Rethinking Capital

How to elaborate the two first steps of specification developed by Marx

by means of three further steps of specification

that makes it possible to grasp the lifemodes and mechanisms of contemporary capitalism

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In contradistinction to the classical economists of his (and our) time, Marx sought to distinguish between fundamentally different economic cultures instead of trying to discover universal economic laws across time, space and societies.

Marx introduces the transcendence of modern universalist economic thinking by means of a new concept:

Each mode of production is the concept of a distinct economic culture

with its own logic, its own lifemodes and its own political/legal, economic and ideological conditions of possibility

The dialectic between neoculturation and transformation of these conditions determine the development of the mode of production and its lifemodes

- Marx elaborates the capitalist mode of production by means of two famous steps of specification
- Today it is possible to continue the work by means of three futher steps of specification
- These steps may change and expand the scientific understanding of capitalism just as radical as the two first specification steps have done hitherto

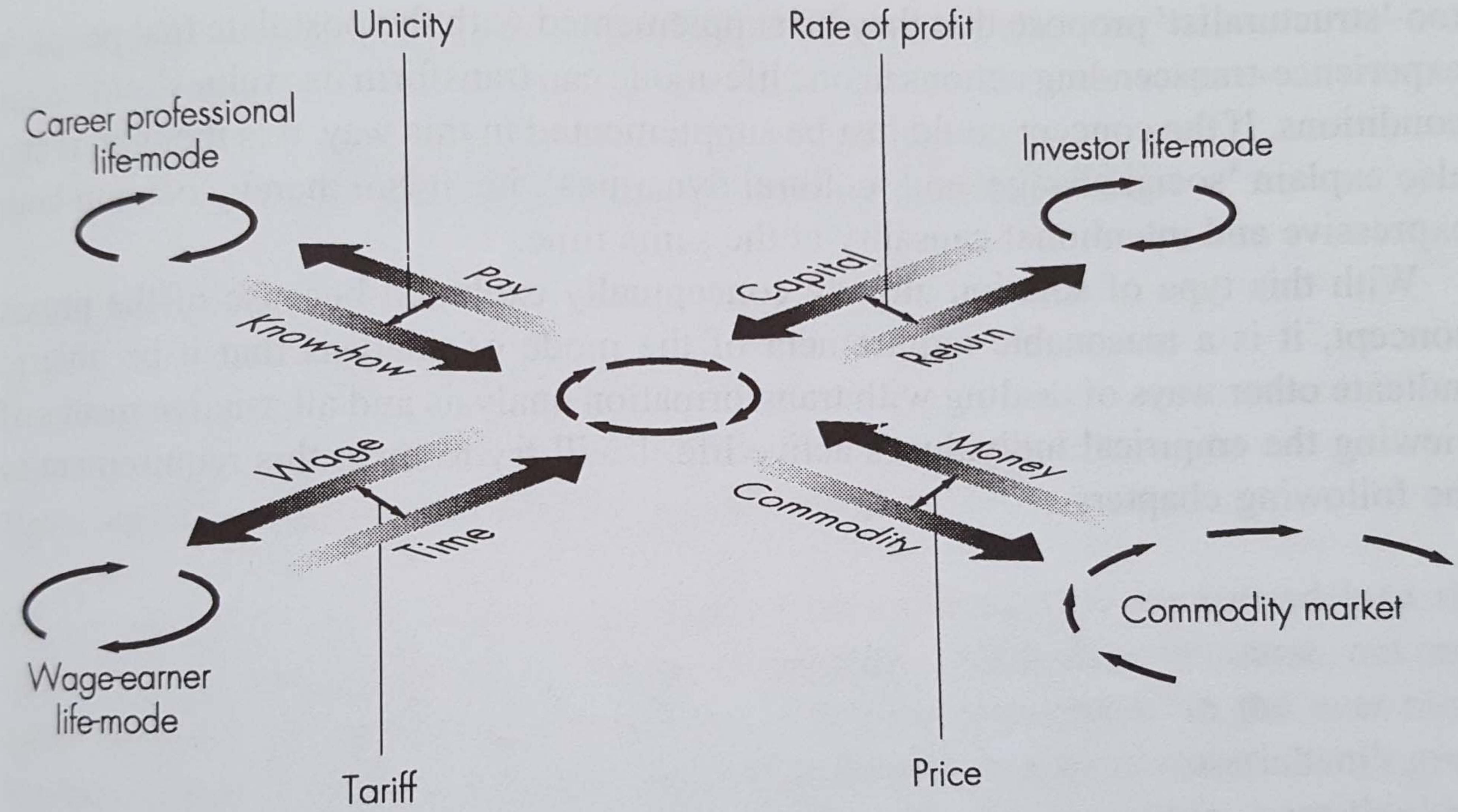
- *The first step of specifications:* **The use-value of unpaid labour is the source of surplus value**

- *The second step of specifications*: **The rate of profit redistributes the globally produced surplus value**

- *The third step of specifications:* **The lifemode of the individual capitalist entrepreneurs**

- *The fourth step of specifications:* **The lifemodes of capitalist managers and investors**

- *The fifth step of specifications:* **The lifemodes of the Conduct of Life Cultivating Capitalism**


Unicity
Rate of profit
Career professional life-mode
Investor life-mode
Pay
Know-how
Capital
Return
Wage
Time
Money
Commodity
Commodity market
Wage-earner life-mode
Tariff
Price

- At the ***first step*** of specification the relation between the variable capital and the surplus value determines the rate of surplus value.

- At the ***second step*** of specification the relation between the variable plus constant capital and the surplus value determines the rate of profit.

- The rate of profit distributes the globally produced surplus value between all capitalist enterprises by means of the equalizing function of the rate of profit.

- The two first steps of specification includes these (more detailed) steps of concept elaboration: (ppp 8 – 21)

- The *first step of specification* of the capitalist mode of production sets out explicitly the dialectical relation between the concepts of ***capital*** and ***labour-power***.

