A CRITIQUE OF MOSELEY'S *MONEY AND TOTALITY*

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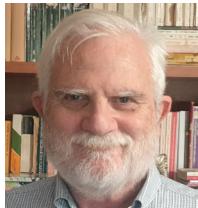
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Abstract: In his macro-monetary interpretation of Marx's theory of value, Fred Moseley claims that Marx's prices of production should be considered as the long-run equilibrium condition of capital reproduction under the assumption of given technology and given capital distribution. Moseley's methodological interpretation depends on the claim that the general rate of profit is completely predetermined in the first two volumes of *Capital*. I argue to the contrary that though Moseley shows the inadequacy of the Standard Interpretation, he fails to provide a convincing description of Marx's category of prices of production. The production of the new total value and total surplus-value cannot be considered as simply determined by the initial conditions of production; if we want to describe how prices of production are formed and the role they play in the social reproduction of capital, we should recognize that in social reproduction this process develops temporally through an intertwined relation between the production, circulation and distribution.

Keywords: turnover of capital; prices of production; transformation problem; general rate of profit; temporal single-system interpretation

1. Moseley's Macro-Monetary Interpretation

Fred Moseley's *magnum opus, Money and Totality*, the fruit of 20 years' study and work, is representative of a fundamental divide in Marxian literature and offers an ambitious synthesis of the main new interpretations of Marx's value theory since the 1980s. Moseley's target is mainly the Standard Interpretation of Marx's theory of value in the Bortkiewicz–Sweezy–Steedman tradition; in

contrast with this interpretation, he shows that Marx's theory should not be charged with inconsistency on the basis of a logical method that is not Marx's.[1] Like other scholars, Moseley rightly argues that the alleged faults ascribed for over a century to Marx's transformation of value into prices of production are unsubstantiated. Marx did not fail to transform constant capital and variable capital as inputs because "no such transformation of the inputs" is necessary (Moseley 2016, 223) and his "theory of prices of production is logically coherent and complete" (4).[2] However, though Moseley's arguments suffice to show the inadequacy of the Standard interpretation, he falls short of providing a full description of Marx's category of prices of production. Clearly, the methodological part of the book is central: I will focus on it.[3]

According to Moseley, Marx's "logical method" distinguishes two main levels of abstraction in the three volumes of *Capital*. In Volume I and Volume II, Marx develops the analysis of capital in general ("the *most essential properties which are common to all capitals*" (Moseley 2016, 43; emphasis in the original), which determines the total surplus-value produced (the macro theory); this total is then taken as a "predetermined given" (5) amount in the second level of abstraction (competition or many capitals) concerning the distribution of total surplus-value in Volume III (the micro theory). This concerns first of all the equalization of gross industrial profit rates across industries (with the formation of the general rate of profit) and then its division into profit of enterprise, commercial profit, interest, and rent (Moseley 2019, 104).

Though I agree with several arguments made by Moseley in his controversy with David Laibman (Laibman 2018a; Moseley 2018; Laibman 2018b; Moseley 2019), I find Moseley's interpretation requires further development. I will argue that the production of new total value and total surplus-value cannot be considered as simply determined by the initial conditions of production because the social reproduction of capital develops temporally over historical time. Marx's "long run," which concerns this historical evolution, is replaced in Moseley's interpretation with an ahistorical equilibrium condition that refers only to the current period.

In treating the *total* surplus-value as a given result of Marx's Volumes I and II analysis, and especially in interpreting production prices as "equilibrium" prices, Moseley conveys the misleading idea that the production of value is an accomplished process that remains unaffected by circulation and by the distribution of surplus-value between industries (a point also raised by Laibman [2018b, 414]). For reasons of space, I will focus on addressing only the general methodological issues, and on Moseley's critique of Temporal Single-System Interpretation (TSSI) scholars (which centers on his claim that inputs enter production at replacement costs), and I will also address his dispute with Laibman.[4]

2. A Short Answer

There is a short answer to the problems that arise from Moseley's interpretation of the transformation of values into prices of production: he focuses his attention only on the ideal final condition eventually reached in the (theoretical) long run, when all industries' average rates of profit are already equalized and market prices oscillate around equilibrium (stable?) prices of production.[5] I underscore the term "equilibrium" because Moseley does not describe this process but only its presumed final ideal position in the long run: "In the *actual* [?] capitalist economy, the long-run equilibrium prices of commodities are equal to their prices of production, not to their values" (Moseley 2016, 7; emphasis added). Indeed, Moseley's interpretation may be considered a legitimate attempt to describe a *static* determination of Marx's prices of production, in line with what is done by Marx himself in the famous Chapter 9 of *Capital* Volume III (Engels's edition), introducing the tables so much criticized in the long debate on the transformation of values into prices of production.[6]

Unfortunately, Moseley's generalization of this provisional achievement obscures the much richer (albeit incomplete) analysis developed by Marx in Chapter 10, when he further develops the results reached in Chapter 9 (Engels's edition):

> Between those spheres that approximate more or less to the social average there is again a tendency to equalisation, which *seeks a possibly ideal mean position*, i.e., a mean position *which does not exist in reality*. In other words, it tends to shape itself around this ideal as a norm. (Marx [1864–1865] 2015, 284; emphasis added)

The reference to a "possibly ideal mean" in this quote exactly specifies an inner characteristic of the general rate of profit, an average that "does not exist in reality" and is only continuously regenerated by the different industries' average rates of profit (as I will argue below) that can only approximate this changing social average.

On the following page, Marx raises the key question for the formation of the general rate of profit and the associated prices of production (Marx [1864–1865] 2015, 285): "The really difficult question here is this: how does this equalisation of profits or this establishment of a general rate of profit take place, since it is evidently a result and cannot be a point of departure?"

This is the difficult question that Marx raises and Moseley does not address in his book. Can we assume the existence of periods of reproduction without any changes in the technological structure of social reproduction? Though for the sake of a provisional simplification we assumed the existence of such a possibility, should not we describe at least the transition of the social reproduction from a

period with constant technology to another period of (changed) constant technology? What does it happen to the prices of production in the meantime? Do they simply instantaneously change from a level to the next? Should it not be better to recognize that capitalism is characterized by a continuous revolution of the methods of production (and circulation)? The existence of a continuous, irregular, even if partially accomplished, process of equalization and redistribution of surplus-value affects methods of production, the productivity of labor, and the process of circulation as well (in turn this latter can be the starting point for innovations in the process of production).

Is it sufficient to describe the social condition of reproduction of capital in the long period as if it were characterized by constant average productivity in all industries (as Moseley does)? Maybe, only as a first approximation. Moseley's long period is "logical" or "theoretical" (Laibman 2018b, 416) rather than an actual "historical" period. I agree with Moseley that it is the alleged *logical* inconsistency of Marx's theory of value that has been the main ground on which the debate has developed for a century. However, looking back at this debate from the results that Moseley and other scholars have reached[7] we have to recognize that this ground has been chosen mainly by non-Marxists (or even Marxists) who were not able to appreciate that the social reproduction of capital develops temporally over historical time.

