



# 01 SIMPLE & EXPANDED CIRCULATION

*Part of the Visualising Marx's Capital Series*

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# Visualising Marx's Capital

## 01 Simple & Expanded Circulation

### Series Preface

Marx's *Capital* can be (is) a difficult work for any reader to get to grips with. From experience of teaching *Capital* as part of a higher education 'short course' within 'Open Studies', I wanted to develop a set of 'texts' which used visual imagery, or imaginary, to put many of the key concepts across in a primarily visual format, in addition to 'displaying' basic elements such as the *structure / outline* of the whole, volumes, or parts (within volumes). Each 'document' within this series aims to draw out / draw upon **one** 'key' or 'elementary' image to develop a clear sense of a core concept, element, or structural component of the work. As each 'part' of *Capital*, such as Part 1 of Volume 1, contains many, multi-layered points, from which many images can be drawn, my aim is to take just one point or element at a time and visualise it, seeing where the 'image' takes us. The hope is to build up a solid 'background' understanding of *Capital's* foundational ideas, including how components can be stretched, entangled, and disentangled across various sections of the entire work (*opus*).

Brian McGrail

(Thursday 29<sup>th</sup> June 2023)

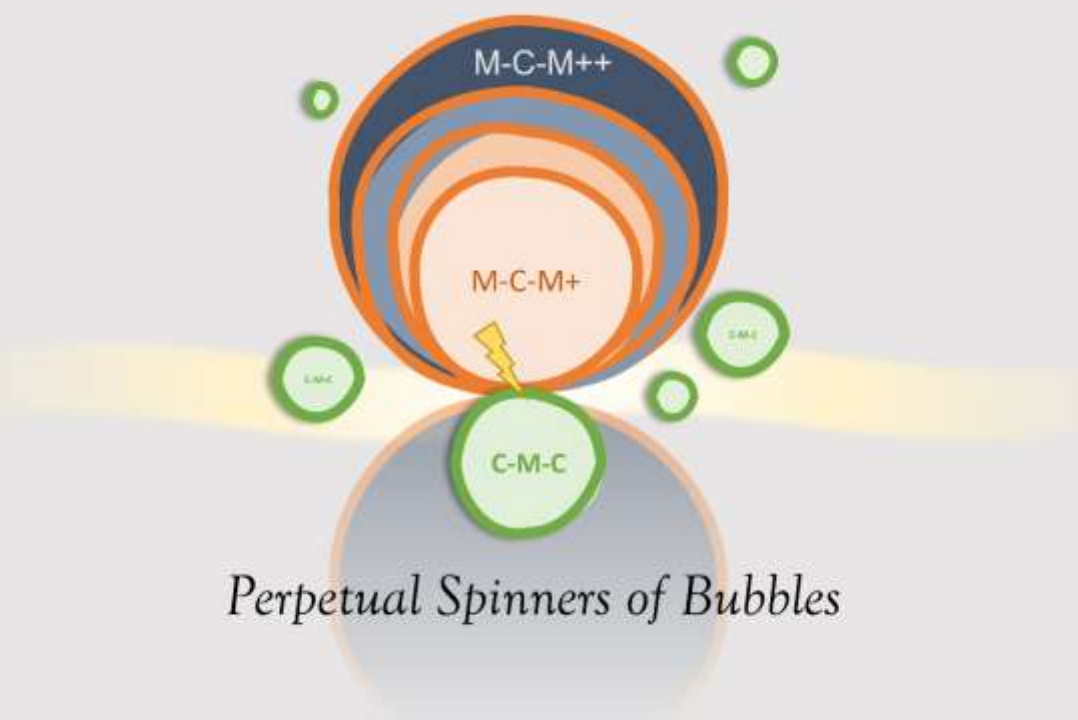


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### Introduction

This visualisation draws on Marx's account in Parts 1 and 2 of *Capital* of the **Simple Circulation** process of *commodities* [C-M-C] (Chapters 1-3) and the **Expanded Circulation** process of *capital* [M-C-M+]. It introduces core concepts in the opening two Parts of *Capital* including the distinction between the **circuit** of the worker (waged labourer) and the different **spiral** ('circuit') of the money-owner or 'money spinner' (capitalist). These two circuits, or wheels, can be represented visually, being both connected and disconnected upon the canvas. Static (*momentary*) snapshot is not the best way to capture the *process*, with regards to its overall motion, especially as the process is one of *contradiction*, whereby one wheel changes size (*diameter* and *radius*; *area* and *volume*) much *quicker* than its sibling. But it should suffice. I therefore call the **elementary image** for simple and expanded circulation: *Perpetual Spinners of Bubbles*.



This picture contains two types of circles (or **circuits**): one in amber and the other in green. There are several **amber** circles which sit *concentric*, one on top of the other, each one bigger than the previous. This represents a circuit which grows over time, with each revolution of the process (**expanded circulation**). This is 'capital'. There are also several **green** circles, but each one sits separate from the others. They are of different sizes to represent different capacities and values (some are larger than others). They don't encounter one another (contact other green circles) – this represents the legal isolation of the worker – but can and will encounter the growing amber circle (which represents capital). In the image only one green circle contacts the amber one – this is to



