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Introduction: Critique of Political Economy

Frank Ruda and Agon Hamza

It is 2016, and we are still living under capitalism. Yet, how does contemporary capitalism function? How is it possible for a system, which declared its final victory in the beginning of the last decade of the previous century, to already face some of its most serious and profound crisis since the first decade, of the present century? The on-going crisis has re-opened some of the (half) forgotten and prematurely answered questions about the modes in which capitalism operates: the relation between the State and capital, the limits of capital, the forms of changes within capitalism, forms of domination and exploitation, social classes, et cetera.

Louis Althusser seems to have been correct to argue that “one cannot see everything from everywhere,” and that, therefore, certain philosophical positions are more apt to give us a perspective on the totality than others – as they for example allow for grasping the constitutive divisions of a society. For this reason, it also seems that today there is still no better standpoint from which to grasp the heterogeneous field of Marxism in its totality than the one delineated by the expression that occurs as subtitle to *Das Kapital*: “a critique of political economy”. Yet, depending on which element of this brief expression we choose to emphasise, a different articulation of Marxism also appears.

For those who affirm that the essential component of the formula is the “critique,” *Capital* is regarded as a work of destruction of political economy as such, opening the field – through a harsh critique of the presentation of the capitalist mode of production, and its ideology, bourgeois political economy – to a form of pure politics, separated from economic domination. For others, “critique” might assume a more Kantian sense, transforming Marx’s work into a foray concerning the immanent antinomies that lie at the heart of capitalism, where politics and economy intertwine in impossible ways.

For those who consider that Marx’s innovation in fact lies in the “political” element, the role of critique rather lies in the demonstration that there is no such thing as a pure economy – no neutral or contingent “forces of the market” - but rather class struggle, a historical and social divide that widens and perpetuates itself through the very form of value, in its different shapes and shapings. Stressing the political dimension might potentially also open up a more constructive position, one that seeks to develop an emancipatory thinking of economy itself, following from a logical and practical primacy of a historical specific instantiation of a revolutionary politics.

There are finally those, however, who stress the “economic” dimension of the very method of *Capital* and suggest that rather than obfuscating the underlying politics of the dominant class, economy is the inherent structure of the capitalist economy, which determines, and will determine, all political life and the entire space of action of its political actors. A critical approach would then unfold in an opposite

direction to the former strand, unveiling the economic behind any politics, emancipatory or other. Others, still, would take this reversion to imply also moving the sovereignty of political decision-making away from the apparently autonomous forces of international relations and states, to the hand of workers and those who produce value - as they would be already unconsciously in charge - arguing against a too structural understanding of the economic logic.

These different tendencies, and the tensions between them, find themselves condensed by the expression that defines what *Capital* is supposed to achieve, taking Marxism (maybe this is why it took the form of an “-ism” that even Marx rejected) itself as a contradictory articulation, on that encompasses the most distinct and conflicting presentations and socio-political agendas. This contradictory tension in Marxism throughout its history may require a repeated return, time and time again, to Marx’s thought, repeatedly subtracting any “ism” and constantly inscribing the need to rethink its meaning, scope, and emphasis, at every new historical turn and each step taken. Did Lenin not famously state that Marx’s theory is so powerful because it is true? If this were to be the case, what truth are we dealing with here? Truth is obviously not an objective category and hence not something shared by everyone. Rather it is a category of practice. Yet, it is important to emphasize this aspect – even against Lenin – since whatever the truth of Marx’s endeavor may or will have been, it should not simply be reduced to establishing an objective knowledge of the situation, of history or whatever (an assumption that underlies the greatest part of the diverse bulk of Marxisms). But it is something that can offer subjective orientation.

Especially today this appears to be of high importance, as again, antagonisms and tensions re-emerge everywhere and in an ever more pressing manner. Even new extremist (if one may say so) positions, have been added to the classical list of variations. Including those, for example, who affirm that the time has come to ultimately abandon the critique of political economy altogether, as there is no explanatory potential left in it, and those - from all sides of the political spectrum, including quite conservative ones - who announce that Marx’s thinking has never been more opportune and alive than now. How to avoid turning Marx, as Lenin also analyzed in the beginning of his “State and Revolution,” into an often referred to and often denounced idol that is of no efficacy whatsoever?

Following this, we can probe into this complex field of positions in order to find out whether there is any contemporary critique of political economy worthy of this name, be it classically Marxian or otherwise. A first spontaneous answer might appear to be straightforwardly clear: yes, there is, it is the same critique of political economy that was invented by Marx and exercised by generations of Marx’s readers, including orthodox or rather unorthodox Marxists. But such a spontaneous affirmative answer might raise certain doubts and, may be a vague, or perhaps a more refined

form of skepticism. Why should Marx’s critique of political economy not need to change, when the world around it seems to do so all along? Haven’t we been witnessing by far, not only progressive, but also and clearly even more regressive phenomena, and tendencies, of the economic and political dynamics in recent years (and does one really have to recall all the failures of all attempts of Marxist politics)? Might it not be, that the very lack of transformation of the critique of political economy is one of the reasons why its contemporary efficiency is drastically hindered, and inherently limited (it could have been at least one of the reasons for the disasters that were lived through in the name of Marxism)? Is the critique of political economy as dead (though still twitching from time to time) as old-school, orthodox Marxism is? Or is orthodox Marxism more alive than ever (one should also recall that some dead refuse to die)?

One may argue against this line of questioning and thus also against the affirmative answer we delineated above, namely that there have been attempts undertaken by faithful Marxists to present and unfold a renewed (articulation of the) critique of political economy, able to deal with the contemporary transformations of economy and politics, with its radicalizations as well as with its regressions. One can very easily assemble names likes those of Louis Althusser, David Harvey, Moishe Postone, Michael Heinrich, Antonio Negri, Kojin Karatani, Slavoj Žižek and many others who tried to actualize (or prove the untethered actuality of) Marx’s project for contemporary circumstances, either anticipated or unforeseen by him. Did not also Alain Badiou recently declare that nowadays we have reached a historical epoch in which Marx’s analysis is truer, and more valid than ever, even more so than in Marx’s time? Yet, what does this in consequence amount to?

The present issue of *Crisis and Critique* aims to tackle some of the issues presented above. The editors are well aware that we are not presenting an exhaustive picture of the protracted landscape of contemporary versions of Marx’s thought, and are not trying to engage in a project of predicting the future of capitalist societies, and its relations of domination and exploitation (although if it were to work, why not...). The present issue gathers philosophers, theoreticians, and thinkers, from different traditions and backgrounds, who all do one thing: they read Marx. The main thrust of the issue does not only lie in reiterating the relevance of Marx and (especially) of *Capital* in and for our present conjuncture, but lies also in analyzing and mapping the status of the contemporary critiques of political economy, and its possible contributions to opening up the space for the political and intellectual overcoming of the deadlocks and impasses of late global capitalism: a project that even the most conservative partisans, of the most regressive tendencies today, willingly or unwillingly endorse.

Berlin/Prishtina, October 2016

A Marxian Critique of Neoclassical Economics' Reliance on Shadows of Capital's Constitutive Social Forms

Dennis Badeen and Patrick Murray

Abstract: We take up Marx's critique of economics for failing to incorporate specific social forms — notably the “value forms,” which are constitutive of the capitalist mode of production and include the commodity, money, value, surplus value, wage-labor, and capital — into its basic concepts. Though Marx directed his critique at classical political economy, that critique applies all the more so to neoclassical economics. While there are some general truths about the production and distribution of wealth, *there is no production or distribution in general*, and there is no general science of “economics,” as neoclassical economics claims to be. We argue that neoclassical economics trades in *shadow forms*, which are ideological silhouettes of value forms. The shadow forms that figure into the fundamental concepts of neoclassical economics, notably, *the economic*, *utility*, and *efficiency*, involve *bad abstraction*, resulting in *pseudo-concepts*, since there is nothing for them to be the concepts of. The central aim of this article is to distinguish the social forms that Marx identifies as the constitutive forms of capitalist society and makes the focus of his inquiries in *Capital*, the value forms, from capital's shadow forms and to demonstrate that neoclassical economics omits constitutive social forms and instead trades in pseudo-concepts: the economic, utility, and efficiency.

