

Welcome to theplanningmotive.com

Since being featured on Michael Robert's website *thenextrecession.org* there have been many more viewers to this site. I therefore consider it worthwhile to direct new readers to what I would consider the accomplishments and breakthroughs on this site.

No doubt you will be aware of my concern regarding the omission of circulating capital. Because it was thought that distilling circulating capital from the System of National Accounts was impossible, circulating capital was intellectually swept under the carpet. What cannot be seen is soon forgotten. As a result, post-war Marxists were satisfied simply with equations based on fixed capital and annual wages. Accordingly, the rate of return was used as a proxy for the rate of profit, the rate of exploitation for the rate of surplus value and finally the organic composition of capital was based on annual wages not variable capital. While these proxies did show trends, they remained crude approximations.

Clearly it is possible to dissect and examine a corpse with an axe rather than a scalpel but always at the cost of losing detail. And no Marxist should be satisfied with an axe when a scalpel is available.

So, over the years I have felt a bit like Moses having to walk the post-war Marxists theoreticians through the desert because they could not be separated from the formulas they had been weaned on to, especially the academics who had built their reputations on these observations. On this site you will find a number of articles dealing with turnover and articles describing the limits of the turnover formula. The formula yields accurate results when there are no duplicated sales nor imputed sales, or transposed sales, which occurs in areas of the SNA such as finance and real estate, the household and non-profit industries.

The turnover formula in yielding annual rates of turnover provides us with variable capital distilled from annual wages (compensation). In turn variable capital or v makes possible the rate of profit or $s/(c+v)$, the composition of capital c/v and finally the rate of surplus value or s^n/v where n stands for the number of turnovers. And it allows us to calculate circulating capital, whose importance we recall through the words of FED governors who claim the business cycle to be an inventory cycle (where inventory acts as a proxy for circulating capital).

In this sense the turnover formula has revolutionised the way we interpret capitalism.

On this site you will also find four articles on the transformation problem which converts Marx's arithmetical explanation found in Chapter 9 of Volume 3 into a fully fledged proof without at any time having to alter Marx's original assumptions. Trying to solve the Transformation Problem has been the graveyard for reputations because Marx's intentions and methods have either been misunderstood, rendered more profound or even reinvented. I cannot stress the importance of being able to explain the transformation of values into prices, for unless we are able to do so, the labour theory of value will not resonate through history. We would be unable to substantiate that profits are unpaid labour. Our attempts to explain exploitation would be still born.

These articles should be read in the order set out below. They show how market prices can be derived from market values and market values from market prices. Lodged in these assumptions are formulae beyond my basic maths which would allow the modelling of entire economies.

<https://theplanningmotivedotcom.files.wordpress.com/2019/11/original-transformation-problem-with-additional-preface.pdf>

<https://theplanningmotivedotcom.files.wordpress.com/2018/01/the-transformation-problem-additional-notes-pdf.pdf>

<https://theplanningmotivedotcom.files.wordpress.com/2018/01/reversing-the-transformation-problem-corrected-pdf.pdf>

<https://theplanningmotivedotcom.files.wordpress.com/2018/02/transformation-problem-fourth-posting.pdf>

Another area of research covers the USSR. Again, we would make no progress in the ideological struggle unless we are able explain objectively what went wrong in the USSR and why its failure was not the failure of a socialist society. Specifically, why the Profit Motive cannot function in a society where the labour of the individual becomes part of the labour of society **directly**. Therefore, why relations of exploitation in a society based on collective property has the opposite effect to one based on private property, namely undermining it rather than driving it. It therefore explains why the theory of State Capitalism as applied to the USSR is such an insult to Marxism. Finally, from this research flows the understanding of how falling prices substitutes for the profit motive as the driving force in the early phase of a communist society. All of this can be found in the Pamphlet whose link is found in the **Page** Section together with the following link.

<https://theplanningmotivedotcom.files.wordpress.com/2014/08/once-more-on-profit-and-unequal-exchange-pdf1.pdf>

Finally, I would like to draw the readers attention to the Draft 21st Century Programme which breaks with the 20th century vision of socialism, but, does reconnect back to the original vision of Marx and Engels. If I was asked what the most significant contribution to contemporary Marxism is on this site, it has to be this programme. Without programme we cannot provide an alternative to capitalism. Success is measured not by what we are Against, but what we are For. If capitalism lays the foundation for socialism and by its crises expresses the necessity for socialism, then we have to go beyond a mere understanding of capitalism to understand how it potentially and realistically gives rise to socialism.

It is my sincere hope that you will find this site interesting and that it may even change the way you see society and our future. Capitalism as measured by the rate of profit, was in a weak state before the pandemic. The pandemic has catalysed this weakness and set in motion a chain of events that will shake the system to its foundations.

All major political storms resolve themselves into the struggle over ideas. This we must win, and we will win, only if we stop cutting and pasting the past. Marx and Engels were reluctant to talk about the future. No doubt they felt capitalism had a long way to run, and in doing so, it would revolutionise the cultural and technical core of this society in a way they could not imagine. They were right to be circumspect. Look at how smartphones have changed our lives over the last 20 years.

We have to be relevant and contemporary. We need to shed the attitude that because we are in organisations led by those whose noses have been immersed in the texts, we know it all. We do not. Consigning this huge society to history is a momentous task which can only be achieved through genuine collaboration, scientific enquiry and shared experiences of struggle. This is the intention behind this site; to contribute to this collaborative effort.

And it is in this light that I thank Michael Roberts for his commendation. Though we have disagreements over periodisation I consider him to be one of the best practical Marxist theoreticians I have had the privilege to encounter.

Brian Green, 19th May 2020