Confining the analysis to the static determination of prices of production is reasonable as a provisional approximation as long as other fundamental elements are not lost or obliterated in doing so. Marx develops his analysis at different levels of abstraction, making provisional assumptions that are successively removed and discussed at lower and more concrete levels. The more abstract levels of analysis are progressively encompassed with the aim of building the *real* unity of the social process of capital reproduction in its historical evolution. Unfortunately, Moseley does seem to have underplayed this methodological approach.

3. Methodological Issues

Moseley singles out two main *separated* levels of analysis in Marx's *Capital*, the first, developed in Volumes I and II, devoted to determining the total production of surplus-value and the second, developed in Volume III, devoted to describing the distribution of this predetermined surplus-value between capitalists; I find this description misleading. Indeed, Marx's method uses, step-by-step, different simplifying assumptions, which he systematically removes when his analysis proceeds at a lower level of abstraction. In the first page of *Marx's Economic Manuscript of 1864–1865*, Marx explains the need to carry on the work already set up in the third part of Volume II of *Capital*:

> We have seen that the production process, considered as a whole, is a unity of the processes of production and circulation. This point was examined more closely when we considered the circulation process as a process of reproduction (in Chapter Four of Book Two).[8] <*It cannot be the purpose of the present book to make general reflections on this "unity".* What is necessary is rather to discover and present the concrete forms [Formen] which grow out of the process of capital, considered as a whole. (Marx [1864–1865] 2015, 49; emphasis added)[9]

What Marx really does in the first two chapters of this manuscript is to analyze the mutual impact of the processes of production and circulation—that were provisionally considered in their isolated form in most parts of Volumes I and II—adding the level of competition and distribution of total surplus-value between many *industrial* capitals. In the successive Chapters 4–6, he develops the analysis of distribution of surplus-value among profit of enterprise (industrial or commercial profit), interest and rent, an analysis that shows the impact exerted by circulation and distribution on the process of production and on the determination of the new *total* value and *total* surplus-value produced.

3.1 The Provisional Assumption of Volumes I and II of *Capital*

In Volumes I and II, Marx generally assumes that commodities are always exchanged at their full value because the analysis is focused on the unfolding of the different forms of value, so that problems of realization through circulation are left behind, in the backstage of the analysis, as well as those arising from the not yet developed form of value represented by the price of production (Marx [1890] 1976, 269).[10] Successively, Marx removes this assumption and discusses the problems arising from competition and the distribution of capital between the various spheres of production.

As long as the analysis is focused only on separate analyses of the production and circulation of commodities, the divergence between supply and demand can be assumed as not problematic; this is why Marx could safely maintain the assumption of exchange at value in most of the first and second volumes of *Capital*, concentrating his analysis on the pure forms of value relations. However, when in the end the discussion regards "a whole branch of production," such an assumption is no longer justified and in the manuscript for *Capital* Volume III, Marx reminds us how provisional this assumption was:

> As long as we were dealing only with an individual commodity, we could presume that the need for this specific commodity was already included in the price, without having to go in any further detail into the *quantitative* [emphasis in the original] extent of the need which had to be satisfied. But *the quantity is a vital factor*, as

soon as we have on the one hand the product of a whole branch of production and on the other the social need. It now becomes essential to consider the *volume*, hence the quantity, of this social need. (Marx [1864–1865] 2015, 295; emphasis added, except where noted)

The quantity then "is a vital factor" and "the *quantitative* extent of the need which had to be satisfied" reveals without any doubt that the double character of labor does not represent a pure definitional description of two separate features of labor in the capitalistic mode of production. Abstract labor, labor *sans phrase* exerted during the process of production, is not a sufficient condition for its social validity, use-value is the precondition of its exchange-value, a precondition that also represents a quantitative bind; abstract labor has to be exerted with the appropriate measure required by the volume of social need. This appropriate measure cannot be ascribed only to the efficiency with which the process of production is carried out; it is a measure that is also given by the quantitative extent of the social need that reveals itself, on average, through the commodity purchases in a given period of time. The same decisive reference to the role of commodity purchases is repeated a few pages later (Marx [1864–1865] 2015, 297) and is again emphasized in the introduction of Chapter 6 of *Marx's Economic Manuscripts of 1864–1865* (introduction to Part Six of *Capital* Volume III) devoted to the transformation of surplus profit into ground-rent, when Marx emphasizes that,

whereas in the case of the individual commodity [its] use-value depends on its satisfying in and of itself a social need, in the case of the mass social product it depends on its adequacy to the *quantitatively specific social need* [emphasis in the original] for each particular kind of product and therefore on the proportional division of labour between these various spheres of production in accordance with these social needs, which are quantitatively circumscribed. (*This point should be introduced in connection with the distribution of capital between the various spheres of production*). (Marx [1864–1865] 2015, 733; emphasis added, except where noted)

To argue, as Moseley does, that the total surplus-value is logically predetermined in Volumes I and II of *Capital* obliterates the provisional character of Marx's assumption on the equivalence between value produced and value realized, putting aside the influence on the formation of surplus-value exerted by the phenomena that intervene in the processes of circulation and distribution. This consideration is usually neglected in the debate on the transformation of values into prices of production because it is assumed that the transformation should be analyzed as an isolated process that should not consider realization difficulties. However, I believe that this approach is wrong from a methodological point of view, since it is not so much the realization in itself

that is problematic, but rather the fact that the redistribution of capital between the different industrial sectors of the economy changes the process of circulation and this, in turn, changes the conditions for the reproduction of capital.

According to Marx, the *tendency* to the equalization of profit rates influences the conditions of production of total surplus-value that in turn will affect the actual equalization process. The distribution of capital between the various spheres of production will change as well, together with the average productivity, as Marx writes:

> Since the general rate of profit is determined *not only* by the average rate of profit in each sphere, *but also by the distribution of the total capital between the various particular spheres, and since this distribution is constantly changing*, we have again a constant source of change in the general rate of profit — but a source of change that also becomes paralysed, *in part* [emphasis in the original], given the uninterrupted and all-round character of this movement. (Marx [1864–1865] 2015, 281; emphasis added, except where noted)

Moseley himself recognizes the influence of the distribution of the total capital and points out that "The general rate of profit depends in part on the distribution of capital across industries" (Moseley 2016, 91). On the following page, he repeats, "The average rate of profit is simply a way of showing the dependence of the general rate of profit on the distribution of capital across industries" (92), and finally adds "In Volume III, Marx emphasized this point about the general rate of profit as a weighted average, in order to highlight the dependence of the general rate of profit on the distribution of capital across industries" (92). Nonetheless, these correct remarks do not really play any role in Moseley's interpretation of Marx's prices of production.

