

# Marx's Investigation of Circulation: the Perspective of Commodities, Capital and Expenses

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**Abstract:** Circulation theory is one of the important contents of Marx's economics. Marx spent a large amount of space in "Das Kapital" and its manuscripts to examine the circulation process, and named the second volume of "Das Kapital" "The Circulation Process of Capital" "The purpose of this short essay is to briefly introduce Marx's investigation of commodity circulation, capital circulation and circulation costs.

## 1. Introduction

Commodity circulation is related to a certain stage of development of social productivity and a certain social form of productivity. Only when social division of labor has developed and specialized production has emerged, due to the special needs of different workers, each worker produces The output product is objectively the use value needed by other laborers, and the subjective willingness of laborers is to obtain the use value of others. Then such production must use exchange value as the medium, and the commodity must be in use value-exchange value-Continuous changes in the form of use values, and a collection of changes in the form of a variety of commodities constitute commodity circulation.

Through the circulation of simple commodities, Marx examined the origin, conditions and essence of circulation, and revealed the influence of commodity circulation on simple reproduction. Marx emphasized that the prerequisite for commodities to enter circulation is that they have already been valued, and the premise of this premise is that commodities are transformed into labor time and transformed into materialized labor time. The movement process of social labor products from the field of production to the field of consumption, that is, as a pure circulation process that exists as opposed to the direct production process, requires two conditions: one is that the commodity must be pre-determined as a price; the other is that there is no individual The exchange behavior is "a constant flow of exchanges that occur more or less on the entire surface of society, the totality of exchanges, that is, the system of exchange behaviors." It is in this meaning that Marx pointed out: "Exchange is circulation." Marx made the essential provisions for commodity circulation in this essence, and further pointed out: "The essence of circulation is: exchange is manifested as a process, manifested as the totality of the flow of buying and selling. The first premise of circulation is the commodity itself The circulation of goods is the circulation of commodities from many aspects. The condition of commodity circulation is that commodities are produced as exchange value, that is, not as direct use value, but as use value with exchange value as the medium." [1]145

Currency is the product of the development of commodity economy to a certain stage. Only when currency is connected with commodities, prices and commodity circulation, is it currency, otherwise it will lose its economic existence. Commodity circulation has developed to an advanced stage with currency as the medium. Due to the nature of the commodity represented by the general wealth of the society and its particularity as a means of circulation, commodity circulation is integrated from the original buying and selling into two parts, selling and buying, namely WW Turning to GWG, for the same producer, buying and selling are two opposing behaviors. Similarly, for the producer, how long he can sell the fruits of his last production process means In terms of how short a time he can start a new round of production, if a producer can't sell his products for a long time, then his original labor cannot be realized as value, and he cannot buy what he needs. The reproduction process will be hindered. Therefore, commodity circulation is not only a process of

material exchange, but also a process of material substitution. It is a necessary stage of material compensation and value compensation as a precondition for reproduction. At the same time, commodity circulation is split into two processes of buying and selling, making it possible to only buy without selling (hoard commodities) and only sell without buying (accumulate money), which creates conditions for commercial speculation and promotes the formation of a merchant class.

After examining the various elements of circulation, Marx pointed out: "Circulation is not only on each of its elements, but also as the whole of the medium, as the whole process itself, it must pass through the medium. Therefore, the direct existence of circulation is a pure illusion. Circulation is a superficial phenomenon of a process that goes on behind the circulation." [1] 209 As the whole of the medium, circulation only has practical significance when it is connected with production. This enlightens us that we can only expand the content of production and thus expand the content of circulation. The content has practical significance.

