The value added in the production process adds value to the constant capital expended: production adds 200,000 to 100,000 resulting in 300,000 in finished commodity value. From a social perspective concerned with the labor-time congealed in the products of labor, production adds 200,000 to 50,000 resulting in \$250,000 in finished commodity value.

For the moment imagine the enterprise in this example sells all of its commodities and receives value in money form of \$250,000. How can we analyze the relation between price and value and the connection between surplus value and profit? Whether we use the first or second method for determining the magnitude of constant capital value, the enterprise appropriates the same magnitude of surplus value: \$100,000. The costs to the enterprise remain the same in each example: \$200,000 in total capital expended. The only difference is whether the enterprise appropriates at the end of the production process commodities whose value in total equal \$300,000 or \$250,000 and whether they distribute value of \$50,000 to the sellers of their means of production or to the buyers of their finished commodities. Either way, the value remains equal to $w = c + v + s$ and the profits equal the net of surplus value appropriated plus (minus) the other distributions of value to (from) this enterprise.

So in this simple example, the different calculations of constant capital determine whether surplus value is distributed to the sellers of means of production or to the buyers

of the enterprise's finished commodities. This possibility of considering two opposite forms of surplus value distribution arises from the circularity of the circuit of capital. Since the process of capital is a circuit or a circle, it has no beginning and no end. Yet to analyze such a circular process one has to begin somewhere. Where one enters into the analysis of a circular process shapes how one understands the process. If we begin the circuit of capital with the means of production and imagine the magnitude of value of those means of production as the starting point of this quantitative process, we understand the object of value magnitudes differently than if we consider the process from a beginning of value in money-form. In the former instance, value is formed and distributed upon the sale of the commodity. In the latter, value is distributed at the beginning of the process and not at the end. Both analyses comprise different methods for considering the circuit of capital (Marx 1978 [1885]).

More importantly, neither method for valuing constant capital creates any inconsistencies for Marxian theories of value and class. The value circulating remains equal to the value emerging from production minus the value consumed unproductively or hoarded. The total profits of enterprises remains equal to the sum of the surplus value each appropriates minus (plus) the net distributions of value and surplus value each makes to (receives from) others. The so-called 'problem' in the transformation amounts to ignoring the distributions taking place in the purchase of means of production and labour-power. These receipts and expenditures of value in the purchase of commodities shape the deviations of prices from value and profits from surplus-value just as much as the sale of finished commodities.

What is more, the distributions of value and surplus value in the sale of finished commodities and the purchase of means of production are different sides of the same transactions. The purchase of means of production by one enterprise is often the sale of finished goods by another industrial enterprise. So the transfer of surplus-value between them is simultaneously through the purchase of means of production for one enterprise and the sale of finished commodities for the other enterprise. The problem of the transformation is introduced by the attempt to ignore the deviations in profits brought about in the transfer of value and surplus value in the purchase of means of production and labour-power. Once this oversight is corrected, the seeming inconsistencies vanish.

My dissertation will cover the monopoly price-form, production price-form and other price forms in more detail. Here I only want to sketch the broad outline of how one can approach these overdeterminants. The disparity between a commodity's price and its value does indeed facilitate class and non-class distributive processes. Yet the distributions of value and surplus value taking place through price are always situated within other class and non-class processes. The reproduction and struggle over prices therefore has class implications.

For any social site (e.g., household, enterprise, state) within a social-form where commodities predominate, the prices paid for commodities bought and sold constitute deviations from value and therefore distributions and receipts of value. Inversely, the level of prices also overdetermines the quantities of various use-values flowing into and out of the site that constitute and reproduce the site. The level of prices therefore overdetermines the reproduction of any site: how and to what extent the social site

reproduces itself. Moreover each site, through its own reproduction, uniquely overdetermines the reproduction of other sites and other class and non-class processes.⁴

Prices therefore are not, as neoclassical theory would suggest, a matter strictly between the individual buyer and seller in this or that transaction. Instead the prices overdetermine the reproduction of buyer and seller and consequently overdetermine how and in what ways these sites condition other class and non-class processes.

⁴ The consideration of monopoly deviations in price from value could be combined with production price deviations to show how an industrial capitalist in agriculture for example, may be able to reduce the impact of any negative production price deviations and distribute less of its surplus value. The positive $dc_{nc_monopoly}$ and the reduced absolute magnitude in negative production price deviations provide a shorthand for understanding Marx's distinction between monopoly and absolute rent respectively. I will develop this joint consideration of monopoly and production price distributions further in my dissertation.