Moseley emphasizes that the determination of the general rate of profit can be obtained both as the ratio of total surplus-value to total capital advanced and, in alternative, as the weighted average of the industries' average rates of profit, he then proceeds in his analysis utilizing only the ratio of total surplus-value to total capital advanced. Though these two results are algebraically equivalent, the weights of the different industries' average rates of profit should remind us that the distribution of capital across industries could change. Nonetheless, Moseley overlooks this possibility and assumes that the distribution of capital across industries is also given:

> In this formulation of the average rate of profit, the surplus-value produced in each and every industry *is taken as given*, as already determined. Hence, in effect the total surplus-value produced in all industries together is taken as given, and thus so is the general rate of profit. (Moseley 2016, 92; emphasis added)[11]

Thus, it is not Marx but Moseley who assumes the total surplus-value as logically predetermined before the analysis concerning the distribution of capitals and the determination of prices of production be undertaken.

If Moseley's interpretation really regarded the formation of the general rate of profit that takes place in the long run, he should not have considered this rate as a given, predetermined. If the inputs were those actually advanced at the beginning of a long period, their prices of production could never have been equal to those of the outputs, because the process of equalization would have changed the distribution of capital between the various industries and for the same reason the general rate of profit could not have been considered as given. Moseley is therefore describing a static position of "equilibrium" (assuming no changes) and his interpretation leaves unexplored the process of equalization that takes place temporally, affecting the conditions of production of total surplus-value as well as the determination of the general rate of profit.

3.2 The Continuity of Reproduction

Of course, while in the way of presentation it is useful to separate the analysis between different levels of abstraction, this is not true for the description of the real processes. At a more advanced level the analysis must encompass all the results reached at higher levels of abstraction, removing the previous, provisional, assumptions. The results of the circulation and production processes analyzed in Volumes I and II are not considered as given by Marx when he discusses the process of distribution of gross profit between different industries and when he discusses, at a lower level of abstraction, the process of distribution between profit of enterprise, interest, and rent in the manuscript for Volume III of *Capital*. The circulation process within each sector cannot fail to be affected by the changing distribution of capital that results from the equalization process (which implies a continuous flow of capital between industries with different average profit rates) (Marx [1864–1865] 2015, 313–314); conversely, the latter, in turn, cannot fail to bring about changes in the circulation process. The two processes of circulation and distribution are intertwined together; in the same way the process of production must also be considered intertwined to their development. It should be sufficient to remind the key distinction between the *real* and *annual* rate of surplus-value made by Marx in Chapter 16 of the second part of Volume II to realize that the production of the annual surplus-value is affected by the circulation process.

Furthermore, when Marx describes the circuit of industrial capital in *Capital* Volume II, he considers it "not only as the unified process of production and circulation but also a unity of all its three circuits" (Marx [1893] 1978, 183). This means that there is no way that the three different phases of the circuit of money

capital could be accomplished successively *and* in isolation, only one after the other; Marx emphasizes that each part of the capital advanced goes through one phase while, *at the same time*, another part goes through another phase. If it is true that for each part of the industrial capital advanced by an individual capitalist the succession of each phase implies that the surplus-value already produced is given for the subsequent circulation phase (as argued by Moseley), it is also true that in a given period there is not only one circuit of capital that unfolds its process, the other parts of the industrial capital advanced also unfold their processes of total circulation which may be different from each other (throughout the equalization process). Production and circulation are not only part of a succession of phases, but they are also contemporary; production and circulation of different parts of capital advanced unfold together, to guarantee the continuity of reproduction. The distribution of the total surplus-value is realized *throughout the entire period of reproduction* considered and the interplay between the phases of production and circulation of different but connected parts of capital advanced cannot help but affect the amount of surplus-value produced. In Moseley's *logical* two levels of interpretation this interaction gets lost.

In his reply to Laibman on the interaction between the conditions of production and distribution, Moseley argues that there is no evidence in Volume III of *Capital* of such an interaction (Moseley 2019, 107). This claim completely puts aside Chapter 10 and Chapter 18 of Volume III (Engels's edition), which have explicit titles ("Equalisation of the General Rate of Profit through Competition. Market Prices and Market Values. Surplus Profit" and "The Turnover of Merchant's Capital. Prices"). For textual evidence see, for example, Marx ([1864–1865] 2015, 295–297) and Marx ([1864–1865] 2015, 415). Indeed, it should be clear that the process of redistribution of capitals, which seek the best opportunities for their profit rates, changes the conditions for the reproduction of total surplus-value.

3.3 Two Different Distributions

The other methodological problem that arises in *Money and Totality* is that Moseley conflates in one level of distribution two different distributions that Marx discusses separately. The first one regards the distribution of total gross profit between industrial capitals; the second one concerns the distribution of this gross profit among profit of enterprise, interest, and rent. This second level of analysis is not neutral with respect to the impact on the total surplus-value produced annually. In fact, Marx emphasizes the role played by the mercantile capital on the turnover time of industrial capital:

> As far as productive [industrial] capital is concerned, its turnover expresses on the one hand the periodicity of reproduction and therefore depends on the

amount of commodities put on the market over a certain period of time. On the other hand, the circulation time also forms a limit, even if one capable of extension, which may have a more or less constricting effect on the formation of value and surplus-value, because it has an impact on the scale of the production process. Thus, the turnover exerts its *determining function* [emphasis added] on the mass of surplus-value annually produced and therefore on the *formation of the general rate of profit*.

The average *rate of profit*, on the other hand, is a given magnitude as far as mercantile capital is concerned. Mercantile capital does not have a direct effect on the creation of profit (surplus-value) and it enters as a determining element into the formation of the general rate of profit only in so far as it draws its dividends from the mass of profit that productive capital produces, according to the proportion that it forms in the total capital. (Marx [1864–1865] 2015, 415; emphasis in the original, except where noted)

Here is stated in plain terms the active function exerted by the turnover time in the formation of the general rate of profit; it is not the other way around, a given annual surplus-value spread over the single circuits. Commercial capital or money-dealing capital cannot create value; however, to the extent that their activities reduce the circulation time of industrial capital, they allow a shorter period of reproduction and an increased number of circuits for the capital advanced by the industrial capitalists and therefore a greater *annual* surplus-value created by the workforce employed by these industrial capitalists.

It should be clear that *I totally agree* with Moseley that Marx argues that the amount of surplus-value *already* produced could only be distributed and could not be changed by its distribution; however, we should also follow Marx's circular (and spiraling) description of the process of reproduction, so that the result of each circuit of capital advanced establishes the new conditions for the following (eventually enlarged) circuit. Moseley should recognize that in each period of reproduction there are distinct circuits for the capitals advanced and these circuits encompass their circulation times and the distribution of surplus-value produced in each circuit. These circulation times are obviously affected by the functions developed by commercial capital and by money capital. Can we assume that these circulation times are given as well? I do not think so. To assume that circulation time is completely determined in the second volume of *Capital* would considerably disrupt the analysis developed by Marx in the third volume of *Capital* and would fly in the face of Marx's explanation of the roles played by commercial capital and money capital, so that we would lose the rationale base to understand the functions of the different forms of capital and their internal conflict.