## **2. Marx's Investigation of Capital Circulation and Circulation Time**

The circulation of capital has its dual meanings: firstly, it is the circulation opposite to capital production, that is, the narrow circulation of money to purchase production materials and the sale of commodities to obtain money, and the broad circulation that covers circulation and production. If we look at the circulation of capital in a broad sense, then there will be four factors that affect the speed of capital turnover: one is the actual production process and its duration; the second is the duration of the product sales process; and the third is monetary capital. The corresponding proportion of the time to purchase the means of production and labor, or to convert it into production capital; fourth, is the special element of capital and labor exchange. The first element depends on the general development of social productive forces, and the second element causes the difference in capital turnover. This difference is caused by the difficulty of value realization and the contradiction between production and the market. As Marx said: "No enterprise is founded because it considers that it is more difficult to sell its own products than other enterprises." This contradiction between production and the market is manifested in a small market or a longer market distance. , So the return of capital is relatively late. The contradiction between production and the market is essentially a manifestation of the structural contradiction between the production field and the circulation field. This structural contradiction is due to the unlimited expansion of productivity, so that the production time can be infinitely shortened, and the speed of the shortening of the circulation time and the shortening of the production time Caused by a disconnect. The third element is essentially the second element examined from the opposite side. If the analysis of the industrial capital cycle is expanded from a single capital to a multi-capital situation, then for a single capitalist in the industrial capital cycle chain, The means of production he buys are nothing but the products of other capitals, and the commodities he sells are, to other capitals, the means of production purchased. Capital circulation is the unification of production factors and circulation factors. Under the condition of multiple capital circulation, the capital of different production sectors are mutually preconditions and conditions. The fourth special element is governed by the law of relative surplus population.

As the value of self-increasing value, capital realizes its value proliferation function in movement and in the circulation of industrial capital. Industrial capital refers to the capital invested in the production sector of material materials. In the actual economic operation process, the movement of industrial capital is divided into two parts: the production process and the circulation process. Capital takes the form of monetary capital, production capital, and commodity capital. Form, the functions of buying, producing, and selling are performed in sequence. This cyclical change of a single capital is called capital turnover. In Marx's view, capital circulation itself is capital turnover. And capital circulation is the circulation of capital circulation. Production is expressed as the end and starting point of circulation, and circulation is expressed as the starting and ending point of production. [2]5 The turnover of capital is also the growth, growth and process of capital. Marx vividly compares the circulation of capital to the "blood circulation" of the social economic system. The industrial capital circulation process is the unification of the production

process and the circulation process. The key to the smooth realization of surplus value lies in the smooth operation of the capital circulation.

A cycle of industrial capital needs to go through three stages: purchase stage (G-W), production stage (A-P) and sale stage (W'-G'). We know that value proliferation occurs in the production process, and a certain amount of production materials and labor must be purchased in currency before production. This is the stage of purchasing industrial capital. In this stage, monetary capital is capital in the form of currency. Value, its function is dual, it can perform the general functions of currency and the function of value proliferation: the general means of purchasing money and the general means of payment are used to purchase the means of production and labor required for production, because the special commodity of labor is purchased. Therefore, it already contains the inevitable result of the capitalist production process; after the purchase stage, money is transformed into commodities, and the combination of these commodities forms the physical form of production capital, which is the prerequisite for the industrial capital cycle to enter the production stage. After the capitalist purchases the means of production and labor, he puts the two commodities he purchased into the production process for production and consumption to produce new commodities. At this time, currency capital is transformed into production capital, and the industrial capital cycle enters the production stage. In the production process, the labor force and the means of production are combined and play a role to create new value. The newly created value can be divided into two parts, the necessary value used to compensate the capitalist's advance payment of variable capital and the surplus value occupied by the capitalist free of charge.

The production stage of the industrial capital cycle is a decisive stage for value proliferation, because surplus value is only produced at this stage. When capital circulation enters the production process, the circulation process is temporarily interrupted. After the production stage, production capital is transformed into capital in the form of commodities, that is, commodity capital. Compared with general commodities, both commodities and commodity capital can be sold; while the circulation of general commodities does not bring about the increase of value, the circulation of commodity capital is the key link to realize the purpose of value increase. In the case of capital circulation, Only through exchange and sale of new commodities with condensed surplus value can capital successfully realize its value proliferation purpose and successfully recover the G invested at the beginning to prepare conditions for the next capital cycle. After examining the effects of currency capital circulation, production capital circulation, and commodity capital circulation on industrial capital circulation, Marx emphasized that: "The continuous and realistic circulation of industrial capital is not only the unity of the circulation process and the production process, but also its The unity of all three cycles." [3] 119 Marx's industrial capital cycle theory, as an important part of the theory of surplus value, analyzes and reveals the production and realization process of surplus value and reveals that surplus value can be continuously produced and realized. The conditions provide a scientific perspective for us to correctly understand the production and circulation of capital.