Chapter 4: Class, Price and Capital in the Exchange of Quasi-Commodities

Once we focus our attention on some of the endless struggles over the distribution of value and surplus value occurring alongside circulation and concentrated in the deviation of price from value, we can see that this deviation can be large or small when compared to the value of the commodity. Or to look at it from another angle, the value of a commodity (w) can be very small compared to the class and non-class distributions of value taking place in the commodity's sale.

In the limit, we find commodities whose value equals zero: these commodities possess no value. They are valueless commodities: commodity *sui generis*, as Marx calls them. I call them quasi-commodities. Quasi-commodities participate as objects of commodity exchange processes without resulting from a productive labour-process. They have exchange-value without embodying any value. Through their exchange-value they become tokens or symbols of value. While we may find it difficult to find pure examples of quasi-commodities or value-tokens, many commodities exist which possess very little value compared to their exchange-value. Equity, debt and insurance instruments all achieve exchange-values of significant size whether or not any appreciable labor intervenes in their creation. Unimproved land typically commands impressive amounts of value though it itself bears no value. The emergence and growing importance of quasi-commodities play their own role in capitalist class processes.

A quasi-commodity is a commodity that possesses no value yet commands exchange-value. Many quasi-commodities participate in capital processes as fictitious

capital. As Marx discusses at some length (Marx 1981 [1894]), strictly fictitious capital commands exchange-value because of the revenue it brings to its owner. Frequently this revenue is in the form of subsumed class distributions of value in the form of an interest payment or dividend or rent. Another form of fictitious capital differs from these strict forms in that it brings with it no guaranteed revenue stream. The only way these commodities become fictitious capital and participate in a capital process is by selling for a higher price than the price at which they were bought. In this case these quasi-commodities become speculative commodities a.k.a. speculative fictitious capital.⁵

Quasi-commodities, whether or not they participate in capital processes, require no labor to produce them. The magnitude of value they bear is therefore zero (0). Their price expression is shown in *Expression 11*:

Expression 11

$$\tilde{p} = w + \square = 0 + \square = d\text{c}lnc_1 + d\text{c}lnc_2 + d\text{c}lnc_3 + d\text{c}lnc_4 + d\text{c}lnc_5 + \dots$$

Whenever value is paid for these commodities it is value paid for no value at all. The entire price of a quasi-commodity is a distribution of value from buyer to seller. Again, the buyer pays a magnitude of value for no value at all. The buyer does this, like any buyer, for the use-value of the commodity purchased. In the case of a coupon bond (a form of fictitious capital, a quasi-commodity), the use value is a stream of value paid over the life of the bond. In the case of an insurance policy, the buyer gets some protection against the adverse effects of unforeseeable contingent events. For the buyer of speculative capital, she hopes to sell the quasi-commodity for a greater amount of value

⁵ State currencies such as US dollars are another category of quasi-commodity. These too become speculative capital though they possess an independent property as quasi-commodities through the force of the state.

than she purchased it: the use-value of a stock with no dividend is its potential to appreciate.

Chapter 4 of my dissertation will discuss several examples of quasi-commodities to consider the metamorphosis of commodity-values and quasi-commodities for any speculator. For example, I will trace through the changes of form as a speculator buys and sells quasi-commodities in both primary and secondary markets. Accordingly we will see how the gains of this speculator come from both distributions of surplus value and non-class distributions of value. I will show how some gains are purely notional as the idealized exchange-values of these quasi-commodities increase. However, among the realized gains the speculator receives are value and distributed surplus value from the buyers of quasi-commodities. For some, the gains from speculation come at the expense and loss of other speculators. Other gains occur when speculators enter quasi-commodity markets for the long haul, allowing others to withdraw large amounts of value immediately. When the long haul ends, whether or not value exists for withdrawal depends on whether and how readily one can find new buyers of these quasi-commodities.

Just as in the buying and selling of commodity-values covered in previous chapters, chapter 4 will trace through the various class and non-class distributions of surplus value and value that funds the gains of the speculator. For example, industrial capitalist enterprises may take a portion of the surplus value they have appropriated and realized in the form of money and purchase quasi-commodities. In this purchase they distribute surplus value into these speculative markets, into the hands of the sellers of quasi-commodities.

In other circumstances an industrial capitalist enterprise may use a portion of its sinking fund to purchase quasi-commodities. As the value transferred by labor from means of labor (equipment) to finished commodity is realized through the sale of those commodities, industrial enterprises accumulate a growing pool of value needed for the eventual replacement of equipment or other fixed capital. Frequently industrial enterprises distribute the value from this sinking fund to quasi-commodity markets through the purchase of fictitious capital.