3.4 The Assumption of Constant Productivity of Labor

Moseley claims that the prices of production of commodities employed as inputs and the prices of production of the same commodities obtained as outputs of the production process are equal, in the case of constant productivity of labor and given real wage.[12] To support his choice to assume constant technology and no productivity or real wage changes, Moseley argues (2016, 303): "All interpretations of the transformation problem, including mine and Kliman's, have assumed constant technology." Besides the fact that Kliman does not claim to assume constant technology, this assumption is reasonable only as a first step of analysis. If, for the sake of simplicity, it may be useful to begin the discussion with an abstract hypothesis of no technological change, this is not a sufficiently general condition for demonstrating the validity of Marx's theory of value.[13] Furthermore, from the assumption of constant technology does not follow constant average productivity and constant industries' rates of profit (as I show in the Appendix to this article). In the case of no technological change, the redistribution of capitals between different industries—for the equalization process—will have an impact on the (industries' average) socially necessary labor time (as well as on the turnover times of capitals) and therefore on the prices of production, so that the general rate of profit cannot be established *ex ante, before* the process of equalization develops.

If Moseley does not describe the process of equalization of industries' average rates of profit and his description is only the *static* account of Marx's prices of production, why does he need such an assumption? In a particular condition, when prices of production of inputs and prices of production of outputs are equal and the industries' average rates of profit are equalized, why should changes in the productivity of labor matter? In any moment, productivity is what it is. Its constancy or change does matter only if there is a dynamic, a historical evolution, that is taken into consideration.

Since this assumption of constancy is apparently superfluous, what is its role in Moseley's interpretation? I suppose that this assumption allows the use of the term "equilibrium." Then, Moseley seems to argue, if productivity (or real wage) does not change, there are no reasons why prices of production should change so that they may be considered equilibrium prices, a long-run rest point. Unfortunately, Moseley does not provide a description of the process that in the long run should bring to these "equilibrium" prices of production—this is not his intention anyway, I suppose— therefore, he does not describe the transformation of values but only the relations between values already transformed into prices of production. Since the input and output prices of production are the same, the general rate of profit in the period is the same as that determined in the previous period; there is no need for a redistribution of capitals from less remunerative to more remunerative sectors, because the redistribution of total surplus-value can be realized

simply applying the previous general rate of profit. I find this solution unsatisfactorily but, differently from Laibman, coherent.[14]

To be clear, it is not true that assuming constant productivity of labor implies no change in the general rate of profit during the process of equalization. In the following section, I will focus my attention on the last example of a misleading generalization which is related to the differences between the prices of production of inputs and outputs.

3.5 Replacement Cost Prices

The different evaluation of the prices of production of inputs and outputs and the different period of reference constitutes the break points between Moseley and Kliman (and TSSI) interpretations. The former advocates the *long*-run equilibrium prices of production while the latter supports a *short*-run *disequilibrium* interpretation of Marx's prices of production. For Kliman, the prices of production of inputs and outputs change from one period to the other and are going to converge *only* under the constraint of simple reproduction; for Moseley, the interpretation is just the opposite: the initial prices of production of inputs are by definition the same as the final prices of production of outputs, just because these prices are considered as long-run *equilibrium* prices:

> I argue that my interpretation of sequential determination does *not* [emphasis in the original] assume disequilibrium and instead *assumes* that the economy is in a state of long-run equilibrium, and that *this is the reason why input prices are equal to output prices*: not because input prices are determined simultaneously with output prices, but because the economy is in long-run equilibrium. (Moseley 2016, 324; emphasis added, except where noted)

Indeed, the definition of input prices constitutes a very technical controversy between Kliman and Moseley; Moseley considers his input prices as a current (replacement) cost (Moseley 2000, quoted by Kliman 2007, 69–70), while Kliman argues that in Moseley's interpretation they should be more precisely considered as a *post-production* replacement cost of input (Kliman 2007, 35, 95–105). I suppose that, somehow, Moseley recognizes that his interpretation can only describe an *ideal* condition and this is why he suggests a way to get around it. Moseley, in fact, considers the possibility that input prices may be different from output prices, and to get rid of their differences he introduces the caveat to evaluate input with its replacement cost (what it would cost to replace the means of production when the output is sold), rather than at its effective price of production.

To better understand these alternative interpretations, it may be helpful to examine a brief example provided by the following passage from Chapter 8 of *Capital* Volume I:[15]

> The value of a commodity is certainly determined by the quantity of labour contained in it, but this quantity is itself socially determined. If the amount of labour-time socially necessary for the production of any commodity alters—and a given weight of cotton represents more labour after a bad harvest than after a good one—*this reacts back on all the old commodities of the same type*, because they are only individuals of the same species, and their value at any given time is measured by the labour socially necessary to produce them, i.e., by the labour necessary under the social conditions existing at the time. (Marx [1890] 1976, 318; emphasis added)

Of course, the expression "reacts back" cannot be referred to the money *anticipated* in the production of commodities (as Moseley suggests in his book); that money has been *already* spent and its magnitude has been *already* determined, what is affected is the value of the *new* commodities that have not been sold yet (and the raw materials not yet used in the process of production).

Indeed, in *Marx's Economic Manuscript of 1864–1865*, there seems to be support for what Moseley claims about the evaluation of input prices at their replacement costs; we can read Marx's argument as follows:

> If the price of a raw material rises—cotton for example—the price of cotton goods rises as well: both semi-finished goods such as yarn, which are produced with cheaper cotton, and finished products such as cloth, etc. And cotton that has not yet been worked up, but is still in the warehouse, rises in price, as does the value, finally, of the cotton that has already entered the process of manufacture. As the retrospective expression of more labour-time, this cotton adds a higher value to the product which it enters into as an ingredient than it possessed originally and then *the capitalist paid* for it. (Marx [1864–1865] 2015, 216; emphasis in the original)

Here Marx is saying, "the capitalist paid," in the past, a lower value and as a consequence of the "increase in the price of raw material" the value of the finished goods and semi-finished goods rises as well:

> Thus, if an increase in the price of raw material takes place with a significant amount of finished goods already present on the market, at whatever stage of completion, the value of these commodities rises and there is a corresponding *increase* in the value of the *available capital*. (Marx [1864–1865] 2015, 216; emphasis added)

At this point Marx clearly specifies that the increase in the price of raw material has a consequence not only for the value of the finished goods (that rises) but also for the *following* process of production that will employ raw material at a higher price. In fact, the appreciation of finished goods will likely compensate the *successive* fall in the rate of profit "that accompanies the raw material's rise in price":