As the circulation time of capital circulation, it can be generally divided into production time and circulation time. Production time is the time that capital stays in the production process. It depends on the technical conditions of the production process. It is directly consistent with the development of social productivity. Production time can be further divided into labor time and non-labor time. Labor time is actually directly involved. The time spent in the production process, non-labor time is the time to provide auxiliary services for the actual production process. An important indicator of productivity improvement is that the total production time is shortened, and the labor time is relatively longer, and the non-labor time is relatively shorter; and the circulation time of capital is the time that capital stays in the circulation process, which can be divided into buying time and selling Time is related to the number of times that capital can restart the production process within a certain period of time. The circulation time of Marx based on the perspective of industrial capital circulation has two meanings. The first one refers to the time required for industrial capital to go through three stages and adopt three functional forms to complete a cycle. This is based on the value increase itself. The circulation time is the sum of production time, purchase time, and sale

time. This is of great significance to the study of factors affecting the production and reproduction of capital itself; the second meaning refers to the fact that industrial capital stays in the circulation field in the form of commodity capital. Time, that is, the time of sale, is the circulation time from the perspective of the realization of value proliferation. What it wants to study is the factors that affect the value of capital gains. Production time and circulation time jointly determine the speed of capital turnover, and the contradictory movement in the field of production and circulation promotes the increase in the speed of capital turnover.

### **3. Marx's Inspection of Circulation Costs**

Circulation costs refer to the amount of value spent in the process of capital circulation in order to preserve the capital itself and realize value proliferation. According to its content, it can be divided into three categories: pure circulation costs, storage costs and transportation costs. Here, we only briefly introduce pure circulation costs and storage costs.

“The cost of circulation generated by the simple form of value transformation, and the circulation of conceptually examined circulation, is not added to the value of the commodity.” [3] 154 Pure circulation cost is produced in the production process, but the pure form transformation of value consumed does not itself create new value. It can be further divided into three categories: trading time, bookkeeping, and currency expenses. Trading time is a deduction and squeeze of labor time. On the basis of capitalist production, the labor time of industrial workers is divided into their own means of production and living to compensate capitalists. The necessary labor time for the expended variable capital and the remaining labor time for the production of surplus products for the capitalist to bring surplus value; the monetary amount used to pay for the purchase and sale of commodities can only be deducted from the surplus value. Industrial capitalists can choose to sell their own products by themselves, or they can choose to sell their products to a group of professional merchants. If he sells products by himself, it means he has to add a monetary amount to the labor force used to buy and sell goods; or to invest part of his existing capital in commercial activities. In both cases, the space for capital to obtain surplus value becomes narrow. Therefore, in order to save capital and improve the efficiency of capital obtaining surplus value, industrial capitalists will choose to hand over their products to another part of capitalists for sale, and this part of the capital for commodity trading is commercial capital.

Money capital purchases labor and means of production, as well as commodity capital sales, will consume a certain amount of labor time; similarly, in order to ensure that the capitalist can accurately track where his money is spent, where his raw materials are consumed, and his commodities are still how much is left, the capitalist must record the money and goods involved in the process of buying and selling, that is, bookkeeping. Bookkeeping labor is also a deduction of labor time, but this deduction not only consumes living labor, but also consumes dead labor; the cost of bookkeeping will decrease with the accumulation of production.

The amount of money paid by merchants for the smooth circulation of commodities was a monetary amount brought about by pure changes in the form of commodities. Before capitalism, it was deducted by the labor of commodity producers; on the basis of capitalist production, this monetary amount is deducted from the residual value. Due to the capitalist form of production, gold and silver must be in circulation to realize the transformation of commodity forms. The wear and tear of this part of gold and silver constitutes a part of pure circulation expenses as “the part of social wealth that must be sacrificed for the circulation process” .