- The surplus value is determined by the difference between the necessary labour and the labour exercised during the working day as a whole.

- At this first step of specification, seeking to extend the working day (absolute surplus-labour) and to increase productivity (relative surplus labour) are the two ways in which the use of capital can increase the production of surplus-labour

The first step of specification can be formulated by means of this equation: ***C = c + v + s.***

The equation should best be read backwards:

The necessary value of the capitalist commodity contains ***s*** (the prerequisite of capital valorization) + ***v*** (the prerequisite of the production of *s*) + ***c*** (the prerequisite of the appropriation of *s*). The three features determine each other and are expressed as ***C***.

- This first step of specification sets out explicitly the inner connection of features, that determine the *differentia specifica* of the capitalist mode of production.

- Nevertheless, it also exposes a hitherto implicit contradiction within the capitalist economic system. The contradiction concerns the relation between constant capital and variable capital.

- Because surplus value is produced by the variable capital, it follows that the greater the portion of employed capital spent by the capitalist on purchasing labour-power, the more potential surplus value can be produced and extracted.

- However, this equation may contradict the endeavor of capitalists to introduce labour-saving machinery. To decrease the value of labour-power and increase the surplus value produced by labour (the proportion between them is termed the *rate of surplus value*) the capitalist looks for every possible way to improve the efficiency and productivity of the production process.

- . The contradiction cannot find a solution at the first step of specification, based as it is on the terms of value, surplus value and rate of surplus value. It requires a further, second step.

- This step calls attention to the implicit features of supply and demand implied in the concept of competition. Applied to the commodity market, these features make it possible to elaborate the concept of price.

- If the prices, on average, fall below the necessary value of the capitalist commodity, the reproduction of its production decreases, causing a reduction of the supply. Prices may fluctuate above or below the necessary values, and the logic of these fluctuations ensures the equation of values with a level of price movements, which opens the way for the specification of their significance for our understanding of the movement of capital and labour power.

- This triangle of supply, demand and prices forms the conceptual foundation that makes it possible to divide the concept of capital into a plurality of capitals engaged in circulation and competition with each other.

- The basic transformation from ***value*** concepts into ***price*** concepts paves the way for the elaboration of concept specifications:
- from the *value of labour power* into the *cost price of labour power*,
- from *surplus labour* into *profit* and
- from the ***rate of surplus value*** into the ***rate of profit***.
- By means of these specifications, it becomes possible to sublate the contradiction set out explicitly at the first step of specification.

- The concept of ***profit*** makes it possible to sublate the contradiction emanating from the triangle of variable capital, constant capital and rate of surplus value. The sublation is as follows:

- Production processes that employ a large amount of variable capital and produce a high level of surplus value will attract capital, whereas production processes that employ less variable capital and produce a low level of surplus value will be less attractive.

- Consequently, the volume of produced commodities of the first kind of processes will increase, whereas the volume of the second kind will decrease. On the commodity market, the supply of the first kind of commodities may reach its top price and (when supply exceeds demand) begin to fall, whereas the supply of the second kind of commodity may reach its rock-bottom price and (because demand exceeds supply) begin to rise.

- The two price trends will meet when the pressure of competition has compensated for the differences in the necessary organic composition of capital. This process may continue to compensate for the differences in produced surplus value, until the totality of surplus value produced is redistributed between the two kinds of production, tending to reach the level at which both of them receive a ***comparable and equalized profit related to the totality of necessary capital invested***.

- The specification of the redistributing process explicates the principle of the rate of profit. Based upon this contradiction-sublating concept, we arrive at the abbreviatiated concept of ***production prices***.

- This formulation is hiding another contradiction, because you cannot just lower the price of production as an unquestioned means to raise the individual profit. The reason is that the production price contains the cost price as well as the rate of profit and it is meaningless to strive for obtaining a surplus-profit by means of lowering your individual profit below the average rate of profit.

- The individuality of the singular capitalist praxis demands, that one directs the focus towards the cost price and scrutinizes the modes in which, the capitalist can possibly manipulate the cost price of the commodities produced by the singular enterprise.

- This remove demands a new step of specifications exploring the structure and manipulable features of the cost price, which are relevant when the individual capitalist seeks to survive the struggle of competition and accumulation between industrial capitalists.

The third step of specifications

The lifemode of the individual capitalist entrepreneurs

The third specification step takes its point of departure in the basic concepts of the two previous stages.

For the capitalist enterprise, the expenditures for wages and constant capital are not fixed sizes, but precisely something that can change by developing the production apparatus.

Ppp 23 – 33 elaborates the third step of specifications

When viewed from a cost perspective, there is a great difference between the means of production, in which the constant capital has been invested. Some of it is invested in machinery, buildings and similar basic operational equipment with long turn-over, which constitutes ***basic costs***, which in accounting terms are calculated as *fixed* costs regardless of how much or little is actually produced with this capital equipment.

The remaining capital is invested in raw materials with short turn-over, and the cost to these varies according to how much is actually produced.

- The same is the case with the wage costs, because the capitalist does not purchase any more working hours than it takes to produce the amount that can meet the demand and squeeze the competitors.
- Together, the raw materials and wages constitute the ***determinate unit cost, duc***, which - within the limits of the production capability - appear as a stable cost per unit produced.
- The totality of the determinate unit costs is a linear function of the quantity and, when multiplied by the quantity produced, yields the totality of quantity-dependent costs.

- In accounting terms, the ***duc*** multiplied by the quantity are often referred to as *variable costs*. The more units produced, the more items there are to divide among the fixed ***basic costs***, i.e., the lower the total cost per produced unit.

- Consequently, the total costs of production are not a linear function of the quantity. The relation between quantity and costs, i.e., the size of the total cost per unit produced, has become manipulable, and the means of this are the ***operational equipment***, that corresponds to the ***basic costs***:

- When we turn from the cost side to the *use* of the means of production that the expenditures are used for, the connection between operational equipment and unit costs becomes essential:

- Here the character of the machinery, plant and buildings used is critical for how long it takes to manufacture the product and how much raw materials and energy must be used.

