

A SHORT GUIDE TO THIS SITE.

For those of you who attended the conference in London celebrating the 150th anniversary of the publication of the first Volume of Capital, I thought a small introduction and site map would be useful.

Three years ago, I set out to address the strategic issues facing the international working class which my investigation of the literature suggested had yet to be addressed. First and foremost was the need to develop an understanding of what went wrong in the USSR, whose demise still casts a long shadow over the working class. What I found were analyses which concentrated on what was missing in the USSR, not what was present there. Marxist analysis must be based on actual contradictions not missing factors. On this site you will find the role of objective prices which replaces the profit motive and the law of value in the transitional period following the abolition of capital. You will also find an analysis as to why the introduction of profit in the 1960s hastened the collapse of this socialised but not socialist economy. Until now the malign role of profit in an economy free of exchange has not been understood. The best place to follow my investigation is to read the pamphlet titled "Planning the Future" (latest edition - March 2017).

Your attention is also directed to the "*Draft 21st Century Socialist Programme*" (posted September 2016) which fleshes out the Critique of the Gotha Programme and the lessons drawn from the events within the USSR itself. The starting point for the elaboration of a new programme must be the USSR itself. A number of you remarked from the floor about the absence of a concrete alternative exposition to capitalism currently. You were right to do so and I hope this programme is substantial enough to form the basis for a discussion which can be taken forward.

Turning to the turnover of circulating capital. I have added the following article to the site: *APPLYING THE TURNOVER FORMULA TO THE SYSTEM OF NATIONAL ACCOUNTS TO DETERMINE BOTH THE AMOUNT OF WORKING CAPITAL AND ITS ANNUAL RATE OF TURNOVER* originally posted on the Academia website for comment. It is the most detailed use of the turnover formula and it includes a brief introduction to the methodology underlying the formula. Your attention is also drawn to the article titled; 1st Quarter 2017 Report on the US economy, which is the latest assessment of the underlying conditions found in this important economy as well as some novel applications of the formula. The turnover formula has two uses. Firstly, it allows us to determine turnover in those industries where the production of value dominates. Secondly, as it is sensitive to errors in the national accounts, where either final sales are duplicated or intermediate sales are absent, it yields a result which is clearly wrong and the degree to which it is wrong reflects the scale of the errors in the underlying data. A useful article can be found under December 16, 2015 which deals with the extent of the omissions, duplications and imputations.

Without turnover, it is impossible to reduce annual compensation to variable capital. Without variable capital, it is impossible to convert the rate of return into the rate of profit. There are a number of articles on this site which demonstrates the difference between these two rates. In addition, though Marx is adamant that top salaries are paid out of variable capital and therefore should not be added back to enterprise profit, I have isolated the top 1% and on occasions added it on to profits by deducting it from compensation. As the remuneration of the top 1% has grown from 3.6% to 11.4% of total compensation, the effect on the rate of profit is considerable. At the very least, here is a new countervailing factor. If shareholders, in a period of recession, decide to slash top remuneration, it will have a considerable effect on raising enterprise profit.

Additionally, in the information age, the retrograde treatment of depreciation cannot go unchallenged. This is due to the high levels of Intellectual Property found in high-tech corporations. Of the fifty percent increase in depreciation in the information age only twenty five percent can be accounted for by the increase in the technical composition of capital. The other twenty five percent amounts to no more than a tax fraud based on double counting. Therefore, if we were to do a Marxist audit on the rate of profit, we would have to qualify it, saying it is modified by the rise in the income of the top 1% of wage earners (really profit takers) and the inflation of depreciation. Taken these factors into account, 2014 marks the peak of underlying profitability in the post war period. Inflated depreciation depresses profits but not corporate cash flow, and it is this divergence between corporate cash flow (depreciation plus pre-tax enterprise profit) and investment that explains most of the phenomena found over the last twenty years, including the banking crisis of 2008. It also explains anomalies like the abnormally low rates of net investment.

Finally, you will find a solution to the Transformation Problem posted on September 30, 2015. It uses Marx's own methodology, not only found in Chapter 9 of volume 3, but Chapters 10-12 as well. It extends Marx's tables to reprice the five capitals found in the tables, which Marx does not do, ensuring thereby that both inputs and outputs are based on market prices of production.

Together we can make a difference.

In comradeship,
Brian Green.