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keep things basic (following the methodological **abstraction**, from complex real life, which Marx uses in structuring the argument in *Capital*). This green circle does *not* grow with each revolution - it represents the worker (labour power) who does not take any more out than what they put in (**simple circulation**). The green circles can grow, slowly, over time as each independent worker develops a capacity to earn more value, but also do more work (rising **productivity per worker**). The worker (in focus) occupies the space of a shadow or reflection of the amber circle – this is to represent their *subsumption* within the orbit of capital. They are no longer a pre-industrial ‘autonomous’ worker who brings their own tools or may own small means of production. Finally, the yellow lightening flash highlights the **mutually exclusive** interests of worker and capital (e.g., lengthening the working day) which leads to friction and conflict.

## 1. The Realm of Circulation

Volume 1 of *Capital* is titled ‘The Process of Production of Capital’, whilst Volume 2 examines the process of ‘circulation’. This arrangement of volumes would suggest Marx starts with the realm of *production* and, indeed, most of Volume 1 (Parts 3-8) is focused on the production of capital. However, right at the beginning Marx highlights the way capitalism *first presents* itself (experientially and historically) – as an immense accumulation of commodities in *circulation*. Commodities, Exchange, and Money form the titles of the opening three chapters. Indeed, Chapter 3 is called ‘Money, Or the Circulation of Commodities’. Therefore, I will refer to *simple and expanded circulation* and not use the term ‘reproduction’ (a term used later in *Capital*).

A key thing to note about the realm of circulation is that, within it, commodities exchange *fairly* at their **values**. In real life, **prices** – what is actually paid – can rise above (or fall below) the *values* of commodities, and purchasers may well be aware they are being ‘cheated’ or ‘extorted’. Producing *super-profits* from *monopoly* control, or *defrauding* people by selling them *inferior goods* or *counterfeits*, reducing opportunities to buy at lower prices through *discrimination*, reducing workers to chattel *slavery*, or *forcing someone to sell* goods or their labour power at below value (as in loan sharks extorting debts, or the North Korean government enforcing a labour tax through compulsory ‘state employment’ at below subsistence wages) are all *examples* of behaviours and practices which break the underlying **principle** of *free and fair* capitalist commodity exchange. They enable *some* capitalists (individual, corporation, or state) to accumulate quicker, in a manner not available to others (to ‘all’), but such practices cannot be the *universal basis* of commodity exchange. Marx clearly stipulates that in commodity exchange the buyer and seller who face each other do so based on *mutual recognition* (a Hegelian term): “They must, therefore, mutually recognise in each other the rights of private proprietors” (*Capital*, Chap 2 ¶1). Cheating, defrauding, and extorting others is *not* recognising the rights of the other person as a private proprietor and has no place within the realm of circulation (exchange).