- By more efficient investing in the making the machinery, plant and production process, the firm can *reduce* the cost of wages and raw materials, i.e., the determinate unit cost and/or *increase* the capacity, i.e., the quantity -- the number of units – able to be produced with the established production facilities without increasing unit cost.

As a participant in the competitive struggle, the individual firms struggle to gain market shares from each other by:

- either *increasing the produced quantity*, so there will be more units among which to divide the basic costs
- or by *lowering the determinate unit cost*, enabling it to lower the selling price

captures the problematique of the productive capitalist at the third step of specification.

- For the individual capitalist, the task is to constantly ensure the firm's productivity and at the same time avoid increasing the basic costs more than the new earnings (i.e. the quantity sold multiplied by the selling price) can tolerate.

This problematique can be briefly written as an equation that describes goals and tools in the individual firm’s praxis:

If we assume that:

1. The firm’s earnings are equal to the produced quantity (*q)* multiplied by the market price (*p*)

2. The firm strives for individual profit (*IP*) that exceeds the average rate of profit (*IP*> P´)

3. The cost of wages (*w*) and raw materials *(m*) represents the determinate unit cost (*duc*)

4. The determinate unit cost (*duc*) multiplied by the quantity (*q*) represents the total variable costs (*tvc*)

5. The basic costs of production (*bc*) correspond to the necessary operational equipment that make possible a given production capability, provide the productivity and determine the determinate unit cost *(duc*).

- The capitalist of the individual enterprise is preoccupied with finding out how to make the most ingenious investments in the basic operational equipment of the enterprise (generating its basic costs of production, ***bc***).

- The basic operational equipment is the fundamental instrument of the firm in making the income (price multiplied by quantity) larger than its total costs of production (***tvc*** + ***bc***) plus the rate of profit multiplied by the total costs of production.

- The problematique can be expressed as follows:
- $p \times q > (w + m)\, q + bc) + (IP > P') ((w + m)\, q + bc)$
- or condensed:
- $p \times q > (duc \times q + bc) + ((IP > P') \times (tvc + bc))$

- On the one hand, one can lower consumption of paid work (*w*) and reduce raw material costs *(m)* by reducing the waste of time, energy and materials, increasing productivity and increasing the potential, produced quantity. This is synonymous with, in different parts of the value chain, reducing the expenditures of paid labour and thus the finished product's exchange value.

- On the other hand, greater demand can be created by enhancing the quality of existing products or creating demand for entirely new products. This is synonymous with raising the product's use value to the buyer by developing (with the product as agent) the buyer's needs or reducing the buyer's own consumption of additional work in order to achieve the goals that the buyer himself uses the good/product as a means to achieve.

1) Capital — Wage-work

$$\text{value} = s + v + c$$

The value of the commodity equals the surplus value plus the value of the variable capital (wage) and the constant capital (means of labour and object of labour)

value means a variant of commodity production

s is CMP's differentia specifica

v produces s

c makes the appropritation of s possible

2) The private capitalist mode of production

The private capitalist — Labour market

The life-mode of the industrial capitalist

Wage-earner life-mode

$$p = 1(x\%)(w + c) + 1(w + c)$$

The production price of the commodity (p) equals the rate of profit (x%), of wage (w) and constant capital (c) plus the price of wage and constant capital.

- For the capitalist praxis in the individual firm, it is primarily about *cutting the determinate unit cost, increasing the capacity, quantity and product quality* or creating a *new product,* all of which depends on the capitalist's ability to *develop the basic operational equipment*.

- This includes all the forms of machinery, plant, organisation, automation, digitization, quality, knowledge, innovation and motivation that are important for the levels of unit costs, the production capacity and the quality of the products produced.

- The quantity is not only determined by the production capacity but also by the demand. Demand, in turn depends on the degree to which the capitalist succeeds in developing the use-value of the product for the consumer -- before the competitors have achieved the same potential.

- At this stage of the third step of specifications new contradictions and and questions arise and their explication forms the foundation for the next, fourth step of specifications.

- The concept of class becomes valuable as an analytical tool only when it specifies the properties of the class's praxis that make it a self-reproducing lifemode.

- This is because a class-specific praxis can only be the bearer of its own ideological conceptual world if it is *self-reliant,* i.e., if its *own characteristics determine each other in an internal coherence,* because one can then not argue that its "attitudes" are created simply by external causes.

- Marx specifies the appropriation and distribution of the *surplus-value/gross profit* into *profit of enterprise* and *rent*.
- This specification of a division and contradiction between two competing forms makes it possible for him to distinguish between two form variants of the capitalist praxis:

- 1) *money capitalists*, who lend out their capital and obtain interest in return, and
- 2) *industrial capitalists*, who initiate production with their own capital, generally supplemented by borrowed capital from a money capitalist.

- We now face the problem, that the capitalist praxis may involve two aspects of its own, that may be cleaved off from itself: The money lender as well as the manager, who represent two kinds of activity, that challenge the concept of capital.

- Is the money lender’s activity capitalist, when this practice cannot get more than an interest, because it is not able to produce surplus value and appropriate a gross-profit?

- Is the managers activity capitalist, when the manager cannot get a payment that is more worth than the total value of his work, because he has no other capital than his own competent labour?

- MÅSKE
- According to Marx the productive capitalist thinks of the profits of the enterprise as a salary for his labour. Marx’s view is confirmed by the fact that in some sectors, there are firms whose *size* allows the capitalist entrepreneur to hire a manager to perform some of his own duties. This manager, in other words, carries out a portion of the capitalist’s praxis. The question, therefore, is whether or not he can be paid for this with a portion of the entrepreneur’s profit.