Keywords: neoclassical economics, social and shadow forms, pseudo-concepts, illusion of the economic, Karl Marx, and bad abstraction.

Introduction

“Critique of political economy” is the subtitle that Marx gave to his book *Capital*; he called *Capital's* forerunner *Toward the Critique of Political Economy*. His naming of these books indicates that Marx's project is not radical economics but rather a radical critique of economics. The critique of political economy develops a theory of social forms; radical political economy remains within the horizon of economics, which is unreflective about matters of social form.¹ Marx's critique of classical political economy begins with the opening sentence of *Capital*: it announces that the object of inquiry is not the socially indeterminate “wealth of nations” but rather the socially specific “wealth of societies in which the capitalist mode of production prevails.”² Although there is a place in scientific

1 Regarding the former, Moishe Postone observes, “A theory of social forms is of central importance to a critical theory”, Postone 1993 , p. 179. Regarding classical political economy's inattention to matters of form, Marx writes, “With all later bourgeois economists, as with Adam Smith, lack of theoretical understanding needed to distinguish the different forms of economic relations remains the rule in their coarse grabbing at and interest in the empirically available material” Marx 1963, p.92.

2 Marx1976, p. 125.

9 A Marxian Critique of Neoclassical Economics' Reliance...

inquiry for general observations regarding specific modes of production, there is no science of the “wealth of nations.”

Though neoclassical economics emerged years after the first publication of *Capital*, in 1867, we argue that Marx’s key criticisms of political economy apply to neoclassical economics. Our aim in this article is to develop Marx’s criticisms of political economy and adapt them to neoclassical economics’ key concepts. We believe that Marx’s critique of the political economy of his day applies even more forcefully to contemporary neoclassical economics, which has become entrenched as an asocial and ahistorical science. Indeed, its developers and practitioners believe it to be a virtue of neoclassical economics that it applies to all times and places regardless of sociohistorical context.³ For Marx, on the contrary, a scientific account of any actual provisioning process must incorporate categories that conceptualize the social forms constitutive of the relevant historically specific and contingent socio-economic order: “Political economy has to do with the specific social forms of wealth or rather of the production of wealth.”⁴ This crucial difference leads Martha Campbell to conclude: “there are no counterparts to Marx’s economic concepts in either classical or utility theory.”⁵

We argue, further, that the fundamental concepts of neoclassical economics are directed at *shadow forms*, which are ideological silhouettes of the specific social forms and purposes constitutive of the capitalist mode of production. The concepts of these shadow forms, specifically, the economic, utility, and efficiency, are *pseudo-concepts*. Their putative referents do not and cannot exist—a conclusion that we show follows from Marx’s historical materialist phenomenology. Neoclassical concepts are pseudo-concepts because there is nothing for them to be the concepts of: there is no wealth-in-general, no production-in-general, and no economy-in-general. These are all non-entities, shadows.

Some shadow forms, but not all, are the object of pseudo-concepts; these come about by *bad abstraction*. Utility, for example, arises through a double bad abstraction: from the particular features that make something useful and from the socially constitutive category of value, which is expressed in money.⁶ While money actually exists as the measure of value;

3 For example, in their textbook *Microeconomics*, R. Glenn Hubbard and Anthony Patrick O’Brien make a point of including only generally applicable categories, such as labor, capital (understood as produced means of production), natural resources (including land), and entrepreneurship in their brief list of “important economic terms.” The terms for the value forms: commodity, value, money, wages, profit, wage worker, capitalist, land owner, rent, and interest are all absent from the list. Apparently, they are not “important economic terms.” Hubbard and O’Brien 2015.

4 Marx 1973, p. 852.

5 Campbell 1993, p. 152.

6 This double bad abstraction offends against the two-fold phenomenological point that

utility, which abstracts from both the specific characteristics of something useful and from its specific social form, is a chimera. Other shadow forms are not mirages resulting from bad abstraction but rather are extensions of constitutive social forms beyond the circuits of capital, that is, beyond the sphere in which they are constitutive. These shadow forms, many of which are popular objects of inquiry in social science—though not under the heading of shadow forms—include egalitarianism, industriousness, competitiveness, an orientation to the quantitative (including a tendency to reduce the qualitative to the quantitative), the blasé attitude, the calculative mentality, punctuality, compulsiveness, boundlessness, and gigantism. To take egalitarianism as an example, since Marx calls it a shadow, it extends the equality that is constitutive of capitalist society. Egalitarianism is not a pseudo-concept; it points to a real phenomenon in capitalist societies, witness the wide-ranging movements toward greater equality in advanced capitalist countries, where the equal sign, “=,” can serve as a bumper sticker. These shadow forms that extend constitutive social forms and are important for understanding the full reach of capital will not be our focus here.⁷ The shadow forms relevant to the critique of neoclassical economics are pseudo-concepts arrived at by bad abstraction; they spring from the “illusion of the economic,” the notion that there is an economy-in-general.⁸

Just as shadows have a basis in physical reality that explains why they appear, the pseudo-concepts that make up the fundamentals of neoclassical economics have a basis in capitalist social reality. We will articulate Marx’s account of how it is that wealth in the commodity form, along with the production of commodities, can naturally seem to be wealth “pure and simple” and production “as such.” Marx explains how it is that the capitalist mode of production projects the shadow forms wealth-in-general and production-in-general. The shadow form of the *economy-in-general* is taken by neoclassical economics to be its object of inquiry; what the basic concepts of neoclassical economics are aimed at does not exist;

Marx makes in the *Grundrisse*: “If there is no production in general, then there is also no general production. Production is always a particular branch of production—e.g. agriculture, cattle-raising, manufactures etc.” and “production also is not only a particular production. Rather, it is always a certain social body, a social subject” (Marx 1973, p. 86). Utility makes a bad abstraction from both types of particularity, material and social.

7 Toward the end of his *The McDonalidization of Society*, George Ritzer, in effect, admits that the four key features of his neo-Weberian conception of McDonalidization, namely, efficiency, calculability, predictability, and control are shadow forms rooted in “economic factors” (that is, in capitalism’s constitutive forms), and he suggests that shadow forms can become so fixed on that they may even work against the constitutive forms that cast them: “Although economic factors lie at the root of McDonalidization, it has become such a desirable process that many people and enterprises pursue it as an end in itself. Many people have come to value efficiency, calculability, predictability, and control and seek them out whether or not economic gains will result” Ritzer 2000, p. 169. Shadow forms are not to be taken lightly.

8 See Murray 2002, pp. 246-72.

there is nothing for them to be the concepts of.

Five sections and a short conclusion comprise this article. In the first section we take up the neoclassical conviction that scientific economics must be purged of social and historical content in order to be scientific, which is understood to mean applicable regardless of social or historical situation. In the second section we show that this assertion clashes with the phenomenological claim of Marx's historical materialism that scientific inquiry into any actual provisioning process must be grounded in its constitutive social forms. With its insistent attention to the double character of the capitalist provisioning process (use-value and value), Marx's *Capital* is an outstanding example of social scientific inquiry so grounded. If social scientific inquiry is not grounded in this way, it plays into the illusion that there is an economy-in-general, which it naturally takes to be the object of its inquiry. The third section takes up the difference between *constitutive social forms* and *shadow forms*. Constitutive social forms are what make a provisioning process the kind that it is, say, slave-holding, feudal, or capitalist. If a particular kind of provisioning process is to endure, it must be capable of reproducing its constitutive forms. In *Capital*, Marx takes pains to demonstrate that the constitutive forms of the capitalist provisioning process, the value forms—the commodity, value, money, surplus value, wage labor, and capital—can reproduce themselves, though the capitalist order is crisis prone.⁹ *Shadow forms* are cast by the constitutive forms; in capitalism, these derivative forms mimic features of its constitutive forms such as their abstractness, quantitative focus, compulsion, and indifference. These shadow forms are silhouettes of capitalism's constitutive social forms, but, like Peter Pan's shadow, they can seem to be independent actualities. The fourth section articulates Marx's account of ways in which the commodity and production on a capitalist basis give rise to the "illusion of the economic," the illusion that wealth-in-general and production-in-general actually exist and, moreover, that capitalism can be treated as the economy-in-general. What we call socialist "use-value Romanticism" turns the illusion of production for use-value "pure and simple" into a misbegotten ideal. The fifth section discusses three shadow forms spawned by the "illusion of the economic" that are the object of pseudo-concepts and are central to neoclassical economics, namely, *the economic*, *utility*, and *efficiency*.¹⁰ In a short conclusion we summarize our argument.