> This appreciation can compensate the individual capitalist, or the whole of a particular sphere of capitalist production—even more than compensate perhaps—for the fall in the rate of profit that accompanies the raw material's rise in price. > The same is true for the supplies of raw materials and semi-finished articles the producer has available to hand, lying in the warehouse. < (Marx [1864–1865] 2015, 216)

The important point here is not so much that raw materials are evaluated at their reproduction costs but rather that these costs affect the *successive* rate of profit. What the capitalist has paid in the past for raw materials *cannot be changed* by the rise in the price of raw material. Furthermore, Marx argues that this evaluation at the reproduction cost is not a general rule, in fact the previous passage continues as follows:

> Without going into the detailed effects of competition here, we may remark for the sake of completeness that (1) if there are substantial stocks of raw material in the warehouse they will counteract the rise in the price of the raw material, and (2) if the semi-finished or finished goods weigh heavily on the market, *they may prevent the prices of these goods from rising in proportion to the prices of their raw materials*. (Marx [1864–1865] 2015, 216; emphasis added)

Each time the stocks of raw materials, semi-finished and finished goods "weigh heavily on the market," their price (and of course value) may not rise "in proportion to the prices of their raw materials." Here Marx brings in his analysis of circulation: the value of what is produced is not necessarily determined only by the previous condition of production or the new technical conditions of reproduction, the quantitative determination is also affected by the relation between supply and demand (the social need backed by money). If this latter is below (or above) the current supply, the determination of the socially necessary labor time cannot be considered as completely given before taking into account the process of circulation. This of course does not mean that the process of circulation *creates* value as much as the increase in value (eventually) resulting from the re-evaluation of the value of inputs with the prices of production of the outputs, suggested by Moseley, does not imply to create value.

4. Which Way Forward

In his critical comments to Moseley's book, David Laibman (2018a, 33) makes a shareable and reasonable remark on the need to "embrace the general possibility of errors made by Marx," especially considering the rough nature of his manuscripts for Volumes II and III of *Capital*. This, of course, should be done with a grain of salt, avoiding repeating the errors made by his predecessors who have been so thoroughly criticized by Marx himself.

In his book Moseley had already emphasized the limits of starting the analysis with physical quantities as Sraffa does (Moseley 2016, 10). In his reply to Laibman's article Moseley recalls how different Sraffa's logical method is from that of Marx (Moseley 2018, 151) and remarks how "the most striking feature of Sraffa's framework . . . is the *complete absence of money*." Furthermore, Moseley points out that the so-called iterative method to derive the prices of production, suggested by Laibman, can use as initial magnitudes "any set of arbitrary numbers," in fact, the "insignificance of the initial magnitudes is one of the characteristics of using this iterative method to solve a system of simultaneous equations" (Moseley 2018, 158), with the obvious consequence of voiding the labor theory of value of any meaning.[16]

In addition to the agreeable reply made by Moseley on the Sraffian approach, I would at least mention the distinction between the category of fixed and circulating capital developed by Marx in the second volume of *Capital*, where he thoroughly criticizes Adam Smith and David Ricardo for the confusion made on the definition of these categories. Marx shows how the attempt to start from the physical characteristics of goods leads to being trapped in inevitable contradictions, but above all he demonstrates that the only way to avoid these contradictions is to use the money-capital circuit (Marx, Chapters 10 and 11 of *Capital* Volume II). Any other approach that assumed as a starting point the physical characteristics of goods would inevitably encounter the same difficulties.

I mentioned this problem because it is linked to the influence exerted by the sphere of circulation on the production of the total surplus-value in a given period. In fact, the role played by commercial capital and money capital modifies the time of circulation of industrial capital, and therefore the turnover times of the industrial capital advanced, so that the *annual* rate of surplus-value is affected as well (even assuming a constant *real* rate of surplus-value). There is no way that starting from the physical quantities of goods, as the Sraffian approach does, we can determine the turnover times of capital.

Given the space constraint, I would like to single out two main points from Laibman's articles on Moseley's book. On the negative side, I disagree with the

charge of inconsistency raised by Laibman against Moseley. At first, Laibman notices that if the transformation of capital advanced has already been accomplished, "Marx's story is literally accurate; there is a single transformation in which the production-price form of value is determined" (Laibman 2018a, 28–29). He then underscores one of the main claims of Moseley's book: "the values of means of production and the elements of the wage are not transformed, because *they are already transformed: they are already prices of production*" (Laibman 2018a, 30; emphasis in the original). Finally, Laibman criticizes Moseley, who argues that even though the capitals advanced are values already transformed into prices of production there is still a new transformation:

> If the constant capital and variable capital elements are based on prices of production—the rationale for excusing Marx, and the rest of us, from any need to transform them—then these prices of production *must be fully formed at the outset*. But then the pooling-and-redistribution of surplus value, which is the whole point of the exercise, *cannot happen*. If the capitalists look, after production, and see equal rates of profit everywhere, there is no incentive or need to shift capital from lower to higher rates, and no process of price-of-production formation can take place; *of course*, since, as we have been told, the input goods (both categories) are *already* at prices of production. But if there is indeed a pooling-and-redistribution and transformation, then *prices change*; this contradicts the original premise that prices (of production) were already in existence. (Laibman 2018a, 32; emphasis in the original)

If Moseley was claiming to describe in his book the process of redistribution of capital between industries, Laibman would have been right. On the contrary, I suggest that this is not what Moseley is doing in his book. In this static approach, even though in the previous period the production prices had already been established, the need for the transformation of values would still be present, because the production of value and surplus-value would still be realized in proportion to the variable capital employed instead of in proportion to the advanced capital. In this case, there would be apparently no need for a redistribution of capital between sectors because in each industry it would be possible to simply apply the previous rates of profit.

Indeed, I disagree with both Laibman and Moseley, because they share the idea that prices of production are equilibrium prices. They consider only the final result of the *tendency* toward equalization of industries' average rates of profit, obscuring not only how this *tendency* operates but also the contrasting *tendency* toward disequilibrium continuously regenerated by capitalists who introduce innovations for their

endless pursuit of the highest possible rate of profit. There is no need to assume the initial existence of prices of production; the money-form of capital advanced is not bounded to the form of prices of production. Money capital can be advanced without being the result of values already fully transformed into prices of production. This is also a logical necessity; if something could not exist without being already transformed, it would make no sense to investigate the process of its transformation.