- The manager must ensure that labor is consumed productively, in the sense that profit is produced and appropriated.
- However, Marx warns us that one should not be fooled by this, for the very organizing, directing and supervising work is itself productive work and therefore comprise distinguishable functions.
- But if they were paid for all the entire value they added to the capitalist commodity, they would then, viewed from the first step of specifications, not produce a surplus value
- If they were paid only for a portion of the value they added to the commodity, then they provide, like other wage earners, a surplus value to the firm that has purchased their labour.

- Both inferences lead to the conclusion that their wages are not a part of the profit, but more or less good payment for necessary work functions in the capitalist production process. In this case, it would not be a case of making explicit a variant of the capitalist’s lifemode.

- When the second and third specification steps determine the capitalist’s capital as funds that flow toward the highest possible profit and then counts the funds that do not seek the highest profit as the capitalist’s capital, then the concept of capitalist capital dissolves. That the “money capitalist’s” lending funds should be floating capital is contrary to Marx’s own concept of floating capital, because this capital will always seek to extract itself from a production or sector if it does not obtain enough profit, i.e., earns less than the rate of profit. Therefore, a capitalist does not simply lend out his capital and leave the responsibility to others.

- What is problematic here, therefore, is that it is a case of a capital, namely the money capitalist’s, which is nevertheless not capitalist capital, understood as floating capital. If this is correct, then the money capitalist’s praxis is not a capitalist lifemode.

- In Volume Three of *Capital*, Marx specifies the capitalist praxis the inner connection between two necessary features:

  1) The first is the capitalist’s ability to get the wage workers to create a production of surplus value

  2) The second is the capitalists’ ability to *invest* in the changing locations that temporarily yield the most profit.

- This is necessary if a capital should not lag behind the other capital’s accumulation or even end up as operating funds in firms that generate no return at all.

- Since profitability requires an individual profit that is at least equal to the rate of profit, it also entails that this praxis must be able to create a new production, move into another sector or develop its production of a completely new and untested kind of use-value when (or more precisely, before) the existing production of known products loses its (always) temporary possibility to yield a sufficient profit from it.

- These are the preconditions for the capitalist entrepreneur being able to continue appropriating a sufficient share of the global surplus value so as to survive as a capitalist.

- The capitalist entrepreneur’s praxis therefore has two complementary sides:
- 1) to be able to manage a profitable enterprise
- 2) to be able to move his stake and investment into the most profitable opportunities

- The first we might call the entrepreneur’s *“**productive management**”*, while the second is the entrepreneur’s *“**profitable investments**”*.

- As *productive management* consists of actively appropriating the largest possible share of the globally produced surplus value through the productive use of the firm's capital, the word "productive" denotes this management as a productive *means*.

- When the same management is viewed from the *end* that the firm achieves in the form of an individual profit we will term it "*profitable management*".

- Similarly, the term *profitable investments* shows that the investment side of the capitalist praxis is viewed from the *end goal* (profit's) perspective.

- The same investments viewed as *means* will be called "*productive investments*" as the placement of the investments is the means to ensure a more profitable (or less risky) placement of the floating capital than other investment opportunities offer.

- Finally, we know that the so-called money capitalist’s praxis contains neither one nor the other side of the productive capitalist praxis, and that this must be the explanation for why the money owner must be content to lend his money to, for example, a productive capitalist or merchant capitalist in return for interest payments if these funds are to circulate as capital.

- The cultural *lifemode* becomes the decisive criterion of whether a legal person is capitalist or not, and this cultural-theoretical criterion seems to be able to clarify the central contradiction in Marx’s understanding of capital’s laws of motion. It is not enough to possess money. One must also possess a certain praxis, a capitalist lifemode, to be able to live like a capitalist.

- Two forms – the money owner and the productive capitalist – therefore appear as each other's negation at the third specification step. The point is that precisely for this reason, a sublation of this negation may generate a more coherent understanding – of the internal contradictions, we have located in each of them.

- It is with this aim in mind that we now explore the possibilities of developing a fourth specification step.

- *The fourth step of specifications:* **The lifemodes of capitalist managers and investors**

- If we begin with the contradictions of the capitalist entrepreneur’s praxis, the *productive management* requires that the capitalist possess the labour process in its entirety so that he can ensure a profitable use of the equipment, labour force and raw materials as specified in the third specification step. This means its empirical realization implies a comprehensive and specific complex of skills, experiences and knowledge of the specific production process and sales. However, this same requirement conflicts with the requirement that the entrepreneur freely move his investments of capital and productive effort from one sector to the other, governed by the prospect of maximizing individual profit.

- This is not because one person can not know everything, but because ensuring a profitable production implies that the individual enterprise can manage its production and the produced use-value in specific ways in which it is difficult for others to do better. Without be able to do this, the entrepreneur has no protection against the competition sinking the market price of its goods below their production price.

- . The praxis of the individual capitalist entrepreneur is a dialectical whole. Therefore, the negation can only be sublated by disassembling the two sides of the same praxis from each other even as they continue to imply and presuppose each other. We thus need to further specify the two sides of the individual capitalist praxis into two distinct and self-contained forms of praxis, which at the same time presuppose each other.

- Logically, we are compelled to maintain the indivisibility of the two sides of the individuality, and we can do this only by this indivisibility being elevated to a more labour divided, complex and specific form of capitalism where:
- profitable management tasks are carried out by *capitalist managers* in each individual firm,
- all while *capital investors* move the floating capital around, choosing to place their profit-seeking investments in the most attractive sectors and enterprises.

- This specification stage requires a form of organization that makes it possible for the individual firms to compete with each other, each seeking to retain its own position and expand, while investors can move their liable capitals from one firm to another.

- Although the firms are each other's worst rivals, there needs to be a flow of liable capital between them that is driven by the prospect of a profitable return on investment as indicative of the firm's success, and which can be crucial for which firms are given sufficient resources with which to achieve a potential success

- .At the same time, a firm must be able to *shield* its special development and combination of operational equipment, raw materials and labour-force from its competitors and create an approximate, temporary monopoly on its unique production of use value.