9 Moishe Postone writes in the same vein that value "is at the very heart of capitalist society. As a category of the fundamental social relations that constitute capitalism, value expresses that which is, and remains, the basic foundation of capitalist production" Postone 1993, p. 25.

10 In using the phrase "the economic" we echo Marx's use of the phrases "the Fruit," "the Animal," and "*die Arbeit*" ("Labor") in his respective criticisms of Hegelian speculative philosophy, the odd polarity of the expression of the value of commodities in money, and the false conception of labor involved in "the Trinity Formula." In their parody of Hegelian speculative method in *The Holy Family*, Marx and Engels observe: "If from real apples, pears, strawberries and almonds I form the general idea 'Fruit,' if I go further and *imagine* that my abstract idea 'Fruit,' derived from real fruit, is an entity existing outside me, is indeed the *true* essence of the pear, the apple, etc., then—in the language of speculative

Section One: Purging socio-historical and normative content from political economy

To understand how neoclassical economics came to be an asocial and ahistorical science, we take up the explanation given by Dimitris Milonakis and Ben Fine.¹¹ We take up their explanation because it outlines the process by which political economy, a socially and historically informed mode of scientific inquiry, morphed into economics, which is asocial and ahistorical, in both its methodology and in its separation of economics from other social sciences. In particular, we are interested in the movement from Marginalism to neoclassical economics.

The developmental trajectory of economics can be summarized as follows. Since the Marginalist revolution, there has been a strong tendency to purge economics of its socio-historical content while separating it from the social sciences, particularly sociology. But this tendency has not been straightforward. Alfred Marshall is recognized as an important forbearer of the Marginalists and neoclassical economics, yet he recognized the importance of socio-economic content and context for economics. The Marginalists at least parried with the socio-historical, and their purges remained incomplete and disputed amongst Marginalism's various members. Lionel Robbins' infamous definition of economics—"Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses"—pushed whatever socio-historical residue was left over from the Marginalists out of economics, which then became a pure science of choice (based on rational action), thus completing the Marginalist project.¹² The utility of the Marginalists became utility functions, indifference curves, and ordered preferences, and production shifted to

philosophy—I am declaring that 'Fruit' is the 'Substance' of the pear, the apple, the almond, etc.," Marx and Engels 1975, pp. 57-8. In money, value appears as a thing alongside wealth in the particular; it is as if "'the' Fruit" lay next to an apple and a pear. In his *Capital* III treatment of "the Trinity Formula," when Marx takes up the third member of the "trinity," labor, he writes "'*die Arbeit*" to mimic "'*the*' Fruit." This gets lost in Fernbach's translation of "'*die Arbeit*" simply as "labour", Marx 1981, p. 954. In that passage, Marx describes "'*die Arbeit*" as a bad abstraction, "a mere spectre ... nothing but an abstraction and taken by itself cannot exist at all." This is typical of how bad abstraction leads to pseudo-concepts: there is nothing to which they can point.

11 Milonakis and Fine 2009. For complementary explanations, see Hodgson 2001 and Varoufakis, Halevi, and Theocarakis, 2011.

12 Robbins 2008, p. 85. Watering down Robbins, R. Glenn Hubbard and Anthony Patrick O'Brien define economics as "a group of useful ideas about how individuals make choices", Hubbard and O'Brien 2015, p. 17.

Where Robbins backs away from the scope of his definition: "Even Robbins, after an excellent discussion of what an economic problem is in the first chapter of his classic work on the nature and scope of economics (1962), basically restricts his analysis in later chapters to the market sector," Gary Becker embraces it: "Indeed, I have come to the position that the economic approach is a comprehensive one that is applicable to all human behavior ... The applications of the economic approach so conceived are as extensive as the scope of economics in the definition given earlier that emphasizes scarce means and competing ends. It is an appropriate approach to go with such a broad and unqualified definition", Becker 1976, p. 4, n. 5; p. 8.

production and cost functions.¹³ With the introduction of certain positivist tenets, most importantly the critique of metaphysics, the naturalist thesis (or the reduction of the social sciences to the natural sciences), and the fact/value dichotomy (objectivity), economics became a positive science.

As described by Milton Friedman, economic science is concerned only with prediction, and economic theories are simply predictive instruments rather than explanatory devices. Friedman's anti-realistic argument for economic science hinges on this point. As predictive devices, economic theories do not require socio-historical content or context. As explanatory devices used to understand economic phenomena, socio-historical content and context are required. For Friedman (and Paul Samuelson) the purpose of science is to predict, not explain. Friedman's position gained traction after the Second World War, as did axiomatic formalization, as made evident by the formalization of General Equilibrium Theory.

We note here a continuity from the Marginalists to Friedman to the axiomatic formalization of General Equilibrium theory until the present. That thread can be described as the purging of socio-historical and normative content from economic thought in order to display timeless universal or objective truths. Economic science qua science is said to be scientific to the extent that it is objective—asocial, ahistorical, free of ethics, and universally applicable. This idea of science is in direct contradistinction to the idea of science developed by Marx.

Section Two: Marx's historical materialism: a mode of production is a way of life

In stark opposition to neoclassical economics, Marx grounds scientific inquiry into a provisioning process in its socio-historical context. Unlike the abstract/deductivist and formalist methods of neoclassical economics, Marx's phenomenological inquiry is experientially based. From this phenomenological basis Marx establishes his fundamental criticisms of political economy and goes on to identify the social forms and purposes constitutive of the capitalist mode of production.

Marx's fundamental criticism of economics stems from the historical materialist conception of the human predicament that he developed as a young man working in collaboration with Friedrich Engels. In their unfinished book manuscript *The German Ideology*, Marx and Engels put the focus on the "mode of production," which involves a "way of life":

This mode of production [*Weise der Produktion*] must not be considered simply as being the reproduction of the physical existence of the individuals. Rather it is a definite form of activity of these individuals,

.....
13 Milonakis and Fine 2009, p. 266.

a definite form of expressing their life, a definite *way of life* [*Lebensweise*] on their part.¹⁴

They make the generally applicable observation of production that it always has a double character:

The production of life, both of one's own in labour and of fresh life in procreation, now appears as a twofold relation: on the one hand as a natural, on the other as a social relation — social in the sense that it denotes the co-operation of several individuals, no matter under what conditions, in what manner and to what end.¹⁵

So, the production of useful things to meet human needs is always a cooperative, social endeavor that is undertaken under specific historical conditions, in a specific manner, and oriented to specific ends. Production is always social, but there is no sociality in general, no (ahistorically) general form of social cooperation: production always involves specific social forms and purposes that inform a way of life.

Production and wealth always have a double character because they always have constitutive social forms and purposes. We cannot pretend to understand any actual provisioning process in abstraction from those constitutive specific social forms and purposes. This is the chief phenomenological finding of historical materialism, and it is the root of Marx's critique of political economy. Martha Campbell summarizes historical materialism's implications for economics:

property relations are relations for the collective use of both the elements and results of production. This collective use assumes different forms, each with its own goal ... Marx's case ... against economics ... is that satisfying needs is the means for realizing the goal of a particular way of life.¹⁶

There is no economy-in-general and no way of life that is not "a particular way of life." Consequently, there cannot be a generally applicable science of human behavior devoid of socio-historical content.

If a mode of production is inseparable from its specific social forms and purposes, then to treat production as if it could stand alone, apart from any constitutive specific social forms or purposes, as production-in-general, is to engage in *bad abstraction*. Bad abstraction comes in more than one kind. In one, an *aspect of* something actual is treated as an independently existing entity. Imagine I am in a foot race and think to myself: I'll send my shape ahead to the finish line. By the same token, to take my body without its shape to be something actual would be a bad

.....
14 Marx and Engels 1976b, p. 31.