Non-industrial capitalists, and non-capitalists (including workers) also purchase quasi-commodities and therefore distribute value toward these speculative market places. They typically do this in the name of preserving their value or even augmenting their value and thus come to occupy positions as speculative capitalists themselves.

For workers, the distribution of value towards these speculative markets is often for their eventual retirement. Yet in the transformation of value into value-token these workers (along with the other distributors of value and surplus value into quasi-commodity markets) actually fund the current retirement consumption of other former workers who transform their value-tokens into value. If present-days workers' retirement is to be funded in the future, future workers and non-workers will need to distribute value and surplus value into the same fictitious capital markets. If this occurs, workers can retire, i.e., live while they retire. If this does not occur, their retirement may remain a deferred dream. As Marx argues in his *Critique of the Gotha Programme* (Marx 1996 [1883]B), any social formation may include retirement as one of the legitimate distributions of surplus labor. Under capitalism the distribution of surplus value or any

value toward retirement is left to the reified mechanisms of the market. One can therefore retire as long as the market looks well upon thee.

Quasi-commodities that become commodities and stand as representatives of value merely because of their ability to exchange for value and moreover from the *potential* to sell above the buying price (to participate in a capital process) I call ‘speculative capital.’ With the rise in speculation we witness a transformation of strictly fictitious capital into speculative capital. For Marxian theory the important difference between a debt instrument and an equity instrument is not that the latter represents an ownership, rather it is the relative ease with which an equity instrument can transform itself from strictly fictitious capital to speculative capital. For example an industrial capitalist enterprise may cease distributions of surplus value to shareholders in the form of dividends. Under such circumstances, the equity instrument (now strictly fictitious) no longer symbolizes value due to the dividend. Rather, its exchange-value is shaped by its ability to command potentially greater value than it originally took to purchase it (speculative). While the elimination of a guaranteed revenue stream alters the conditions of existence which allowed this equity instrument to serve as a token of value, the equity instrument can continue as a token of value in its role as speculative capital. In fact, it certainly happens that the elimination of dividends by an enterprise may accompany even immediate rises in its share price.

In my dissertation, I will consider the articulation of speculation across all of these commodity forms: commodity-values and quasi-commodities such as forced currencies, strictly fictitious capital and speculative fictitious capital. The analysis of

quasi-commodities I propose to make is a straightforward extension and application of the theory presented in previous chapters: that commodities possess value and that the value paid for commodities is equal to their price. In this difference between the value and the value paid (or price), distributions of value and surplus value pass between buyer and seller. For quasi-commodities the value possessed is zero: they possess no value. Yet these quasi-commodities also participate in the class and non-class processes of distributing surplus value and value respectively. In so doing, quasi-commodities provide their own unique conditions of existence for capitalist class processes.

Chapter 5: Summary and Conclusions

In the preceding I have shown how the exchange of commodities of different values facilitates a distribution of value between the exchanging parties. The process of value distribution facilitated thru exchange is very straightforward. However once we consider exchange in this light, we gain many other insights. For instance, we can now see how the value distributed through exchange processes can be either distributions of surplus value from direct fundamental class appropriators or it may instead be value not arising as congealed surplus labour at the point of production. Even when *surplus* value is distributed through exchange it may be a somewhat intentional and conscientious distribution — as when an industrial capitalist distributes surplus value to a merchant capitalist through a merchant discount embedded in a wholesale price. On the other hand it may be a subconscious, unintentional and repressed distribution as in the distributions of value and surplus value that tend to equalize the rate of profit. Regardless of the varied levels of awareness of the participants in exchange, each exchange is a site of struggle over the distribution of value. When an exchange involves an industrial capitalist it is also a struggle over the distribution of surplus value: a class struggle.

In the separation of the value of a commodity and the value paid for it in exchange we find a distinction between the magnitude of value borne by a commodity from the magnitude of its exchange-value. In this separation also arises the ability for a commodity to become a quasi-commodity: a token for a magnitude of value other than the value it possesses. Thus the potential arises for two things. First, tokens of value can circulate as commodities even when they do not result from a productive labour process.

Secondly, these tokens can circulate as capital, affording buyers and sellers of these commodities an expansion of value due to both class and non-class processes.

No matter how we account for the individual value of commodities, value increases whenever living labour is performed and its result takes the form of commodities. The amount of value circulating decreases whenever we unproductively consume or destroy commodities (leaving aside hoarding and dishoarding). Commodity exchange distributes value and surplus value as well as use-values among the participants of exchange. All of this occurs whatever accounting we make of the market value of particular sorts of commodities or the individual value of one specific commodity.