- The firm can procure resources for this task only if it is *open* to the entry of new owners, and that there occurs a replacement process among the circle of owners, as owners will move their less promising investments to other firms with more potential.

- It goes without saying that such a system will necessarily be profoundly contradictory, and it is hardly surprising that Marx did not consider such a system to be a viable and lasting form variant of the capitalist mode of production as a whole. He mentions that large banks have begun to develop shared forms of property that tend to transcend - and by means of concentration and monopolization overthrow - the individual capitalists’ private ownership of banks and enterprises.

- That Marx had difficulty developing concepts to describe how a finance capitalist variant of the mode of production could conceivably take form, therefore, shows how the cultural-historical temporariness implies a scientific temporariness in the formation of concepts.

- There are two structural features that make it possible to divide the concept of praxis of the individual capitalist entrepreneur into two self-contained forms of praxis:
- the capitalist manager praxis and
- the capitalist investor praxis.

- The capitalist manager praxis implies, that an enterprise employs professionals to develop its operational equipment and utilize equipment, labour-force and materials to create maximum profit for the enterprise through the production and circulation of use-values.

- This requires that they hire researchers, developers and managers who not only sell their time and labour, but take on the responsibility of running the company profitably. This entails that they are hired to use their creative abilities to provide the firm with that special competitive edge over other firms, the edge that enables it to produce surplus value and appropriate profit.

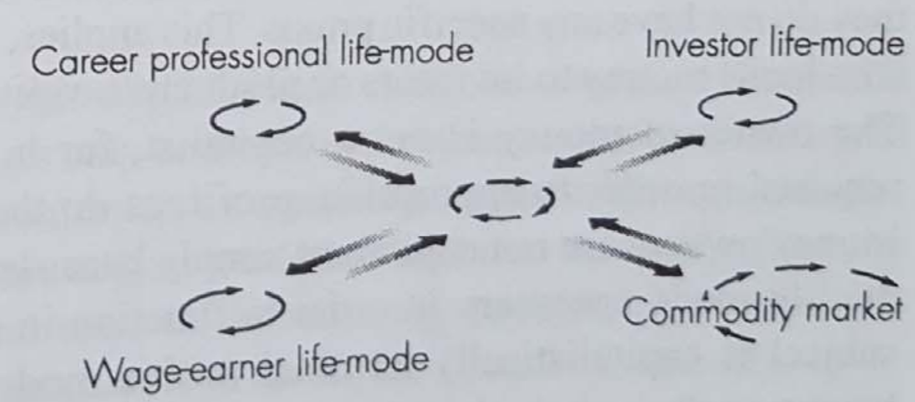
3) The finance capitalist mode of production

Finance capital — Investor life-mode

Industrial management — Career professional life-mode

$$p \times q > ((w+m)q+r) + 1(x\%)((w+m)q+r)$$

Assuming that:
1) earnings equal $p \times q$;
2) wage (w) and raw material (m) form the unit cost and
3) constant costs of production are fixed in the reproduction of the means of labour (r) (i.e. the plant and equipment, which determine unit cost and productive capacity)
then the central issue to the individual management is to make earnings exceed the entire costs $((w+m)q+r)$ plus the rate of profit of the costs $(1(x\%)((w+m)q+r))$.



Source: Hansen 2003

- . It is the ability to produce and keep this lead, to keep the firm ahead of the pack, that the capitalist team of hired researchers, developers and managers sell to the individual firm through their employment . When this exclusive creative edge can give the company a *temporary monopoly on a leading position* in the market, the firm can earn an equivalent profit. When such a *productive management team* completely replaces a capitalist entrepreneur's praxis, its members *possess* as a team the entire labour process.

- . It means that this team is indispensable to the firm’s ability to earn a profit. Without this team, the firm cannot earn a profit and will lose its attraction as an investment object for profit-seeking investors. The capitalist managers, not being co-owners of the company, can without hindrance leave for another company, leaving its fate in the hands of other career professionals.

- . Because it is the firm’s capitalist management team that creates the firm’s temporary monopoly on the profitable advantages of its production process or its products’ use value, it is necessary to pay this team a share of company profits so that they can take responsibility for its development and operation, if the company wants to avoid losing *productive management* of its capitalist team.

- From this perspective, the praxis of profitable management is a prerequisite for being able to attract the productive investments, i.e. to engage the praxis of productive investment. The indicator of efficient management is ultimately its ability to attract productive investment.

- The second structural feature consists of the possibility that a profit-seeking investor can join with others capitalists to place a part of their venture capital as liable capital in a firm and reserve the right to withdraw their investment from the firm by selling their shares. By means of a subscription of shares, a temporary partnership of this kind divides the total need of capital into transferable shares to be negotiated on a private basis or quoted on the stock exchange in accordance with a Companies Act.

- This means that as a capital investor participates in the firm’s obligations, values and potential added value, as well as sharing ownership proportionally with the other shareholders who have purchased shares in the firm. Characteristic of this type of company is that each investor is liable for its shareholding stake in the company, and that each share allows some degree of influence at the company’s shareholders meeting.

- The shareholders meeting appoints a board of directors, who then hire the firm’s executive management.