15 Marx and Engels 1976, p. 43.

16 Campbell 1993, p. 146. Moishe Postone observes that Marx "demonstrates that production in capitalist society cannot be understood simply in transhistorical terms, that is, in terms of the interaction of humans and nature, because the form and goal of the labor process are shaped by abstract labor, that is, by the process of creating surplus value", Postone 1993, pp. 230-1.

abstraction. There is nothing wrong with distinguishing between body and shape; bad abstraction occurs when I treat either as separable from the other.¹⁷

Turning to a different kind of bad abstraction, there is nothing wrong with a general category such as fruit. But to think that fruit is a kind of actually existing thing that I could put in a bowl along with peaches and pears is to engage in bad abstraction. Likewise, there is nothing wrong in identifying common features of various actual provisioning processes. Treating an actual mode of production in abstraction from its specific social forms and purposes in order to identify features of production that all modes of production have in common is not to engage in bad abstraction. That analytical sort of abstraction is unobjectionable and scientifically useful. But to think of the economy-in-general as something actually existing is bad abstraction. Bad abstraction generates pseudo-concepts such as the economic, utility, and efficiency in a futile effort to understand what cannot be understood apart from the specific social forms and purposes constitutive of any actual provisioning process.

While we can — and Marx does — investigate common features of needs, wealth, and the production of wealth, there is no economy-in-general.¹⁸

It is entirely certain that human production possesses definite *laws* or *relations* which remain the same in all forms of production. These identical characteristics are quite simple and can be summarized in a very small number of commonplace phases.¹⁹

Picking out these “identical characteristics” is an act of abstraction that makes no claim that there is an economy-in-general, only that there are shared features of particular economic formations. Identifying and organizing these commonplaces has a role to play in scientific accounts of material production, but it does not add up to a science. Neoclassical economics, which claims general applicability, imagines itself as the science of the economy-in-general, if not something broader still. There are, however, only particular economic formations with their particular ways of life; to understand any one of them, scientific inquiry needs to develop the concepts that grasp the specific social forms and purposes that are constitutive of that actual economic formation. Otherwise, attempting to understand any actual economic formation is like trying to

17 See David Hume’s brief discussion of “distinctions of reason,” which derives from George Berkeley’s critique of abstract ideas: Hume 1978, p. 25.

18 This is the kind of abstraction that Marx engages in in the first part of Chapter Seven “The Labour-Process and the Valorization Process,” in *Capital* I. The second part of that chapter, on the valorization process, completes Marx’s argument that the specific social purpose of production on a capitalist basis, surplus-value, can be accomplished without violating the rule that equal values be exchanged.

19 Marx 1994, p. 236.

“study the anatomy of the horse by first laying out the unicorn as a means for comparison.”²⁰

Marx’s basic criticism, then, is that economics misses — or rejects — the crucial phenomenological truth of historical materialism. In fact, neoclassical economics misses it by a mile, for it rejects sociality — much less specific social forms and purposes — as fundamental to the human condition.

Section Three: Constitutive social forms and their shadow forms

Constitutive social forms are those that make a provisioning process one kind or another; they determine what it is. It is no accident that Marx praises Aristotle as “the great investigator who was the first to analyse the value-form, like so many other forms of thought, society and nature.”²¹ *Capital* is devoted largely to identifying and probing the specific social forms and purposes that are constitutive of production on a capitalist basis, what we have called the value forms. These include the commodity form of wealth, value, money, capital, wage labor, and surplus value (profit, interest, and rent). In order to maintain a particular kind of provisioning process, its constitutive social forms must be reproduced. When Marx is culminating the three volumes of *Capital* in Part Seven of Volume III, he forcefully brings these points home:

We have seen how the capitalist process of production is a historically specific form of the social production process in general. This last is both a production process of the material conditions of existence for human life, and a process, proceeding in specific economic and historical relations of production, that produces and reproduces these relations of production themselves, and with them the bearers of this process, their material conditions of existence, and their mutual relationships, i.e. the specific economic form of their society.²²

Just in case the reader had not yet gotten the main point of Marx’s critique of economics, here it is one more time: capitalism is not the economy-in-general. “Political economy has to do with the specific social forms of wealth or rather of the production of wealth”: there is no science of economics.²³

Shadow forms may (a) *abstract from* the constitutive forms, the value forms, or (b) *extend* them beyond their constitutive role in the circuits of capital. Shadow forms of the first type involve bad abstractions and result in pseudo-concepts. Three such shadow forms are central to

20 Milonakis and Fine 2009,, p. 282.

21 Marx 1976, p. 151.

22 Marx 1981, p. 957.

23 Marx 1973, p. 852.

neoclassical economics, namely, the economic, utility, and efficiency. We consider each of them in some detail in section five, below. But, first, we turn to a consideration of how it is that the commodity and production on a capitalist basis present themselves in ways that lead naturally to the “illusion of the economic.”

Section Four: Projecting the “illusion of the economic”

Capitalism’s shape raises the “illusion of the economic”²⁴ and projects three shadow forms, each of which is a pseudo-concept: the economic, utility, and efficiency. The specific social form of wealth in capitalism is *the commodity*; more precisely, it is commodity capital, a commodity produced on a capitalist basis, pregnant with surplus-value. But the way that wealth in the commodity form appears makes it seem as if it has no social form, which is exactly the way that neoclassical economics conceives of wealth. The commodity appears to be a useful thing *as such*, “wealth pure and simple”; likewise, the production process appears to put out wealth as such: existing wealth is employed to yield new wealth. Martha Campbell makes this point and suggests that slurring the difference between wealth “pure and simple” and wealth in the commodity form (where everything has a price and is commensurable) gives rise to the notion of wealth as “something qualitatively single (uniform),” that is, to the shadow form (and pseudo-concept) of utility:

What is, for Marx, the extraordinary feature of economic activity in capitalism: that it claims to create wealth pure and simple and is organized by this purpose. As a result, capitalism presents wealth as if it were something qualitatively single (uniform) that supersedes and encompasses all particular instantiations (as manifested in the relationship between all commodities and money).²⁵

Marx traces this illusion that a commodity is something useful as such, or “wealth pure and simple,” to the *polarity* of the expression of the value of a commodity (the value-form):

The internal opposition between use-value and value hidden within the commodity, is therefore represented on the surface by an external opposition, i.e. by a relation between two commodities such that the one commodity, whose own value is supposed to be expressed, counts directly only as a use-value [*unmittelbar nur als Gebrauchswert ... gilt*], whereas the other commodity, in which that value is to be expressed, counts directly only as exchange-value.²⁶

The commodity in which value is expressed is money; it is in what

24 For further discussion of the “illusion of the economic,” see Murray 2002 and Dennis Badeen, “An Organicist Critique of the Ontological Foundations of Orthodox Economics,” *Capital and Class* 39 (1), (2015), pp. 51-64.

25 Campbell 2004, p. 86.

26 Marx 1976, p. 153.

Marx calls the equivalent value form. In Chapter Three of *Capital I*, on money, Marx reiterates the point: when gold “functions as money ... as the only adequate form of existence of exchange value in the face of all the other commodities,” those other commodities play “the role of use-values pure and simple [*blosser Gebrauchswert*].”²⁷ But this perception of the commodity (in the relative value-form) as a use-value “pure and simple” is illusory—in reality, the commodity is a socially specific kind of useful thing—and it fosters the “illusion of the economic.”