In this prospectus, I have only begun to consider a few divergent exchange processes that facilitate the distribution of value and surplus value: such as production prices, wholesale prices and speculative capital prices. In my dissertation, I will further elaborate these price-forms and their associated price-value deviations. I will consider more thoroughly value-prices, wholesale prices, monopoly/monopsony prices, demand/supply deficient prices, production prices, and other price-forms. I will also consider class, in particular the realization and distributions of surplus value associated with these various price-forms. Finally I will show how a Marxian understanding of these prices clashes with and provides insights incomprehensible to mainstream understandings.

Glossary

Here, I layout several terms indispensable for my thesis. My understanding and use of these terms no doubt deviate from the colloquial use of the terms and will likely deviate from other academic and Marxian treatments of these terms. These deviations make it even more important to provide this glossary. These definitions are only preliminary and they may indeed raise more questions than they answer. However, may provide an aide to understanding my thesis.

Class Processes

Class processes are the processes by which surplus labour is performed, appropriated and distributed. Within any particular social formation, the ways that surplus labor is performed, appropriated and distributed can differ in myriad ways. Consequently, we may name the various class processes according to the ways their other (their conditions of existence) overdetermine the class process. Such class processes include: ancient, slave, feudal, and capitalist class processes.

Fundamental and Distributive (and Subsumed) Class Processes

I differentiate two distinct moments of any class process. The fundamental class process includes the simultaneous processes of performing and appropriating surplus labour. The distributive class process is the process of distributing surplus labour. Included within the category of distributive class processes are subsumed class processes wherein surplus labour is consciously distributed to deliberately secure conditions of existence for fundamental class processes.

Non-Class Processes

This term is a catch all for the other infinite processes that are not the performance, the appropriation nor the distribution of surplus labour. These non-class processes are the conditions of existence for any concrete class process. Labour processes, market processes: these non-class conditions of existence overdetermine, shape and constitute the class processes. Within this category of non-class processes, distributive non-class figure prominently within my thesis where value is that is not surplus value from fundamental class appropriators.

Capital Process	A non-class process of self-expanding value. Whenever a process results in more value (in money form or otherwise) than which it began it is a capital process. A capital process may result from a fundamental class process, a distributive class process or from some non-class distributive processes.
Capital	Money, means of production and commodities as they participate in a capital process.
Capitalist class process	A class process wherein surplus labour is received or appropriated in the form of an expansion of value.
Capitalism	A social-formation where capital processes and/or capitalist class processes predominate physically, culturally, economically or politically. The advocacy of such class processes or such a social-formation.
Capitalist	A body that personifies or occupies a position turning value into more value; one who advocates capitalist class processes or capitalist social formations.
Industrial Capital or Industrial Enterprise	A capitalist enterprise that realizes greater value by appropriating surplus value through the employment of productive capital and productive labor.
Non-Industrial Capital (capitalist enterprise)	A capitalist enterprise where value is transformed into greater value through the receipt of distributive class or non-class distributions of surplus value and value and not the direct appropriation of surplus labour in the form of surplus value (including e.g., merchant, money-dealing, financial, and speculative capital)
Commodity Exchange Process	The process where two legally constituted free individuals exchange one or more different objects between one another within juridical contract institutions.
Commodity	One of the objects of a commodity exchange process. We can break down the category of commodity into two sub-categories:
Commodity-value	A commodity resulting from some deliberate intervention of human labour.
Quasi-commodity	The opposite of commodity-value. A commodity existing independent of any deliberate human intervention into its production. The value embodied by a quasi-commodity is zero.
Circulation	This is the complex aggregate of all commodity exchange processes within a particular social formation or social sphere.

Value	The expression of labor's result in commodities. (often used as a short hand for magnitude or measure of value — see below).
Magnitude of Value Measure of Value	The expression of a specific quantity of abstract labor, aka socially necessary labour-time or its result. Typically the magnitude of value is measured in a particular commodity singled out as the measure of value: the money commodity. A magnitude of value may be considered as residing in a particular commodity or production process or one may talk of a magnitude of value independent of its form (money, means of production, commodity)
Price	A magnitude of value in the form of money paid for a commodity.
Exchange-value	The magnitude of value paid for a commodity regardless of its form (money-form or ordinary commodity-form).
Value-token	A commodity whose value approaches zero, yet whose price or exchange value is significantly greater than zero. A commodity representing a magnitude of value through an exchange value different than its value (see also quasi-commodity).
Use-value	A useful thing. The usefulness of such a useful thing: its utility.

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