- Shareholders can either obtain a share in the firm’s distribution of annual dividend,

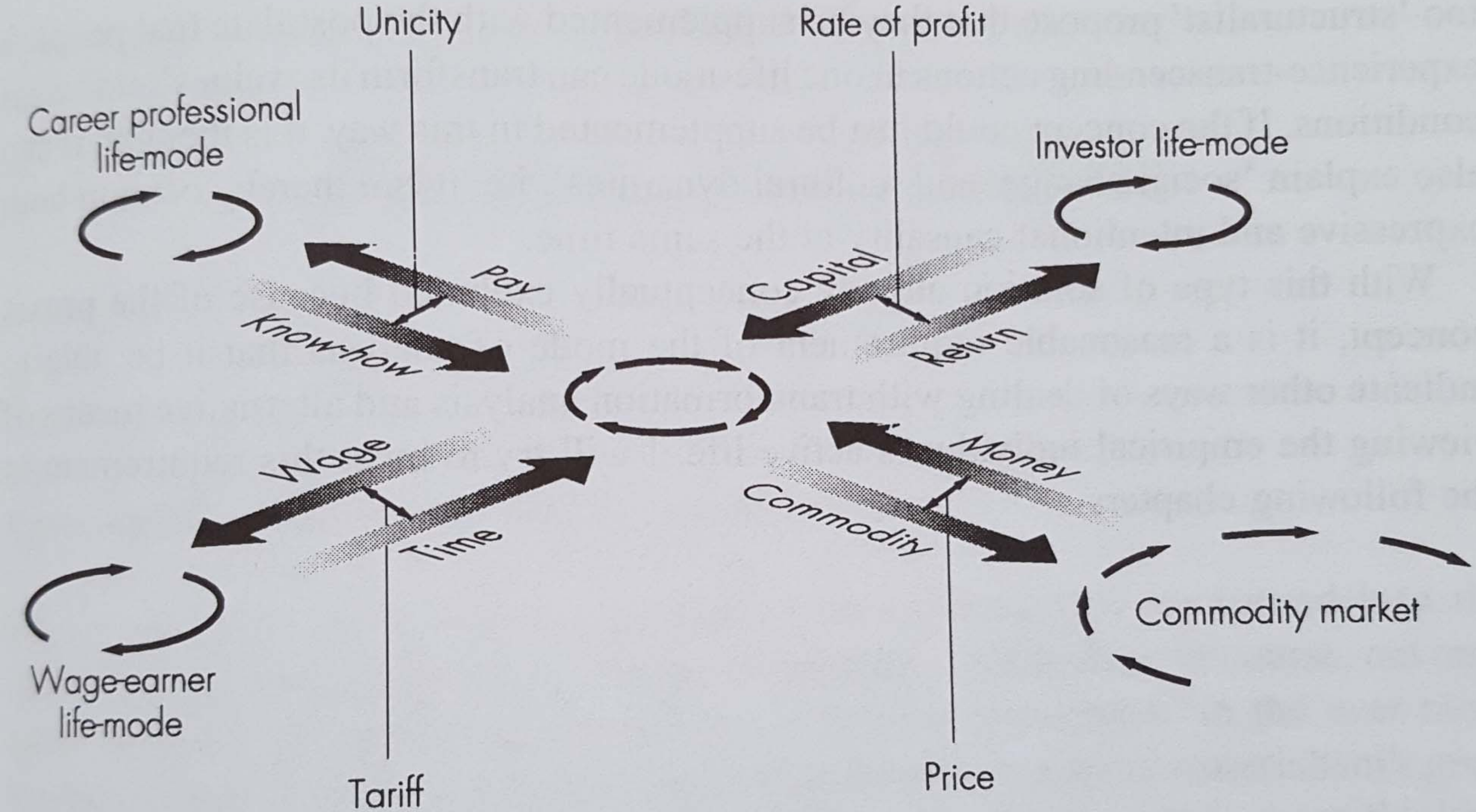
- Or the company may choose to reinvest its profits and satisfy its shareholders via an increase in the price of its shares so that they can be sold profitably.

- As an investor, it is not necessary to possess the labour process, i.e. to have direct control over the labour process, but it is necessary to possess

- 1) the power and ability to delegate (or share in delegating) responsibility for the productive management to a board that hires the executive team; and

- 2) the ability to make an informed assessment of a company's value and potential. The latter is essential for shareholding investors to compare the potential of different companies and to move their investments to firms that are undervalued on the capital market relative to their value and potential, so as to purchase and then sell shares at a profit.

- The two skills are essential features of the capitalist investor praxis. From the capitalist investor’s perspective, the stocks are securities which should be purchased cheap and sold high, whereby the stock market as a whole forms the condition of possibility for floating capital to move freely from company to company and between business sectors.


Unicity
Rate of profit
Career professional life-mode
Investor life-mode
Pay
Know-how
Capital
Return
Wage
Time
Money
Commodity
Commodity market
Wage-earner life-mode
Tariff
Price

- This specification shows why a moneylender is not in possession of the capitalist praxis: it is only by making liable capital resources available -- i.e. not by *lending to* a business, but by *buying into* a business and taking responsibility for its debts with its entire stake -- that one can acquire a capitalist return and not just a fixed interest payment.

- The moneylender acts as a *creditor* against the firm, demanding a fixed interest payment and requiring security in the firm’s real estate.
- The investor, on the other hand, involves himself as a *responsible co-owner* of the firm, i.e., he enters with a liability for the debt the firm had to build up and as the owner of the added value and the annual return it may produce.

- This makes for a significant distinction between the structural features of the moneylender's lifemode and that of the finance capitalist.

- While each firm’s profit potential depends on the value of its productive management, it is, conversely, crucial for this potential that the investors can and will aim to use existing capital and earned profit to attract the best possible capitalist managers to develop the firm’s profitable production of use value and appropriation of the greatest possible part of the globally produced surplus value.

- From this perspective, the praxis of profitable investments is a prerequisite for being able to attract productive management, i.e. to engage the praxis of productive management.

- The two capitalist lifemode concepts at this fourth step of specifications therefore form each other’s intensional conditions of possibility, and their mutual relationship is characterized by interesting contradictions.

- Basically, each company’s primary prerequisite is that it is an *indivisible* unit of production that possesses the integrity to cooperate with others and take part in the competitive struggle without its individual parts falling apart or being played off against each other by the competitors.

- To do this, it must be able to hold onto its business secrets, its operational equipment, its workforce, its access to raw materials, its research and development knowledge and its senior management, that is, all its working capital so that it does not lose any parts of it to aggressive competitors.

- But just as fundamental is it that the firm as an enterprise, is *divisible* from the capital owner's side: its investors can buy and sell its shares, by which it is possible to recombine and unite sufficient amounts of liable capital to work with.