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Hence, Marx excludes consideration of all such practices from his investigation until much later in *Capital* (Volume 3). Volume 1 deals with capitalist production under **elementary conditions** and **foundational principles** (the basic rules or laws of commodity circulation). This is an **abstraction** from everyday experience but a *necessary* one such that readers can see the **core processes** at work, essentially, what makes 'capital' tick. Constantly focusing on *immediate* social problems (which is what bourgeois politics does) would get us no further forward. The bourgeoisie who are cheated, defrauded, extorted, or discriminated against (sometimes the majority, but sometimes a minority requiring the backing of a 'moral majority') *will tackle* such practices through, what Marx referred to in his early writings as, the *perfection* of the Law and the State. Such tweaking *perfectibility* aims to create an *ideal* 'mutually recognitive' **political realm** of *proprietors*; one where everyone's money is the same colour and has the same value, despite individuals or groups having very different 'amounts' of the stuff in the realm of **civil society**!

In that sense, the process of circulation is a **semblance** (a term Marx uses to describe the 'wage' in Part 6 of *Capital*) which 'presents' the nature of the world other than what it really is. But, clearly, it is an important semblance which can be thought of as a *practical* 'holding together' (of *people* and things) rather than being a mere *façade*. The realm of circulation cannot be simply or easily 'stripped away' to reveal what lies beneath precisely because what lies beneath reproduces itself *in and through* the realm of circulation.

## 2. Simple Circulation

The waged worker is the key or most fundamental commodity in the **capitalist mode of production**, but as readers of *Capital* we are not made aware of this, at the earliest, until Chapter 6 (the last in Part 2). In Parts 1 and 2, all commodities in circulation are treated as equal in the sense that they exchange at **equivalence**, one for another.

That is, commodities of an equal measure of **exchange value** (say £5) are sold and bought, amazingly, for £5. If all items valued at £5 started selling at £6 then we would have nothing other than *devaluation* of the currency (a fall in the value of gold or silver) or *inflation* (a fall in productivity or rise in demand). If one particular '£5' item started selling at £6 (but not others) this would represent a rise in *this* commodity's value *relative* to others. But the *general principle* stands that if 10 apples sell for £5 (Sterling) which buys 5 oranges then 10 apples are **equivalent** in value (expressed as *exchange value*) to 5 oranges. Consequently, commodities of equivalent value *circulate* under the formulae for **simple circulation**:

$$\text{Commodity} = \text{Money} = \text{Commodity or } C=M=C$$

Note the use of the 'equals' sign along the following chain of exchange:

$$C=M=C=M=C=M=C=M=C=M=C \dots \text{etc.}$$



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Of course, most people being **wage labourers** is what *distinguishes* capitalist societies from other *modes* of production (feudalist, ancient slave-based, tribal, clan, or peasant). Under capitalism most people work *for money* (a wage). Even if a person is 'self-employed', so long as they are not living solely or mainly from surplus value (profits, taxes, rents, tithes) arising from the employment of others (i.e., no longer doing the work themselves), they are in essence a 'waged' labourer (with a regular **monetary income** forming an *equivalent* for work performed).



## Simple Circulation

The wage labourer exists in a process of **simple circulation**. They sell their labour power (commodity) for money, and the money they receive (their wage) is *sufficient* – **no more / no less** – to enable them to purchase goods (other commodities) to *replace* (rejuvenate / regenerate / recreate) the commodity they have sold (their *ability* to labour which was consumed and destroyed after its sale, in productive exertion). The sale of their commodity produces an **equivalent** in exchange value which is *enough* to recompense their **relative** loss of labour power.

