

Ernesto M. Díaz - Introduction to Marxist economics

Natural economy (until the development of capitalism) - production of values use (somewhat like a market) – objective is production for immediate consumption-basic formula of functioning: C-M-C (sale of goods for purchase) – crisis caused by scarcity

Market economy (under development of capitalism) – production of commodities – fundamental objective is production for exchange – basic formula of functioning: M-C-M' (investment for the production of commodities for profit) – crisis of overproduction

Fundamental characteristics of capitalism:

1. Separation of the producers from the means of production

2. Concentration of control of means of production in the hands of one class, capitalists

3. Birth of a 'free' class which possesses only its labour-power

4. Production of commodities

1. Use value

Commodities

2. Exchange
value



Labour theory of value. Abstract labour.
Difference between value and price

Composition of capital. 1. Constant capital (**C**) 2. Variable capital (**V**). 3. Surplus value (**SV**).
C+V+SV

Process of circulation of capital. Investment-production and creation of new value-sale-realization
of surplus value-investment. **C-M-C'**. Rate of exploitation **SV/V**

The imbalances of capitalism. Increase of the organic composition of capital (**C/V**) and the crisis of
overproduction

Relations between finances and productive economy