The *production of commodities* in capitalism likewise presents itself in a way that makes the specific social form and purpose of production vanish, leaving the mirage of production-in-general, or “industry.”²⁸ In his discussion in *Capital II* of the three different circuits of capital (the money, the productive, and the commodity capital circuits), Marx comments on the circuit of productive capital: “The circuit of productive capital is the form in which the classical economists have considered the circuit of industrial capital”²⁹ In focusing on the movement from the production of wealth, P, to a new round of production, P’, the classical economists elide the social form of capitalist production, which is manifested in the commodity form of the product and in money. In so doing they slip into the “illusion of the economic” by positing “production as such” as something actual—even as the truth about capitalism—once we rid ourselves of any “hocus pocus” about money and profit-making:

The general form of the movement *P ... P’* is the form of reproduction, and does not indicate, as does *M ... M’* [the circuit of money capital], that valorization is the purpose of the process. For this reason, classical economics found it all the more easy to ignore the specifically capitalist form of the production process, and to present production as such as the purpose of the process — to produce as much and as cheaply as possible, and to exchange the product for as many other products as possible, partly for the repetition of production (*M—C*), partly for consumption (*m—c*). In this connection, since *M* and *m* appear here only as evanescent means of circulation, the peculiarities of both money and money-capital could be overlooked, the whole process then appearing simple and natural, i.e. possessing the naturalness of shallow rationalism [*flachen Rationalismus*].³⁰

Oblivious to the necessity of money’s role as the manifestation of the asocial social form of labor in capitalism, i.e. value, the classical political economists naturally pooh-poohed “the peculiarities of both

27 Ibid., p. 227.

28 For a criticism of the “commerce and industry” picture of capitalism, see Murray 1998, pp. 33-66.

29 Marx 1978, p. 166.

30 Marx 1978, p. 172.

money and money-capital” and pictured production as a “simple and natural” process without any social form: “industry” pumping out “wealth.” In presenting itself as a system organized for the purpose of generating and distributing wealth “pure and simple,” capitalism presents itself as free of any social form or purpose, as the economy-in-general incarnate. It streams the “illusion of the economic.” By its neglect or dismissal of specific social forms and purposes, neoclassical economics adopts this illusion as its own.

Marx and Engels’ point that production always has a double character implies that both the wealth used to produce wealth and the new wealth produced have a double character, observations foreign to neoclassical economics. In the opening paragraph of *Capital*, Marx highlights the double character of wealth and the production of wealth when he calls attention to the social kind of wealth that is characteristic of societies where the capitalist mode of production dominates—the commodity. The commodity is a useful thing, but it also has an exchange-value. We quickly learn that a commodity *has* an *exchange-value* — by which Marx means, from the beginning, a price — because it *is* a *value*. Exchange-value is the necessary form of appearance of value. But looking at a commodity reveals no trace of its social form; value, as Marx puts it, is purely social and suprasensible:³¹

not an atom of matter enters into the objectivity of commodities as values [*Wertgegenständlichkeit*]; in this it is the direct opposite of the coarsely sensuous objectivity of commodities as physical objects. We may twist and turn a single commodity as we wish; it remains impossible to grasp it as a thing possessing value.³²

Since it bears no sensible trace of its specific social form, value, the commodity appears to have no social form at all. How are we to recognize in the money for which the commodity is sold, the commodity’s own social form? The money appears to be an independent thing alongside the commodity, a mere device for facilitating the distribution of useful things, not the necessary manifestation of the commodity’s social form. What Thomas Hodgskin wrote catches the dismissive attitude of neoclassical economics toward money:

Money is, in fact, only the instrument for carrying on buying and selling and the consideration of it no more forms a part of the science of political economy than the consideration of ships or steam engines, or of any other instruments employed to facilitate the production and distribution of wealth.³³

31 Marx 1976, p. 149.

32 Ibid., pp. 138—9. Marx adds that this objectivity of value is “purely social [*rein gesellschaftlich*].”

33 Hodgskin 1827, pp. 178-9, as quoted in Marx 1970, p. 51, note.

The commodity’s specific social form is written in invisible ink. Marx calls the commodity a “social hieroglyphic.”³⁴ It is no wonder, then, that a commodity’s social form is neither recognized nor understood, leading in a natural way to the illusion that a commodity is devoid of social form, that it is a useful thing as such, which partakes in the “illusion of the economic.” By the same token, the production of commodities is stripped down to production as such. The specific social character of production and wealth is vaporized, precipitating the “illusion of the economic.” Presenting this illusory absence of specific social form, where wealth “pure and simple” produces new wealth “pure and simple,” the capitalist mode of production is mistaken for the impossible: the economy-in-general.³⁵

Observers, including neoclassical economists, who are swayed by the way that capitalist production presents itself, namely that “the economy” is all about the production and distribution of use-values as such, regard the circuit of capital, that is M-C-M + M, as “hocus pocus.”³⁶ To allow that commerce (simple commodity circulation) does not reduce to C-M-C, to grant that M-C- M’ is not “hocus pocus,” would be to admit that some purpose other than the optimal distribution of use-values was involved. In that case, simple commodity circulation could not be properly understood on the basis of such benign general categories as the production and orderly distribution of use-values. That, of course, is exactly what Marx is arguing: the circulation of capital is the mainspring of the circulation of commodities. He calls attention to the very different purposes involved in the two circuits that he examines in Chapter Four:

The path C-M-C proceeds from the extreme constituted by one commodity, and ends with the extreme constituted by another, which falls out of circulation and into consumption. Consumption, the satisfaction of needs, in short use-value, is therefore its final goal. The path M-C-M, however, proceeds from the extreme of money and finally returns to that same extreme. Its driving and motivating force, its determining purpose,

34 “Value, therefore, does not have its description branded on its forehead; it rather transforms every product of labour into a social hieroglyphic”, Marx 1976, p. 167.

35 Marx writes of Ricardo, “[B]ourgeois or capitalist production ... is consequently for him not a specific definite mode of production, but simply *the* mode of production” Marx 1968, p. 504n; see also pp. 527—8.

36 Marx 1976, p. 259. See Campbell 2013.

is therefore exchange-value.³⁷

Those who jeer “hocus pocus” at the conclusion that “making money drives the market pooh-pooh the significance of money. Far from being the motivating force of commerce, money, for these naysayers, is merely a tool to facilitate the distribution of use-values; beyond increasing efficiency, money does nothing.”³⁸

The circulation of *capital*, which Marx argues is what keeps commodities and money circulating, is reduced to market transactions, buying and selling.³⁹ In fact, the reduction of money to a tool facilitating the distribution of use-values rather than a constitutive social form, means that simple commodity exchange, the market, is reduced to barter. As a result of collapsing capitalism into commerce — which, as Marx says, “provides the ‘free-trader vulgaris’ with his views, his concepts and the standard by which he judges the society of capital and wage-labour”⁴⁰ — there appears to be no collective purpose to capitalist production; there is only the “great scramble” of individuals competing over use-values.⁴¹ Under “the illusion of the economic,” wealth is wealth as such and production is production as such. With the reduction of money to a tool facilitating the distribution of use-values, simple commodity exchange, the market, is reduced to barter. We see this happen in the (modified) neoclassical thinking of Paul Samuelson; he writes:

Even in the most advanced industrial economies, if we strip exchange down to its barest essentials and peel off the obscuring layer of money, we find that trade between individuals or nations largely boils down to barter — transforming one good into another by exchange rather than by physical transmutation.⁴²

Where Marx sees in money and the commodity form hieroglyphic inscriptions whose interpretation reveals the peculiar social character of the capitalist mode of production and the wealth it produces, Samuelson sees money as so much fog obscuring the mere exchange of use-values as such — barter. If simple commodity circulation is a shadow of the circulation of capital and the commodity is a shadow of commodity

37 Marx 1976, p. 250.

38 Michael Sandel challenges the indifference of mainstream economists toward the social significance of money in Sandel 2012.

39 By contrast, Marx writes that “the metabolism of social labour takes place” within “the circuit of capital and the commodity metamorphoses that form a section of it”, Marx 1978, p. 226).

40 Marx 1976, p. 280.

41 Marx — with a reference to Dante’s plain of Acheron just outside the inferno — calls the marketplace “this noisy sphere, where everything takes place on the surface and in full view of everyone” (Marx 1976, p. 279). By contrast, Marx associates entering the “hidden abode” of capitalist production “on whose threshold hangs the notice ‘No admittance except on business’” with descending into the inferno (Ibid., pp. 279-80).

42 Samuelson 1973, p. 55.

capital, barter, which reduces commodities to use-values, is a shadow of simple commodity circulation.

The bad abstraction that posits wealth “pure and simple” and production “as such” as actual gives rise to “use-value Romanticism.” Envisioning socialism as a post-capitalist society from which value is simply expunged is one form of “use-value Romanticism.” Under a socialism of this sort, products are transformed from commodities sold for profit into use-values “pure and simple,” freeing *use-value as such* to replace profit making as the aim of production. There is an irony here. A socialism that sets itself against profit making in this way looks forward to a form of wealth and mode of the production of wealth that would make actual the illusion adopted by neoclassical economics. Socialist “use-value Romanticism,” like neoclassical economics, posits wealth as such, wealth without any social form or purpose, only as an ideal rather than an (illusory) actuality. Both this socialist “use-value Romanticism” and neoclassical economics are lost in the “illusion of the economic”; both cling to the phenomenology that fails to adopt the historical materialist insight that wealth and production always have specific social form and purpose.