The worker sells a *single* commodity (their ability to perform labour) but can use the money they receive to purchase a *range* of commodities – all the “necessaries and conveniences of life” (to use Adam Smith’s phrasing). In terms of **use value**, the worker obtains several *necessaries* which would take them an inordinate amount of time to make if they had to produce everything themselves. Hence, from the Smithian stance of seeing exchange in terms of ‘use values’, the worker saves him/herself *time* in entering exchange and makes *more* of their time by specialising in doing one thing (within a division of labour) – in short, they get ‘more for less’ (which meets Smith’s requirement for a propensity to *expediency*). Later in *The Wealth of Nations*, Smith uses his famous example of water and diamonds to indicate that **use value** and **exchange value** are *not* the same thing – water has infinite (high) use value to humans (it is required to live) but low exchange value. For Smith, exchange value represents *labour time*, which is what all humans entering exchange share in common.

In *Capital*, when talking about equivalence in simple circulation, Marx is clear that *exchange value* is the measure of the process since it represents the quantitative element of the exchange. Exchange





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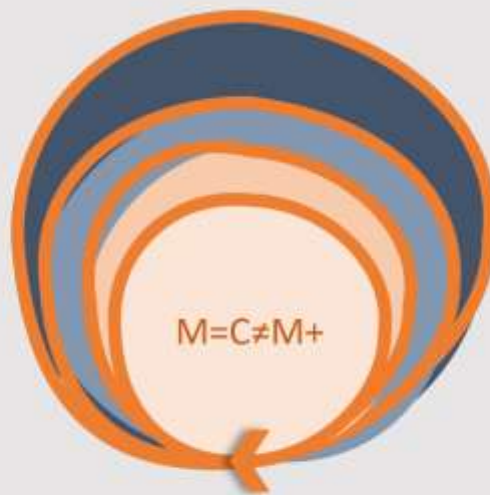
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requires a qualitative element in that two items must be *qualitatively different* to be worth exchanging (you do not swap an apple for an apple of the same kind). Political economy before Marx (excepting Smith's and Ricardo's insights) constantly *confused* use and exchange value in tying exchange value to 'utility' (usefulness).

Marx goes into great observational and conceptual detail in Parts 1 and 2 of *Capital*, and this is probably what makes Chapters 1-6 a 'difficult' read, but if we stick to the point that commodities exchange at their equivalent values, and the worker is not 'cheated', then it becomes apparent that the worker **exists in a constant circuit of simple circulation**: they sell, buy, consume, sell, buy, consume *ad infinitum* without ever seeing an increase (an accumulation) in exchange value from their constant buying and selling. The worker falls under the sign or symbol of **simple circulation** – the realm in which they exist.

### 3. Expanded Reproduction

Things are different for the capitalist and the 'circuit' of capital. Indeed, Marx praises Sismondi (compared to other political economists) for noting that capital 'circles' in a **spiral**. Each time capital completes a circuit (say one working day, or several *simultaneous working days*, by which he means the same day completed by several workers, so across several lives) it **expands** in terms of exchange value *equivalence*.



### Expanded Circulation

This, of course, makes perfect sense to the capitalist and any onlookers socialised within capitalist society. The capitalist starts their day with money, and both intends and expects to have *more money* by the end of the day. Hence, the general formula for 'capital' is:



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### Money = Commodity $\neq$ More Money

Or in shortened symbolic form:

$$M=C\neq M+$$

Here I have used the 'equals' sign twice, thereby producing an impossible 'equation'. How can the middle 'C' be both equal to the starting amount of money (M) and the greater amount of money (M+) at the end of the day? For this to be possible, something must happen to 'C' (or *under* the symbol of 'C') during the working day, so that it can be 'equal' to both M (at the start) and M+ (at the end) of a single circuit.

What this 'something' happens to be remains a mystery to the reader of Parts 1 and 2 of *Capital*, and the solution to the *riddle* is not given until Part 3 of the work, when Marx's discovery of the rational *kernel (rationale)* to the outward appearing *shell* begins to be outlined. For now (in Parts 1 and 2) we are none the wiser. Yet, this does not mean that Marx's opening discussion of the **realm of circulation** is incapable of exposing the contradictions of the entire process (production and circulation combined). The contradiction is apparent when the two 'circuits' (one a 'spiral') are juxtaposed, as they must be. The **seller** of the commodity which is capable of expanding value (between 'M' and 'M+'), and who exists in a process of simple circulation, must be brought into *connection* with the moneyed purchaser who **buys** that commodity and consumes (uses) it to make *more money*. But this connection produces a paradoxical situation where a wheel with a *constant circumference* meets a wheel with a *growing circumference* but under conditions where each must complete a full circuit (the same single circuit) in the *same* time.