The second point on Laibman's articles that I want to point out attains his more interesting criticism to Moseley (Laibman 2018b, 414; emphasis in the original):

> distribution . . . is fundamentally determined by the structures of power between and within the contending classes formed in the actual process of production. From this, however, should we conclude that the conditions of distribution have *no effect whatsoever* on production or its measurement? That production of surplus-value and its distribution are rigidly separated, with causal determination running simply from the former to the latter? Production is fundamentally determinative of distribution—see the double right-facing arrow in the figure just below—but with a reverse (secondary) causal chain, represented by the single left-facing arrow in the figure.

$$\text{Production} \underset{\leftarrow}{\overset{\Rightarrow}{}} \text{Distribution}$$
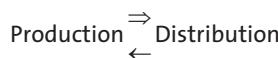
I agree with this criticism. However, I notice that Laibman is in a contradictory position since at the same time he argues in favor of the iterative method. On the one hand, he recognizes the mutual link between production and distribution; on the other hand, he still devotes his energies to putting forward the notion of theoretical time, denying, therefore, that the circulation time could be so real as the production time. He apparently forgets that Marx has already provided the analysis of circulation time and a clear way to deal with the *historical* evolution that characterizes the process of reproduction. But then, Laibman should put aside the analysis based on physical quantities in favor of the analysis based on the circuit of money capital (that Moseley instead takes in high consideration).

5. Conclusions

It seems to me that Moseley is so concerned with stating that value is produced only during the production process (and of course I agree with him), that he

overlooks the fact that the circulation process alters the conditions of production due to the circularity of the reproduction process. The industrial cycle of capital encompasses both production and circulation as *contemporary* phases that allows for the *continuity* of its reproduction. From this point of view, there is not a level of production of surplus-value predetermined in the first two volumes of *Capital* followed by its distribution described in the third volume, because *the distribution of surplus-value takes place throughout the entire period considered and not at the end of it*. This distribution does not imply the "pooling" and then the final redistribution of total surplus-value as suggested by Laibman, but it implies a flow of industrial capitals which redistributes them across the different sectors of the economy, as well as implies the remuneration of the different forms of capital and of rent, throughout the entire period; this obviously modifies the circulation times of industrial capitals, the industries' average productivity, and the surplus-value produced. Furthermore, it should always be reminded that the tendency to the equalization of industries' average rates of profit is also counteracted by the opposite, contrasting, tendency toward disequilibrium continuously regenerated by capitalists who introduce innovations for their endless pursuit of the highest possible rate of profit; this means that the prices of production cannot be considered as the results of an ideal condition of equilibrium.

Moseley takes for granted that "competition has to do primarily with the distribution of surplus-value and the division of the predetermined total amount of surplus-value into particular forms and individual parts" (Marx [1864–1865] 2015, 27). Indeed, leaving aside the process of equalization, claiming that it regards a lower level of abstraction that regards only the fluctuation of market prices amounts to leaving aside the entire analysis of competition.[17]

As well emphasized by Roberto Fineschi (2013), competition is part of a level of abstraction that is prior to and more abstract than the level that takes into account the subdivision of surplus-value among its different parts, namely profit of enterprise, commercial profit, interest, and rent. What characterizes the level of abstraction both in Volumes I and II of *Capital*[18] and in the first section (first part) of Volume III is the absence of the "troubling effects of competition and realization problems," "Marx wants first to study how categories work in pure conditions," and this is why he adopts two "clauses of abstraction" (Fineschi 2013, 80–81):

1) all produced commodities are sold and all means of production can be purchased without problems on the market; that is: circulation- and realization-difficulties are for the moment left out of consideration; 2) it is

presupposed that surplus-value is not divided into specific and more concrete forms such as profit or interest or rent, which belong to a more determined and advanced level.

In the second section (second part) of Volume III, the first clause is dropped and competition plays a crucial role in how the general rate of profit is formed. Capitals are considered in their free movement; the investigation is on the dynamic generated by competition among capitalists *within* each branch and *across* branches, because their rates of profit are no longer assumed as given, and the general rate of profit becomes result and condition of this dynamic. The distribution realized through competition does not regard an amount of surplus-value already given; it is a process that evolves through time with a continuous interplay between the two processes of production and circulation:

> In the circulation process, *labour-time is restricted by the circulation time*, which has an impact on the amount of surplus-value that is realised in a specific period. Other aspects[19] > *which do not belong to the immediate production process* < also intervene with decisive effect. Both processes (the immediate production process and the circulation process) constantly run into one other and intertwine, and in this way their distinguishing features are continuously blurred. (Marx [1864–1865] 2015, 93; emphasis added)

The equalization process is not, therefore, simply realized through the fluctuation of market prices that reduce the industries' average rates of profit to a given general rate of profit as claimed by Moseley. The amount of surplus-value realized in a specific period is affected by the circulation time and "Other aspects > which do not belong to the immediate production process <." It is this task that Marxist scholars need to address developing the studies that have been already put forward in this direction.

Moseley, together with TSSI's and SSII's (Simultaneous Single-System Interpretation) scholars have disproved the charge of inconsistency that has been raised against Marx's theory of value. However, their works have been mainly on the negative side; this leaves a lot of unsolved issues about the correct description of the process of equalization and the formation of the general rate of profit, as well as the appropriate description of the dynamics that characterize the social reproduction of capitalist relations of production. I will bring my contribution in this direction in a book that is currently under review.

Appendix

I argue that a change in the size of the capital advanced in an industry, as a consequence of a redistribution of capital across industries, might affect the industry's average rate of profit and its average productivity. I provide a simple numerical example of how this change may take place (see Table 1). I start from the given money capital advanced for an industry within which only three capitalists (A, B, and C, or three groups of capitalists) operate who employ different methods of production. The other main hypotheses are the following.

First of all, the value compositions of the money capitals advanced are different to mirror the different methods of production. Capitalist A has a greater fixed capital compared to the other two and has also less constant circulating capital and variable capital advanced in proportion (2.000fc + 30cc + 40vc) · 1.000, whereas the other two are as follows: (1.800fc + 45cc + 56.25vc) · 1.000; (1.600fc + 50cc + 50vc) · 1.000. Then, I assume that the workforce employed by the capital with the higher value composition is more efficient; this means that capitalists with a higher value composition of capital produce and sell more commodities in proportion. The ratio of constant circulating capital advanced to variable capital advanced remains the same during the year (the technology does not change). I finally assume the same rate of depreciation for all fixed capitals.

I choose the numbers so that the constant and variable circulating capital advanced by the more efficient capitalist has a greater number of turnovers for its constant and variable circulating capital advanced. Furthermore, the capitalist more efficient produces and sells a greater quantity of commodities for each turnover time.

For each industry I determine the real rate and the annual rate of surplus-value, the individual rate of profit and the average rate of profit, the MELT (the monetary expression of labor time),[20] and the industry's average productivity.

I present two alternative scenarios for an inflow of new capital by a new capitalist (or group of capitalists) adopting capitalist A's production method, which has the highest value composition, the greater number of turnovers, and the highest rate of profit. In the first scenario, capitalists continue to produce the same quantity of commodities but reduce their selling price to cope with the increase in supply, the demand will increase accordingly, and the turnover times will remain unchanged. In the second scenario, capitalists keep the same selling price and therefore sell fewer commodities (because given the same price, the industry's effective demand has not changed substantially), while the turnover times decrease accordingly. The result is that in both scenarios the industry's average productivity changes although the production methods have not changed.