- The contrast between the firm’s individuality and the firm’s capital divisibility becomes clear when capitalist investors buy shares in competing companies, when a company undertakes a hostile take over of a competitor’s shares in order to absorb a competitor, and

- when investors buy shares in a company in order to make a profit by emptying it of value, splitting it up and selling its valuable parts to other companies.

- Because the capitalist managers possess the most reliable internal knowledge about the enterprise and its business secrets, knowledge that nobody else has, they can be better positioned (as far as the individual firm is concerned) to speculate with company shares than all the other investors who do not have such insider knowledge. Ultimately, this could prevent pure investors from becoming interested in trading with the company's shares.

- Because the capitalist managers possess the most reliable internal knowledge about the enterprise and its business secrets, knowledge that nobody else has, they can be better positioned (as far as the individual firm is concerned) to speculate with company shares than all the other investors who do not have such insider knowledge. Ultimately, this could prevent pure investors from becoming interested in trading with the company’s shares.

- Hence, even though the lifemodes of the capitalist manager and the capitalist investor are the exact negations of each other, it is still extremely difficult to keep them separate, because the best manager is the one who knows most about whether, when and how wise it is to invest in the individual firm, just as the best investor is the one who knows most about what goes on and what should be done in the operations of several companies listed on the stock market.

- Therefore, it is necessary to enable their cooperation by preventing their fusion if a public system of dealing in shares on a stock exchange is to be maintained.

- To resolve this contradiction so that a public stock market can operate, and to help those firms listed on the public stock exchange, the state can introduce laws and regulations against insider trading that make it an offence to leak information about a firm’s annual financial before it can be accessed by all potential investors.

- The states that have an interest in ensuring the conditions of possibility for a well-functioning floating capital do so by designing a corporate legal framework that mitigates the worst contradictions in the necessary division between the two capitalist lifemodes.

- This results in the *share organized, finance capitalist mode of production* (SOFCMP) as a form variant that poses specific functional requirements for the legal conditions of possibility in the state.

- If we examine the sequence of specifications as a whole, we thus have not just one concept for the lifemode that has its place in the capitalist’s end of the mode of production’s relations, but three of them:
- 1) the *individual capitalist entrepreneur*;
- 2) the *capitalist manager* and
- 3) the *capitalist investor*.

- The three types belong to different steps of specification, i.e. they require distinct versions of the mode of production’s relationships that are developed step by step in the sequence of specifications.

- They fold into each other on many levels, from start-ups and family businesses to national conglomerates and global corporations, through lending and borrowing banks and credit systems, capital funds, pension funds, investment firms, portfolio managers, law firms, investment banks and government-owned companies.

- We thus need to be able to set out more explicitly the basic concepts needed in order to explore the many symbiotic and contradictory forms of coexistence and neoculturation.

- ***The capitalist manager’s career-professional lifemode***

- The key feature of the career professional praxis is its production of unique, innovative ideas for bringing the firm ahead of its competitors. The career professionals’ role is to enhance the firm’s production, organization, product development, marketing, and reputation in its struggle against competitors for customers, and to enable as much appropriation as possible of the global surplus value produced.

- It is the ***uniqueness*** of the career professional’s ideas that determines a firm’s interest in hiring and keeping the career professional, supporting his or her praxis and cultivating their creative team.

- Seen from the side of the career professional lifemode, it is the specialist’s uniqueness that is his essential *means* to obtain the best possible working conditions. It is the uniqueness of what the career professional can create that makes him or her ***irreplaceable*** for the company.

- In this praxis is that the product's specific character disappears when it is implemented.
- This is the ***paradox of uniqueness***. When a new idea is presented and implemented, it ceases to be exclusive in the hands of its creator or the team that has produced it.

- Seen from the creator's point of view, the idea loses its uniqueness as soon as it is presented to the firm's management or other employees.

- The idea's uniqueness is his primary means of gaining recognition and valuation by others, but innovative uniqueness, by its very nature, must often break with the conventional ideas, routines and experiences as well as with investments already made.
- In other words, the uniqueness can be difficult to identify, or rather, the benefits of tackling things in a new way can be difficult to communicate and to understand. Therefore, the idea or the new angle of attack must be clarified and explained. It must be made visible.
- But the moment the product becomes *visible*, it is not unique any more, since others obtain the possibility to reflect upon or do *the same thing.*

- This demand for uniqueness brings with it four key problems:

  1. It is a way of doing something, the idea of which can be difficult to identify.

  2. It disappears when implemented.

  3. Its value may be difficult to assess.

  4. As a person, one is often part of a team or development process that makes it difficult to put one’s own name on because there is knowledge-sharing within the overall team.

- The career professional's specific *means* are:

Renewing ones own ability to create, renew and in this sense maintain the firm's innovative capacity.

- The preconditions for being able to produce this edge are the *optimum workplace and working conditions* in one's own consultancy or in the firm where the expert is employed and the means to ensure such conditions is to make oneself as *irreplaceable* or *indispensable* as possible, to get one's name noticed, and to keep competitors at bay by emphasizing one's innovative uniqueness.

- **The paradox of temporariness – *“All that is solid melts into air”***

Capital as well as career professionals are only *temporarily* attached to the individual firm. From the firm’s point of view, capital and labour are resources that can be *attracted to* and *employed* in the company *as long as* it can pay for their commitment. The share capital can only be retained as long as there is a prospect of favourable return or added value, just as the career professionals will remain only as long as they can be offered sufficiently advantageous working conditions and personal development opportunities, and in other ways a part of the company's profit.

- The paradox is that when we talk about the company's management as the strategic subject who reflects and decides in this context, this group itself consists of managers and other capitalist professionals whom the board has purchased to run the business, but who themselves are just as temporary as the resources for which they have been hired to attract and engage productively in the company. The same applies to the board members.