Marx paired his critique of classical political economy with sharp criticisms of various forms of socialism—Proudhonism, Left Ricardianism as represented by John Bray and John Gray, and the Gotha Programme—for adopting, and being compromised by, principles of classical political economy. Marx makes explicit appeal to the term “shadow” in his criticism of John Bray. In that spirit we compare the relationship of socialist “use-value Romanticism” to the neoclassical conception of “the economy” to Marx’s assessment of the relationship of Ricardian socialists like John Bray to classical political economy:

Mr. Bray turns the *illusion* of the respectable bourgeois into an *ideal* he would like to attain.... Mr. Bray does not see that this equalitarian relation, this *corrective ideal* that he would like to apply to the world, is itself nothing but the reflection of the actual world; and that therefore it is totally impossible to reconstitute society on the basis of what is merely an embellished shadow [*ombre*] of it.⁴³

Analogously to Bray, socialist “use-value Romanticism” takes as its *ideal* the *illusion* of neoclassical economics. It wants to reconstitute society on the basis of a shadow cast by capitalist reality: wealth “pure and simple.”

The crux of Marx’s criticism of Ricardian Socialism was that, like Ricardian value theory generally, it failed to recognize money as the necessary form of appearance of value or to appreciate the antagonistic polarity of the value-form that is rooted in the strangely asocial social relations of production that necessitate the expression of value as money.

43 Marx 1963, pp. 78-9.

Socialist “use-value Romanticism” fails to grasp the full significance of the polarity of the value-form: the commodity (in the relative form) appears to be use-value “pure and simple” *only because it is in the commodity form*. Wealth “pure and simple” is not the truth of the commodity; it is a shadow cast by the value forms constitutive of capitalism. The practical upshot of our argument is that the rule of capital cannot be overthrown without replacing capitalism’s constitutive social forms and purposes with new ones. On the basis of Marx’s historical materialist phenomenology, we conclude that to believe simply expunging value and capital will bring about a use-value utopia is to be lost in a daydream.

Section Five: Three shadow forms fundamental to neoclassical economics

(i) *The Economic*

The very idea of *the economic*, in so far as it refers to the illusion of an economy-in-general, where production as such puts out wealth “pure and simple,” is a shadow form, an ideological silhouette of the actuality of production on a capitalist basis. The notion of the economic that purports to refer to an economy-in-general or features of it — as opposed to a benign conception that collects generally applicable ideas about actual modes of production — is a pseudo-concept. It is a pseudo-concept because concepts are intentional, that is, they are concepts of this or that. But there is nothing for the concept of the economic to be the concept of, since there is no economy-in-general. Inquiry into that shadow, economy-in-general, is condemned either to be a pseudo-science or to bait and switch, that is, to engage in the subterfuge of bringing in the specific social forms and purposes that enable one to make scientific headway in understanding an actual social order.⁴⁴

(ii) *Utility*

Utility, which plays a fundamental role in neoclassical economics, is a shadow form and a pseudo-concept for the same sort of reason as the economic is a shadow form and pseudo-concept. Though the words “utility” and “usefulness” are often used interchangeably, there is a crucial conceptual distinction to be made. The concept of utility posits that all useful things are commensurable; the concept of usefulness makes no such claim. Utility is a false conception of the useful that comes from conflating useful things with commodities, which *are* commensurated (in

44 Thus, in microeconomics textbooks, pages, if not paragraphs, after being told of the universality of economic science, readers find all sort of categories specific to capitalist societies descending unannounced. Consider that, since supply and demand curves are tagged to prices, they make sense only where wealth generally exists in the commodity form.

prices) by something that is actual and has social validity, namely, money. As noted earlier, utility involves a double bad abstraction, a doubly false phenomenology. Homogenous and quantifiable, utility abstracts from the particular qualities that make something useful, say the sweetness of the grape, and it abstracts from the specific social form of wealth, say the price of the grapes.⁴⁵ But just as there is no economy-in-general and no production-in-general, there is no usefulness-in-general or wealth-in-general. As Marx points out, this is for two reasons that track the historical materialist conception of the double character of wealth and of the production of new wealth. Wealth always has a constitutive social form, and it always has specific physical features that relate to specific human needs in ways that makes a thing useful. Usefulness and the general conception of the useful are unobjectionable because they do not posit the existence of anything useful “pure and simple.” Rather, they refer to an aspect of particular useful things, which will always have a particular social form and particular useful physical properties. Utility pretends to have as its object usefulness-in-general, which has neither specific social form nor specific useful physical properties. Making utility a fundamental concept is one way that neoclassical economics fails to incorporate constitutive social forms into its basic concepts.

Shadow forms are silhouettes of the social forms that are constitutive of capitalist production. Utility is the shadow of value and its necessary form of expression, money.⁴⁶ Yet, shadow forms can crowd the constitutive social forms out of social theory. This happens when utility usurps value and money: this is the story of neoclassical economics. Marx and Engels diagnose this reversal in detail:

The material expression of this use [*Nutzen*] is money, which represents the value of all things, people and social relations. Incidentally, one sees at a glance that the category of “utilization” [*Benutzen*] is first abstracted from the actual relations of intercourse which I have with other people (but by no means from reflection and mere will) and then these relations [referring to commercial relations, including commerce in labour power] are made out to be the reality of the category that has been abstracted from them themselves, a wholly metaphysical method of procedure.⁴⁷

45 The conceptual move from particular goods to utility calls to mind Marx and Engels’ critique of Hegelian speculative method: “Hence also the value of the profane fruits consists *no longer* then in their *natural* properties, *but rather* in their *speculative* property, through which they take up a specific position in the life-process of ‘the absolute fruit’” (Marx and Engels 1975, p. 60).

46 Bernard Williams observes: “Utilitarianism is unsurprisingly the value system for a society in which economic values are supreme; and also, at the theoretical level, because quantification in money is the only obvious form of what utilitarianism insists upon, the commensurability of values”, Williams 1972, p. 89.

47 Marx and Engels 1976, p. 410.

The way that Marx and Engels use the phrase “a wholly metaphysical method of procedure” here perfectly captures the notion of bad abstraction. An actual phenomenon—in this case, the “gilded” social relations involved in commodity circulation, which themselves mask the exploitation of wage workers in production—is stripped of one or more of its constitutive features, in this case, their monetary (and class) character, and then the actual (commercial) relations are christened with the all-purpose category of utility. Constitutive social forms have been displaced by the shadow form, the pseudo-concept of utility, which lies at the conceptual basis of neoclassical economics.

(iii) *Efficiency*

The one-size-fits-all neoclassical conception of *efficiency* is based on the “illusion of the economic” since this efficiency hovers above all particular provisioning processes—presuming a false kind of neutrality—as if efficiency were well defined in abstraction from specific social forms and purposes of production. It is not. The neoclassical conception of efficiency takes its bearings from the mirage of the economy-in-general, where production-in-general puts out wealth-in-general (or wealth “pure and simple”): it is pseudo-concepts all the way down. When efficiency is conceived of in this way, there is nothing for it to be the concept of. Neoclassical efficiency is a pseudo-concept.

Three features of Marx’s critique of political economy help reveal this sham and bring to light what has gone wrong: 1) his account of increasing the productive power of labor in capitalism, which would be conceived of in neoclassical terms as increasing efficiency “pure and simple”; 2) his way of drawing the distinction between *productive* and *unproductive* labor: the distinction is always directed at a particular social form of production with a specific social goal; and 3) his discussion of the purpose of the division of labor.

1) How is Marx’s concept of increasing the productive power of labor related to the concept of increasing efficiency? If we take efficiency to mean simply an increase in the output of any good or service based on increasing the productive power of labor (or any other factor of production), then we could say that Marx’s concept is about increasing efficiency. But in that case we are engaging in bad abstraction, since we are taking the goal of production to be wealth stripped of any particular social form or purpose, in other words, wealth “pure and simple.” Wealth does not exist that way; it always has a social form and purpose. Efficiency conceived of in this way is a pseudo-concept resulting from bad abstraction. Consistent with his attention throughout *Capital* to the double character of the capitalist provisioning process and its products, Marx treats the increasing productive power of labor under the rubric of relative surplus value, a specific social form intimately involved with capital’s animating goal. Since that goal is surplus-value (profit), only those labors that produce surplus-value are selected.