The capitalist exists in a 'circuit' (spiral) of constantly expanding circulation, of the need to continuously grow their means of purchasing commodities, and especially that commodity which can expand the exchange values of other commodities. The capitalist falls under the sign or symbol of **expanded circulation** under which they exist. As should now be clear, this radically differs from the worker in a 'circuit' of constant circulation of base necessity (the need to sell and resell their commodity in  $C=M=C$ ).

## 4. Invertible Cogs and Drive Wheels

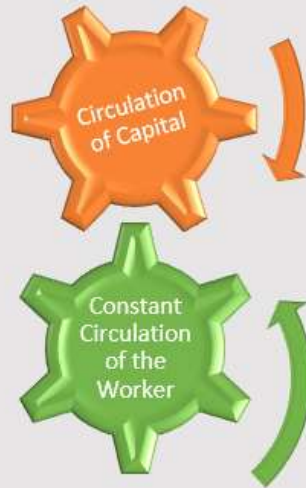
Let's now change the diagram so that both 'circles' become **cogwheels** with interlocking 'teeth'. This will enable a discussion of the (relative and changing) 'speeds' at which each wheel moves if a **single circuit of production** is to be completed. The next diagram shows the worker's and capital's circuits being roughly similar in size – that is, the worker is moving a 'small' amount of capital (whether as commodities for sale, raw materials for working, machinery, or in exchange value terms – money) then one complete circuit of the worker is equivalent to one circuit of capital. In the image each cogwheel has 6 teeth / gaps.



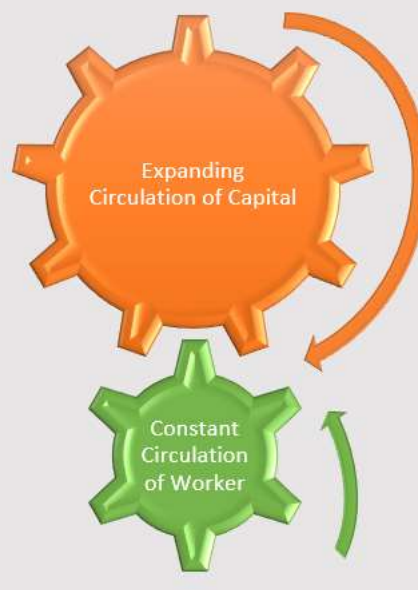


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However, as the amount of capital being worked expands ( $M$  becomes  $M+$ ) then one circuit of the worker (still with 6 teeth) will only turn the expanded circulation of capital (the bigger cogwheel) two-thirds of the way. If the circuit of capital is to be *completed* (as before) then the smaller 'worker' wheel must make one-and-a-half turns. If the circuit of capital is to be completed *in the same period* as previously (say, one day) then the worker must perform 1.5 times as much work in the same period. The intensity of labour has been increased. In the following diagram the green worker's wheel remains on the bottom since they are the **drive-wheel** of the process (labour produces capital via creation of surplus value).