Table 1 Capitals Advanced in an Industry with Different Methods of Production

Capitalists	Fixed capital advanced	Fixed capital used up in a year	Constant circulating capital advanced (raw materials)	Variable capital advanced	Constant circulating capital / variable capital advanced	Capital advanced	Value composition of capital advanced	Number of workers employed	Constant circulating capital used up in a year	Variable capital used up in a year	Hourly wage
	b	$c = b : 10$	d	e	$f = d : e$	$g = b + d + e$	$h = (b + d) : e$	i	j	$k = j : f$	l
Capitalist A	2,000,000	200,000	30,000	40,000	0.75	2,070,000	50.75	20	360,000	480,000	12
Capitalist B	1,800,000	180,000	45,000	56,250	0.80	1,901,250	32.80	22	500,000	625,000	12
Capitalist C	1,600,000	160,000	50,000	50,000	1.00	1,700,000	33.00	24	550,000	550,000	12
Total	5,400,000	540,000	125,000	146,250	0.85	5,671,250	37.78	66	1,410,000	1,655,000	

First scenario: increased total supply and reduced selling prices

Capitalists	b	$c = b : 10$	d	e	$f = d : e$	$g = b + d + e$	$h = (b + d) : e$	i	j	$k = j : f$	l
Capitalist A	2,000,000	200,000	30,000	40,000	0.75	2,070,000	50.75	20	360,000	480,000	12
Capitalist B	1,800,000	180,000	45,000	56,250	0.80	1,901,250	32.80	22	500,000	625,000	12
Capitalist C	1,600,000	160,000	50,000	50,000	1.00	1,700,000	33.00	24	550,000	550,000	12
Capitalist D	2,000,000	200,000	30,000	40,000	0.75	2,070,000	50.75	20	360,000	480,000	12
Total	7,400,000	740,000	155,000	186,250	0.83	7,741,250	40.56	86	1,770,000	2,135,000	

Second scenario: similar total supply and unchanged selling price

Capitalists	b	$c = b : 10$	d	e	$f = d : e$	$g = b + d + e$	$h = (b + d) : e$	i	j	$k = j : f$	l
Capitalist A	2,000,000	200,000	30,000	40,000	0.75	2,070,000	50.75	20	270,000	360,000	12
Capitalist B	1,800,000	180,000	45,000	56,250	0.80	1,901,250	32.80	22	375,000	468,750	12
Capitalist C	1,600,000	160,000	50,000	50,000	1.00	1,700,000	33.00	24	380,000	380,000	12
Capitalist D	2,000,000	200,000	30,000	40,000	0.75	2,070,000	50.75	20	270,000	360,000	12
Total	7,400,000	740,000	155,000	186,250	0.83	7,741,250	40.56	86	1,295,000	1,568,750	

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Capitalists	Total annual hours of work $m = k : l$	Annual hours of work per worker $n = m : i$	Turnover times $o = j : d$	Cost of production in a year $p = c + j + k$	Number of commodities produced and sold in a year q	Number of commodities produced and sold per turnover $r = q : o$	Productivity (commodities produced and sold per hour of work) $s = q : m$	Market value = Average market price t	Total market value of commodities sold in a year $u = q \cdot t$	Profit $v = u - p$
Capitalist A	40,000	2,000	12.00	1,040,000	600,000	50,000	15.00	3.0	1,800,000	760,000
Capitalist B	52,083	2,367	11.11	1,305,000	544,444	49,000	10.45	3.0	1,633,333	328,333
Capitalist C	45,833	1,910	11.00	1,260,000	528,000	48,000	11.52	3.0	1,584,000	324,000
Total	137,917	2,089.65	11.28	3,605,000	1,672,444	148,266	12.13	3.0	5,017,333	1,412,333

First scenario: increased total supply and reduced selling prices

Capitalists	$m = k : l$	$n = m : i$	$o = j : d$	$p = c + j + k$	q	$r = q : o$	$s = q : m$	t	$u = q \cdot t$	$v = u - p$
Capitalist A	40,000	2,000	12.00	1,040,000	600,000	50,000	15.00	2.6	1,560,000	520,000
Capitalist B	52,083	2,367	11.11	1,305,000	544,444	49,000	10.45	2.6	1,415,556	110,556
Capitalist C	45,833	1,910	11.00	1,260,000	528,000	48,000	11.52	2.6	1,372,800	112,800
Capitalist D	40,000	2,000	12.00	1,040,000	600,000	50,000	15.00	2.6	1,560,000	520,000
Total	177,917	2,068.80	11.42	4,645,000	2,272,444	198,999	12.77	2.6	5,908,356	1,263,356

Second scenario: similar total supply and unchanged selling price

Capitalists	$m = k : l$	$n = m : i$	$o = j : d$	$p = c + j + k$	q	$r = q : o$	$s = q : m$	t	$u = q \cdot t$	$v = u - p$
Capitalist A	30,000	1,500	9.00	830,000	450,000	50,000	15.00	3.0	1,350,000	520,000
Capitalist B	39,063	1,776	8.33	1,023,750	408,333	49,000	10.45	3.0	1,225,000	201,250
Capitalist C	31,667	1,319	7.60	920,000	364,800	48,000	11.52	3.0	1,094,400	174,400
Capitalist D	30,000	1,500	9.00	830,000	450,000	50,000	15.00	3.0	1,350,000	520,000
Total	130,729	1,520.10	8.35	3,603,750	1,673,133	200,259	12.80	3.0	5,019,400	1,415,650

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Capitalists	MELT (monetary expression of labour time)	Annual surplus value	Total individual value	Real rate of surplus value	Annual rate of surplus value	Profit margin %	Rate of profit	Industry's average rate of profit	Industry's average productivity	Industry's value composition of advanced capital
	$w = (k + v) : m$	$x = (w - l) \cdot m$	$y = p + x$	$z = x : k$	$aa = z : o$	$ab = v \cdot p$	$ac = v \cdot 100 : g$	$ad = v \cdot 100 : g$	$ae = q : m$	$af = g : e$
Capitalist A		409,619.34	1,449,619.34	0.85	10.24	73.08	36.71			
Capitalist B		533,358.51	1,838,358.51	0.85	9.48	25.16	17.27			
Capitalist C		469,355.49	1,729,355.49	0.85	9.39	25.71	19.06			
Total	22.24	1,412,333.34	5,017,333.34	0.85	9.63	39.18	24.90	24.90	12.13	38.78