2) Marx draws the distinction between *productive* and *unproductive* labour with respect to the social kind of wealth specific to capitalism; that is, surplus-value producing wealth. This necessary reference to the specific social form and purpose of wealth—to the double character of wealth—helps to explain why this was an important topic for Marx; it is bound up with his phenomenology of wealth and the production of wealth. The absence in neoclassical economics of anything like this distinction is one more indication of its obliviousness to the topic of specific social form and purpose.

3) Is the division of labor efficient? To the modern mentality, it is as long as it means more product being produced per hour of labor. But Marx points out that the ancient Greeks were not interested in the division of labor for that reason; rather, they looked to the division of labor to improve the quality of products. A one-size-fits-all measure of efficiency won’t do.

Conclusion

The neoclassical assumption that the production and distribution of wealth is undertaken by profit-maximizing firms presupposes a monetary economy where wealth is generally in the commodity form and where labor generally takes the form of wage-labor. These socially specific assumptions fit capitalism, but they make a mockery of the neoclassical claim to offer a generally applicable social science. The neoclassical idea of households, consumers, as utility maximizers may appear to be independent of money, but it is not, because neoclassical economists assume that all wealth is in the commodity form; that is, the goods and services for which I have preferences all have prices. The neoclassical notion of *consumer surplus*, that is, the gap between what a consumer pays for a commodity and what that consumer would be willing to pay, assumes that goods have prices and that individuals have demand functions based on the money they have. So the idea of the rational householder (or consumer) is no more independent of the price system than is that of the profit-maximizing firm. It, too, contradicts the neoclassical claim to offer a generally applicable social science. Because neoclassical economists trivialize the commodity, money, and price—in fact all the social forms specific to capitalism—they do not recognize the bait and switch they engage in when they promise a generally applicable social science and then slip in the socially specific assumptions of profit-maximizing firms and utility-maximizing consumers.

To summarize and close: the economy, that is, the production and distribution of wealth as such, is a shadow of the capitalist mode of production; use-value as such is a shadow of the commodity; utility is a shadow of value, which is necessarily expressed as price; and efficiency is a shadow of the successful circulation and accumulation of capital. Neoclassical economics can’t tell the difference between shadow and reality.

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Marx after Hegel: Capital as Totality and the Centrality of Production

Riccardo Bellofiore

Abstract:

This article reclaims the most contested legacies of Marxian theory, arguing that value is the *monetary expression of labour time alone*, and that *the relationship with Hegel is fundamental and positive*. The categories of *totality* and of *real abstraction* play a key role in *Capital*. They are 'structuring' value, and both are literally incomprehensible without a reference to Hegel's *systematic dialectics* and *positing of the presupposition*. I distinguish the *interpretation* of what Marx has written from the *reconstruction* of the Marxian critique of political economy. The former must be the most generous as possible towards the 'letter' of Marx, without however hiding the tensions and contradictions. The latter must be faithful to the 'spirit' of Marx but going in new directions. The reconstruction of the Marxian theory that I propose (i) is a *macrosocial* perspective; (ii) shifts the emphasis from money as the final universal equivalent to *money as prior finance* (providing the *monetary ante-validation* in the buying and selling of labour power, and the *monetary imprinting* of the immediate valorisation process); (iii) looks at *money and abstract labouras processual* dimensions within the capitalist monetary circuit (capital is 'money in motion' because it is abstract labour 'in motion'); (iv) ultimately grounds the labour theory of (surplus-)value (which is actually a *value theory of (capitalist) labour*) in the capitalist labour process as *contested terrain*. Marx's monetary labour theory of value develops into a *macro-monetary theory of capitalist production*, while capital as a totality is *constituted* by capital as a social relation of production.

Keywords: Marx, Hegel, Abstract labour, Monetary labour theory of value, Macromonetary theory of capitalist production, positing the presupposition, dialectics

Introduction

The argument that follows discusses the theoretical contribution of Marx with reference to three issues: the *monetary theory of value*; the notion of *exploitation*; the (dis)continuity of *Marx to Hegel*.

These themes have been the subjects of intense debate since the 1960s and 1970s. First. According to an opinion which prevailed in the late 1970s, the theory of value should be judged negatively for its alleged *failure in determining individual prices*. On this level, Sraffa's formulation would allow a successful reply to the Neoclassical theory, which was as dominant then as it is today. The price to be paid is to cut loose any reference to labour-values. Second. For others, despite Marx's work contains interesting insights alternative to various (Ricardian and Marginalist) orthodoxies, *Capital* would end up being trapped in a *real analysis* and in an *equilibrium approach*. Money is introduced only once

the theory of value is fully formulated, or at least without essentially intervening in the determination of value. Third. On a philosophical level, many have taken for granted the idea that characterised most of, though not all, the Marxist and post-Marxist reflections of Lucio Colletti, according to whom the continuity between Hegel's method is a liability and not an asset for Marxian theory, constituting an *idealistic residue* incompatible with *science*.

The discussion on contemporary capitalism seems to add other arguments supporting the urgency to evacuate Marx from the theoretical stage. Real-world developments are put forward in favour of this conclusion. 'Post-Fordism' would lead to *the end of labour*, or at least to the ultimate crisis of *wage* work. 'Globalisation' would create a primacy of the market and of finance that *would erase the centrality of production* and then of labour. The 'new economy' would mark the disappearance of abstract labour, reduced to simple and unskilled labour, and replaced by the *preeminence of an immaterial and cognitive labour* which cannot be understood as a labour 'without properties', like in Marx.

My position, as I shall argue below, move in the opposite direction. I wish to reclaim the most contested legacies of Marxian theory, arguing that value is the *monetary expression of labour time alone*, and that *the relationship with Hegel is fundamental and positive*. I read the critique of political economy as *the macro-social foundation of the evolutionary dynamics of capitalism*. The categories of *totality* and of *real abstraction* play here a key role. They are 'structuring' value, and both are literally incomprehensible without a reference to Hegel. Abstract labour and the *central* role of production must be interpreted within this conceptual framework.

My aim is not to propose a new 'orthodox' reading of Marx. Rather I distinguish the *interpretation* of what Marx has written from the *reconstruction* of the Marxian critique of political economy. The former must be the most generous as possible towards the 'letter' of Marx, without however hiding the tensions and contradictions. The latter must be faithful to the 'spirit' of Marx but going in new directions. I will conclude with some methodological considerations.

Marx: interpretation

Value is 'actualised' on the commodity market, with the sale of the commodities produced against money. The 'form' of value refers mainly to the *monetary* dimension. The value of a commodity, *before* it actually being sold, is a 'ghost'. It is merely *ideal* money, which can only turn into *real* money with the metamorphosis of the commodity into the universal equivalent – a 'chrysalis'. If the act of *measurement* necessarily takes place on the commodity market, and if the *measurer* then is money, the

'substance' of the value exhibited¹ in money is nothing but homogenous and abstract labour - or rather, *labour which is homogenous because it is abstract*. With regard to this, Marx talks of an 'intrinsic' or 'absolute' value, whose 'immanent' *measure* is labour time (spent in the socially necessary amount).²

The key point is the 'unity' of production and circulation: a unity in distinction. Abstract labour is *potentially latent* in production and it *fully comes into being* in circulation. According to Marx, *circulation is intrinsically monetary*, but commodities are exchanged because they are *already* commensurable *before* the metamorphosis against money. In other words, 'values' as *objective*³ abstract labour (and as such, as *ideal* money) are a necessary pre-condition to their equalisation in monetary circulation. Nevertheless, abstract labour is perfected *only* in actual exchange, where commodities as ideal money turn into *real* money. At first glance, this seems to be a contradiction, of which Marx has been repeatedly accused. The situation is different if we consider the crucial role of '*money as a commodity*'⁴ in his theory.⁵ Abstract labour

1 I translate *Darstellen* as 'to expose', or also 'to exhibit'. Another possible translation could be 'to present'. I avoid 'to represent', which I rather use for *Vorstellen*. On this and other translation issues the reader is referred, for a synthesis, at Bellofiore 2014a and for more detailed considerations (but in Italian) to Bellofiore 2013a.