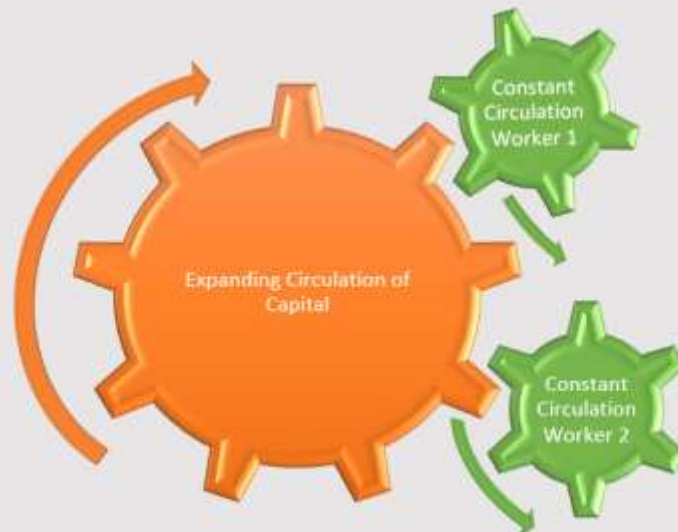
As capital continues to expand a single worker can no longer complete sufficient work (cycles) to complete the circuit of capital (and its further expansion) and more workers are required to provide



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the motive force. After this, technology, such as improved tools and machinery (tools arranged into multiple sets physically powered by animate and then non-animate force), is required to ensure sufficient work can be undertaken to 'keep up' with the constantly expanding circuit of capital. Furthermore, the circulation of capital takes on the *appearance* or *semblance* of being the **drive-wheel** (labour is now *consumed* by capital, or so it seems).



It is now capital that supplies work (jobs). As the 'big wheel on the bottom' this perspective thinks the expanded circulation of capital ( $M > C > M+$ ) is driving mechanism of the system – the drive wheel of the relationship and, thus, the *independent* variable. Meanwhile, the worker becomes the *dependent* variable.

A key point here is that even in Marx's early discussion of 'circulation' at the beginning of *Capital* (Parts 1 and 2, or Chapters 1-6) the basis of the contradictory nature of capitalism has been outlined. **There is a conflict between the expanding form of capital's circulation ( $M-C-M+$ ) resting on the constant static circulation ( $C-M-C$ ) of the worker.**

Capital must constantly *accumulate* workers or revolutionise technology when and where it cannot do so, getting the same number of workers to do 'more' (produce more) in the same amount of time. Producing a larger number of use values (useful items) in the same number of hours cheapens the value of necessities required to reproduce the worker – less of their day is spent recovering the 'M' and, therefore, 'C' need for them to survive. And for the capitalist the same process increases the 'surplus' time (of the worker) – spent producing the worker does not need.

## 5. Crisis in Circulation

Finally, if the two wheels become separated both circuits face an **existential crisis** – without wages the worker will not be able to reproduce themselves (for the next round of production) but, without



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the worker *working*, capital will stop expanding and go into **reverse gear** – the value of capital will decline and its bubble may even, will eventually, burst.

From the capitalist's perspective lack of 'profitability' within the system will see the withdrawal of capital from *unproductive* investment ('unproductive' in the sense of being unable to reproduce capital at its existing value), but if new forms of investment cannot be found the situation will only become worse. **Speculation** is then entered into as the 'drive-wheel' of capital seeks to find those new forms of investment, or **circulation processes**, where it can 'complete' itself.

For workers the immediate situation can seem more desperate – a requirement to survive without wages, without money, in a world dominated by monetary exchange for the means of subsistence. But, at the same time, they have been living, and continue to do so, in a **realm of necessity**, a constant process of **simple circulation**, and when bubbles of capital circulation burst this by no means indicates a lack of useful goods for sustenance. Indeed, what may be revealed is that capitalism is nothing but the natural abundance (of sustenance) being socially-constructed as 'scarcity'.

## Attributions

I have not used conventional citations in the above text as I wanted to concentrate on presenting the main concepts and ideas. However, in preparing this document I was not only (obviously) reading Marx's originals (including an English translation of Chapter 1 from the first German edition of *Capital* – 1867 – which varies considerably from the 1875 French edition used as the basis of both the Edward Aveling and Samuel Moore and, contemporary, Ben Fowkes English translations) but the following works:

Friedenthal, T. (2022) Understanding the transition between Marx's *Capital I* and *II*, Critique, 50:2-3, 459-480, DOI: 10.1080/03017605.2022.2140973

Rosdolsky, R. (1980) *The Making of Marx's Capital* London: Pluto Press.