First scenario: increased total supply and reduced selling prices

Capitalists	MELT	Annual surplus value	Total individual value	Real rate of surplus value	Annual rate of surplus value	Profit margin %	Rate of profit	Industry's average rate of profit	Industry's average productivity	Industry's value composition of advanced capital
	$w = (k + v) : m$	$x = (w - l) \cdot m$	$y = p + x$	$z = x : k$	$aa = z : o$	$ab = v \cdot p$	$ac = v \cdot 100 : g$	$ad = v \cdot 100 : g$	$ae = q : m$	$af = g : f$
Capitalist A		284,033	1,324,033	0.59	7.10	50.00	25.12			
Capitalist B		369,835	1,674,835	0.59	6.57	8.47	5.81			
Capitalist C		325,455	1,585,455	0.59	6.51	8.95	6.64			
Capitalist D		284,033	1,324,033	0.59	7.10	50.00	25.12			
Total	19.10	1,263,356	5,908,356	0.59	6.76	27.20	16.32	16.32	12.77	41.56

Second scenario: similar total supply and unchanged selling price

Capitalists	MELT	Annual surplus value	Total individual value	Real rate of surplus value	Annual rate of surplus value	Profit margin %	Rate of profit	Industry's average rate of profit	Industry's average productivity	Industry's value composition of advanced capital
	$w = (k + v) : m$	$x = (w - l) \cdot m$	$y = p + x$	$z = x : k$	$aa = z : o$	$ab = v \cdot p$	$ac = v \cdot 100 : g$	$ad = v \cdot 100 : g$	$ae = q : m$	$af = g : f$
Capitalist A		324,866	1,154,866	0.90	8.12	62.65	25.12			
Capitalist B		423,003	1,446,753	0.90	7.52	19.66	10.59			
Capitalist C		342,914	1,262,914	0.90	6.86	18.96	10.26			
Capitalist D		324,866	1,154,866	0.90	8.12	62.65	25.12			
Total	22.83	1,415,650	5,019,400	0.90	7.54	39.28	18.29	18.29	12.80	41.56

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Notes

1. The book reflects on the contributions of the New Interpretation (now labeled Single-System Labor Theory of Value) (Foley 1982, 1986, 2000; Duménil 1980, 1983–1984; Duménil and Foley 2008; Mohun 1994; Lipietz 1982; Glick and Ehrbar 1987), the Temporal Single-System Interpretation (TSSI) (Kliman and McGlone 1988; McGlone and Kliman 1995; Kliman 2007; Freeman and Carchedi 1995), Monetary Circuit Theory (Bellofiore 2002, 2004), Shaikh's iterative interpretation (1977, 1984), Single-System Iterative Interpretation (SSII) labeled by Moseley as the Rethinking Marxism Interpretation (Wolff, Roberts, and Callari 1982; Wolff, Callari, and Roberts 1984), the Organic Composition of Capital Interpretation (Fine 1983; Saad-Filho 1993, 1997, 2002; Fine, Lavitsas, and Saad-Filho 2004). See also (IJPE 2017).

2. As Moseley writes in his introduction to *Marx's Economic Manuscript of 1864–1865*:

   > Marx did *not* "fail to transform the inputs" because the inputs (the cost prices) are not supposed to be transformed (as is commonly alleged), but are instead supposed to be the *same magnitude* (K) in the determination of both values and prices of production. (Moseley 2015, 15–16; emphasis in the original)

3. Other scholars, mainly from the TSSI camp, have put forward other methodological criticisms; see, for example, Freeman (2019).

4. The debate on the analysis developed by Moseley in his *Money and Totality* is still ongoing and very passionate; I address Moseley's interpretation after a general reconsideration of Marx's transformation of values into prices of production in a forthcoming book.

5. "[I]f the productivity of labor and the real wage remain constant, then *prices of production would also remain constant*" (Moseley 2016, 290; italics in the original).

6. I owe the understanding of this aspect to the long discussions I had with Giovanni Mazzetti.

7. Only to mention some Perez ([1980] 2018), Wolff, Roberts, and Callari (1982), Wolff, Callari, and Roberts (1984), Callari, Roberts, and Wolff (1998); Freeman and Carchedi (1995); Kliman and McGlone (1988); McGlone and Kliman (1995); Ramos-Martínez and Rodríguez Herrera (1995); Ramos-Martínez (1998–1999); Kliman (2007).

8. "[This process was examined in Chapter Four of Marx's 1865 manuscript for what he called 'Book Two' of *Capital*. When Engels published Book Two as Volume II in 1885, this chapter became 'Part Three'. Translator.]" (Marx [1864–1865] 2015, 49).

9. From the translator's note of *Marx's Economic Manuscript of 1864–1865*:

   > Passages of Marx's manuscript included by Engels in his edition of *Capital* Volume III are enclosed by the symbols < and >. Passages that fall outside these brackets were either not included at all by Engels in the published version, or they were modified by him very substantially before inclusion. In other words, where a passage begins with > and ends with < it was either left out by Engels or substantially modified and has been published here for the first time in its original form. (Marx [1864–1865] 2015, xi)

10. See Bellofiore (2018, 370), Burns (2016, 3), and Fineschi (2013, 80–81).

11. See also Moseley (2016, 90; emphasis in the original):

   > Marx's theory of prices of production and the equalization of profit rates is based on the premise that the *general rate of profit itself* (to which individual rates of profit are equalized) *is determined logically prior to the determination of prices of production*, and is *taken as given* in the theory of prices of production.

12. Actually, this distinction between the prices of commodities employed as inputs and obtained as results of the production process is not introduced by Marx in Chapter 9 (Engels's edition). In this chapter, Marx refers only to total advanced values and total prices of production, right because, I suppose, he is not yet arrived to include in his analysis market prices that are discussed in Chapter 10, the chapter obliterated by Moseley.

13. Although it can suffice for the rebuttal of the charge of logical inconsistency.

14. Laibman (2018a, 32), more on this below.

15. See also Marx ([1864–1865] 2015, 249).

16. Perhaps it is not a coincidence that Laibman, in his introduction to the transformation problem, instead of summarizing the problem of the Ricardian labor theory of value inherited and tackled by Marx, simplifies his exposition ruling out the presence of fixed capital and resorts to a model with only one good (Laibman 2018a, 22–25).

17. The fluctuations of market prices are considered part of "a lower level of abstraction not dealt with in the three volumes of *Capital*" (Moseley 2016, 7, note 7).

18. Fineschi (2013, 81, notes 32 and 34) quotes two passages from Volumes I and II of *Capital* (Marx [1890] 1976, 710; [1893] 1978, 109). See also Tony Burns (2016, 3) and Tony Smith (2002, 150).

19. For example:

> We have seen that the *rate of profit*, within the *production process* itself, does not depend only on the *surplus-value* but on many other factors besides. It depends, for example, on the purchase prices of the means of production, on methods that are more productive than the average, on economizing on constant capital, and so on. And, quite apart from the price of production, it also depends on the state of the trade cycle, and in each individual business deal it depends on the greater or lesser cunning and perseverance of the capitalist, whether he sells above or below the production price and thereby appropriates a greater or lesser share of the total surplus-value *within the circulation process*. (Marx [1864–1865] 2015, 476; emphasis in the original)

20. In the following table, I determine the MELT with a simple ratio; however, more thorough development of this point would require a deeper discussion, see Freeman (2007).

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