- This paradox becomes no less striking in view of the fact that the capitalist share owned companies subsist by challenging each other's profitable lead. They do this by constantly developing new kinds of cutting edge and unique lead, i.e. by confronting each other as competing strategic subjects.

- The incessant competitive situation, characterized by their perpetual attacks on each other in the struggle to survive on the markets, is fundamental to their mode of existence.

- It is the *relations of struggle* that at once both presuppose and determine that companies act as sharply demarcated and autonomously calculating accounting units.

- The relations of struggle do not only continuously expose hitherto unnoticed potentials for profitable enterprise,
- but also forge the formation of enterprise projects, compelling a unity in the individual enterprise that can prevent it from collapsing, being taken over or split up again -- until it happens.

- In that case, the SOMP’s merciless *relations of competition constitute the individual firms as independent survival units* and decision centers because they must fight for their survival by competing with *each other* for the same volatile resources.

- They live only as divisible individuals as long as they manage to surprise each other, overtake each other, attack each other, swallow up each other and resist each other.

- ***Foundation owned business capitalism and the wage-earner life mode of partnership ideology***

- The generative temporariness of the SOMP contains major innovative potential, but also an equally great risk that the enterprises will be bought up and moved away, which may entail that their important forms of praxis lose their function or leave the country, region, locality or family from where they originated.

- From the perspective of the state, the municipality and the family, it can be tantamount to *their* objective with the prosperity of the firms' well-being being lost.

- A true negation is the *industrial foundation,* which aims to operate an enterprise as a separate company by securing a majority stake, thus preventing the firm’s shares from being available for open trading on the stock market.

- The controlling influence thus remains within the fund, and the profits can be ploughed back into the net investment in the company's future ability to create and recreate a sufficiently unique frontrunner position so as to continue to appropriate the largest possible share of the globally produced surplus value.

- At the fourth step of specification, the *foundation owned business capitalist mode of production*, abbreviated FOBMP, appears as a conceptual negation of the share-organized financial capitalist mode of production, SOMP. The temporary nature of the SOMP companies contrasts with the more durable, semi-permanent character of the FOBMP companies.

- For the industrial foundation-owned company, whose capital aims to keep this very special company preference and unique lead on the market in tact, instead of flowing to other projects where surplus profit may be potentially easier or more rapidly attainable, it can be a crucial tool for supplementing the supreme capitalist praxis of the enterprise with the optimal flexibility, solidarity, knowledge, adaptability and durability of the wage-earners in relation to the enterprise itself.
- In this case, optimizing the wage level may function as an instrument for involving wage-earners in the struggle of the enterprise to appropriate as large a portion of the globally produced surplus value as possible.

- Both sides of the *partnership ideology's wage-earner lifemode* are obviously exposed to the risk that the company will lose surplus profit potential or
- that its realization does not require a large and solidary complement of wage-earners, but rather that wage labour is phased out and replaced by new technology and highly paid creative specialists.

- The process would revive the contradiction between capital accumulation and wage labour, but now in a new form, where the tendency toward the elimination of wage labour becomes a form of dominance that

- 1)privileges the professional developers while

- 2)minimizing the need for and therefore marginalizing the manual, routine and generally non-uniqueness-generating wage labour.

- The fourth specification step thus reveals a new contradiction, which in its extreme form makes the paradoxical question of whether surplus value production without surplus value adding wage labor is a conceivable form variant of the capitalist mode of production.

- ***The fifth step of specifications:***

The conduct of life cultivating CMP

- This theoretical thought gives us occasion to explore whether yet another transgression of the previously specified form variants of both the capitalist mode of production and its lifemode forms is possible and perhaps necessary in order to understand the neoculturation processes that are on their way into today's capitalist cultures around the world. Let us take a closer look to see whether it is possible to set out explicitly a fifth step of specifications.

- Now the question arises: is it possible to conceive of the capitalist mode of production without the variable capital and its cost price? Its first equation says that this is not possible. The concept of surplus value presupposes the concept of variable capital.

- Empirically, however, it appears that the IT- revolution is something that can be compared to the Industrial Revolution as described by Marx in Chapter 13 of *Capital*.

- Would it be possible to sublate the contradictions set out explicitly in the last part of the fourth step of specifications by means of a similar self-transcending process and epoch of relations and forces of production? Have we entered a new epoch that transcends the whole complex of large-scale industry and well known types of company structures?
- Let us take the most extreme types of profitable production processes, i.e. processes without any important use of unpaid labour-power, like the IT-platforms applied by a wealth of users.

- They have put a part of their daily productive work into the framework and structures that Facebook has opened for them and allowed them the possibility to lay a part of their conduct of life in e.g. Facebook, WeChat and Weibo's framework. They enable, if not encourage, millions of people to put their productive daily conduct of life into certain frameworks (as "users" of the frameworks) that are set, controlled, regulated, monitored and further developed by a capitalist company in ways that can become knowledge or a product of very great use value for e.g. Facebook's different types of *customers*.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- A myriad of services are being regularly developed aimed at new segments of users whose work of using the services and the media involves billions of hours of unpaid labour – disguised as personal searches or 'fun' -- that can be appropriated by the contracting companies as surplus value, profit and surplus profit.

- it is a variant of the mode of production that transcends the earlier specification step’s relationships between the determinate unit cost (duc) and the totality of variable costs (tvc) by removing of importance of quantity (q) and can therefore help to remove the (at previous specification steps) explicated relationship between capacity, production and capital requirements that are likely to be reflected in the recent decades’ uneven but constant decline in the general level of interest rates, despite strong growth in productivity, new kinds of use value, infinite quantities of IT products and labour-saving technologies.

- It is also a cultivation of the lifemodes’ conduct of life that the social media organize in order to be able to ‘service’ their new customers with use values, which makes it possible to appropriate parts of these users’ huge amounts of unpaid labour by living life in the deliberately cultivated frameworks. We call this variant of the mode of production the *conduct of life cultivating capitalist mode of production (*COLPM). This mode of production could be explicitly set out as the fifth step of specification.