### **4. Storage Costs**

The actual labor that must be spent in order to preserve the use value of commodities and thereby preserve the value of commodities is different from those that simply change the form of commodities, and the cost of paying for this type of labor is the storage cost. Commodity capital, as a commodity on the market, and therefore as a commodity in the form of reserves, appears twice in each cycle: once as commodity capital itself, and the other time in the market, ready to be

purchased and converted into productive capital. In order to ensure continuous reproduction, there must be a commodity reserve. The interval between the production process from which the product is produced and the consumption process it enters is the time the product exists in the form of commodity reserves. The faster the commodity is sold and the faster the capital obtains the surplus value it deserves, it is in line with the wishes of capitalists; and the state of commodity capital forming a reserve is an involuntary stagnation in the market that violates the purpose of the market, but this An involuntary stagnation is a necessary stage to ensure the smooth progress of capital accumulation.

After examining the necessity of commodity reserves for the reproduction process, Marx further examined the cost of maintaining commodity reserves. On the one hand, there needs to be material space for storing commodity capital and labor materials to help workers better load and unload commodities. At the same time, it is also necessary to waste labor to move commodities into or out of storage places and prevent damage to the use value of commodities. Therefore, in order to store commodities, capitalists have to add capital, on the one hand to pay for the material conditions for storing commodities, such as warehouses, forklifts, etc., on the other hand, to pay for the labor cost of storing commodities.

The capital and labor expended for the preservation and storage of commodity reserves are always withdrawn from the direct production process, and must be compensated from social products; this type of cost arises from the stagnation and necessity of the transformation of capital, right or wrong. production cost. And that category is only the cost of completing the transformation of the form of goods (such as the purchase cost that money capital must spend to buy goods and turn it into production capital, and the sales cost of selling goods so that commodity capital is converted into money capital, and Registering the bookkeeping costs of these two types of transactions is a typical form of pure circulation costs.) The difference is that the use value of the commodity is placed in the material conditions that require capital expenditure and additional labor is required for the commodity in this case. The preservation or increase of use value does not improve or decrease the use value of the commodity itself, but it consumes tangible new labor.

After examining the difference between commodity reserve expenses and pure circulation expenses, Marx further investigated the special manifestations of commodity reserve expenses in capitalist production, in order to correct Adam Smith, Lehrer, Sismondi and others regarding commodity reserves. Misunderstanding. There are three main forms of reserves in human economic activities: the form of production capital, the form of personal consumption funds and the form of commodity reserves or commodity capital. Where all social products do not take the form of commodities or only a small part of them are in the form of commodities, the consumption fund for the means of subsistence is very large. For example, in the ancient agricultural economy, the surplus products remain in the hands of their owners, instead of forming a commodity reserve. Converted into spare means of production or means of living. Adam Smith confuses the form of reserve with the reserve itself, and then believes that there is no reserve in places that do not adopt the form of commodity reserve. "Society has always been to eat for a day or wait until tomorrow to try its luck." [3] 158

On the basis of capitalist production, commodities become the general form of products. Commodity capital is a commodity in the form of capital value. As long as it is not directly used in the field of production or consumption, then it must have an intermittent period of stagnation in the market. , Which constitutes an element of commodity reserves. Commodity reserves can be transformed into production capital reserves and consumption materials reserves, and this is nothing but the transformation of the social form of reserves; therefore, with the development of capitalist production, reserves are absolutely increasing. An inevitable trend in the development of capitalist production is that the scale of production increasingly depends on the amount of capital at the disposal of a single capitalist, which in turn depends on his desire for capital proliferation and the necessity of continuous and continuous expansion of his production process. Therefore, the amount of products appearing on the market or looking for sales as commodities will inevitably increase, and the amount of capital fixed in the form of commodity capital will increase and commodity

reserves will also increase. The factors that form the commodity reserve come from the form of production and the transformation of the form it contains and the product must complete in the circulation process.

After examining the necessity of commodity reserves and the factors that constitute commodity reserves, Marx further investigated the circumstances under which the storage costs of this social wealth can be added to the value of commodities and cannot be added to the value of commodities. Marx pointed out: "Only when Commodity reserve is a condition of commodity circulation, even when it is an inevitable form of commodity circulation, that is, only when this apparent stagnation is a form of flow itself, just as currency reserves are a condition of currency circulation. This kind of stagnation is normal." [3] 166 In this case, the cost of storing commodities is nothing but a deformation of the storage cost of the social production fund or social consumption fund. The storage cost is one of the conditions for the existence of social wealth. The ratio is evenly spread over different commodities, causing the increase in commodity value. However, when the reserve is due to the stagnation of the pure form change of the commodity to the currency, or the stagnation of the buying and selling, the storage cost of the commodity at this time essentially becomes a manifestation of the pure circulation cost, and its compensation will not be through the addition of nominal value. Realization can only be a deduction of the value of existing commodities, whether it is voluntary reserves or involuntary reserves. "Commodity reserve is no longer a condition for continuous sales, but the result of the inability to sell goods... So it does not add the value of the commodity, but becomes a deduction when the value is realized, that is, the loss of value." [3] The two of the 166 commodity reserve The different natures are completely the same in form. Both are manifested as the stagnation of circulation, and the two can appear mixed with each other; and because of the disconnection between the commodity circulation process and the capital circulation process, if the commodity circulation is severely stagnated, the industry Capitalists' capital circulation can be unimpeded. If the scale of production and consumption expands, the scale of commodity reserves will also expand. Therefore, the phenomenon of commodity reserves expanding due to stagnant circulation will be mistaken as a sign of the expansion of the reproduction process.

## 5. Conclusion

Marx studied the compensation of circulation costs from the perspective of the production and circulation of total social products. From the perspective of the entire society, circulation costs, as non-production costs put into the circulation process, are a deduction of social wealth. This is true regardless of whether it makes the commodity more expensive. Making the commodity more expensive means that the party who purchases the commodity needs to pay a higher price, and due to the non-productive nature of the general circulation process itself, it does not increase or increase the amount of use value, on the contrary it needs to be consumed. A certain amount of use value, so for the entire society, wealth has not only not increased, but decreased.

When the product is widely used in the form of commodities, taking into account the social form of possession, it is only then necessary to consider who will pay for the extra cost due to the circulation process. In the case of circulation, the parties always reflect the purchase For sellers and sellers, if the price is added to the commodity, it means that this part of the cost is borne by the buyer; if it is deducted from the value of the commodity, it means that this part of the cost is borne by the seller. Generally speaking, the circulation costs purely due to changes in the form of commodities will not make the commodities expensive. This is the most typical case in commercial sales: merchants need to rent houses to provide physical places for commodity trading and hire to sell commodities smoothly. The personnel shouted and sold; in order to record what he earned or spent, stationery and paper were also consumed for bookkeeping, and these expenses could only be borne by the businessman. The nature of this type of circulation cost is easy to identify because it does not directly add labor to the use value; the real question is who should bear the circulation cost when the use value is directly added to social labor. For example, in the case of commodity storage, in order to preserve the use value of the commodity and thereby preserve the value of the

commodity, a certain fee must be paid to add social labor to the use value. Whether this part of the cost is included in the commodity price, which makes the commodity expensive, It needs to be studied from the nature of commodity reserves. Any society has a reserve of products, and it is only under the capitalist mode of production that it is generally expressed as a reserve of commodities. Commodity capital appears twice in a cyclical process, once as a product of the production process, once as a commodity entering the production process, and the same commodity as the result of the process and then as the starting point of the process, there is a gap in between. In this gap, the circulation of commodities has stagnated (this stagnation is inevitable in the social form of capital production), and commodity capital solidifies in this gap to form a commodity reserve. Due to the characteristics of capitalist production itself, in order to ensure the orderly progress of the reproduction process, there must be a certain scale of commodity reserves, which, when appropriate, are transformed into production capital reserves on the one hand and consumption fund reserves on the other.

When the commodity reserve is created by the social form of capital production and is therefore a precondition for social reproduction, the circulation costs paid for this reserve can be included in the commodity price, making the commodity more expensive. When the reserve is due to difficulty in buying and selling, or because it cannot be sold, that is, when the commodity reserve is manifested in the form of inventory backlog, the storage fee is purely for the sale of the commodity, that is, the payment is purely for the transformation of the form of the commodity. In this case, the storage cost is not included in the price of the product, and the product will not become expensive. After systematically investigating the circulation costs, Marx came to a general conclusion: "All circulation costs arising from the transformation of the form of commodities will not add value to commodities." This conclusion, For transportation costs, it is also established, although transportation is the continuation of the direct production process in the circulation field, which can create value and bring about value increase.

## References

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