2 This complex articulation of Marx's notion of 'measure' (on which there are important considerations in Fineschi 2001, Appendix A) has been lost in traditional Marxism, which often reduces abstract labor to 'contained labour' in the *technical-material* and *physiological* sense. Very often contained labour (*enthalten Arbeit*) is incorrectly translated as 'embodied labour'. Embodied labour is appropriate for concrete but not for abstract labour: and we will see that two notions of 'embodiment' (corresponding to the German verbs *verkörperen* and *einleiben*) are crucial for Marx, expressing different concepts. Even the so-called value-form approach is one sided. Especially in its most extreme versions, it denies any role to labour time. The same sophisticated analysis by Reuten 2004 conceives measurement in labour time only from the side of the concrete labour, which is the only one he recognises in the production process.

3 When Marx used the adjective *gegenständlich*, very often he meant 'becoming objective', i.e. the objectivity standing in front of human beings: something which has its origin in the *processual* moment of labour as *activity*. The term is very difficult to translate into English. A neologism would be 'objectualised'. The reader is alerted to have this in mind when I use the terms 'objective' or 'objectified'.

4 The reader should take note that I use the (may be awkward) term 'money as a commodity', and not the more usual commodity-money, to stress the difference and opposition of the Marxian versus the Ricardian theory of money. The point was clarified, though in different ways, by de Brunhoff and Carlo Benetti.

5 This is again a point that has often been misunderstood in the debate on Marx. Apart Hilferding's *Financial capital* and Luxemburg's *Accumulation of capital*, the monetary aspects of Marx were not much present in Marxism. The attention to the form of value which we read in Rubin in the 1920s has remained isolated. Things began to change with the pioneering studies of Suzanne de Brunhoff in the 1960s. Normally, in this debate, those who saw the essentiality of money as a commodity in the way Marx formulated his theory of value, tended to uncritically defend it. An

'crystallises'⁶ in commodities and is *necessarily* 'presented' in the form of money, but that means - according to Marx - 'exhibited' *in the concrete labour which is embodied in the universal equivalent as a commodity (gold)*. Given that capital is money that produces (more) money, and that money is (directly or indirectly) gold produced by labour, money has a labour content, which counts in exchange as *directly* social labour, a value which is *already quantitatively determined* when money enters the capitalist circuit.

It is clear that by virtue of this, constant capital and variable capital, which are *immediately* monetary amounts, are - *at the same time* - quantitative 'expressions'⁷ of labour magnitudes.⁸ The money value of the commodity product before exchange - as ideal money: and thanks exactly to this money form-determination as a 'representation'⁹ (namely, the price *expected* to be gained from the selling of the commodities) - can be 'translated' into magnitudes of objectified labour¹⁰. That being the case, in the first volume of *Capital* exploitation can be considered as determined by what happens on the labour market (the 'initial' exchange) and in immediate production (the 'centre' of the capitalist process) - the two moments that *together* define the 'social relations of production' in capitalism - *before* the 'final' exchange (on the commodity market).

This conclusion, however, depends on two strong assumptions

exception is Messori 1985. The new 'monetary' approaches to Marx's value theory affirms that money as a commodity was not essential to Marx's argument. In my works I have insisted on the essential role of money as a commodity to establish the connection between value and abstract labour (see Bellofiore 1998a, Bellofiore-Realfonzo 2003 Bellofiore 2014a). The necessary break with the view of money as a commodity obliges to a reformulation of monetary theory and of value theory in the direction of a (*macro-*)*monetary theory of (capitalist) production*. Cf. Bellofiore 2004a and 2004b.

6 Actually, at that stage the commodity is a *Gallerte*, a 'gelatine'. The gelatine has to turn into the money 'chrysalis', and thereby into capital as a 'butterfly'. This is possible only when capital reveals itself as a 'vampire'.

7 The 'exhibition' of the value of the commodities in the use value of 'money as a commodity' is for Marx a movement *from the inner to the outer*. This is how I interpret the verb *ausdrücken* in *Capital*. It refers to an 'expression' of the content in the form.

8 This is a point which, again, is lost in Reuten when he rightly emphasises that Marx quantitative references are always to monetary magnitudes, accounted in pounds, never directly in labour hours. The point is that in Marx these monetary magnitudes are nothing but quantitative expression of the immediately private labours 'contained' in commodities into definite amounts of immediately social labour 'embodied' in money as a commodity.

9 It is a *Vorstellung*.

10 I have shown elsewhere that Marx can assume the value of money as given in *Capital* because gold is exchanged with commodities at its point of production, and that kind of exchange is actually barter: Marx uses the words *unmittelbare Produkten-austausch*. This is a true weakness in his version of a monetary value theory.

made by Marx, and quite explicitly. The first is that *supply meets a demand of the same amount*. The second is that *commodities are sold at prices proportional to 'labour-values'*. The latter have sometimes being called 'simple or 'direct' prices, or even 'exchange-values' in the literature. They are those ratios of exchange between commodities which are proportional to the present and past labour 'congealed' in them.

Thanks to these two assumptions, and thanks to the monetary value theory which brings back value to *nothing but a monetary expression of labour*, surplus value can be explained *genetically* on the basis of what I have elsewhere defined as the 'method of comparison'.¹¹ This is easily explained. Marx starts from a hypothetical situation (but which, obviously, expresses something very real and significant in capitalism) where the *living labour* extracted from wage workers is equal to the *necessary labour* needed for the production of the historically given *subsistence*: the latter is something reputed 'known' *at the opening of the capitalist circuit*. Then he proceeds, in a second logical moment, to imagine a (or rather, reveal the actual) *lengthening* of the working day beyond necessary labour: this originates a surplus labour and its monetary expression, surplus value.¹²

Some steps in this argument are worth highlighting. First, it is clear that in the first volume of the *Capital*, when Marx analyses the process of creation of value and surplus value, he *does not abstract at all from circulation*. Account must be taken, *before* the capitalist labour process, of the *buying and selling of labour power on the labour market*,

.....
11 'Method of comparison' is a term coined by Rubin, but with a different meaning than mine. Croce had already spoken of 'elliptical comparison', which is still remoter from me. In Croce, the term of the comparison was an economic society composed only by workers who were not dispossessed by capital. The term of the comparison in Rubin is instead a situation of universal commodity exchange where there is no equalisation of the rate of profit between branches of production. Both authors (see Bellofiore 1996 and Bellofiore 2002) do not see that the 'comparison' typical of Marx essentially entails the *variability* of the living labour of wage workers. It may seem paradoxical, but in the early 1940s Piero Sraffa, on his path to *Production of commodities by means of commodities*, saw quite well what was Marx's argument: see his note *Use of the notion of surplus value* (Bellofiore 2012, 2014b). Sraffa knew also, however, that the problem that interested him in his book was different from that of Marx in the first volume of *Capital*. That's why he had to reverse the starting point of the comparison: instead of a *prolongation* of living labour relative to necessary labour, in his note Sraffa begins with a *shortening* of the working day from the *actual* length in the real situation, until it reaches the level proper to *actual* necessary labour. In the 1960 book he will inquire the variation of prices starting from a progressive reduction of the wage from the level at which there is no surplus: thus converging with the 'counterfactual' comparisons of Croce and Rubin. Perri 2002 is a reading of this point very close to mine: however, he puts less emphasis on the macroeconomic aspects, and the monetary aspects of the Marxian theory of value are missing. I think that I have been the first (in the debate on Marx and Sraffa) to insist on this point, since my writings in Italian and in English going back to the mid-1990s.

12 The reader will immediately realise that in the initial situation of the comparison, analogous to Schumpeter's *circular flow*, the rate of profit is absent. The exchange ratios are proportional to the labour contained in commodities: 'simple' or 'direct' prices.

and of the way in which subsistence is (or possibly is not) obtained¹³. Only in this way he could compare the *exchange value* of labour-power (which expresses 'necessary labour') and its *use value* (the labour 'in becoming', as he called it in the *Grundrisse*, and whose objectification is the substance of value mirrored in ideal money). He also has to assume that the *potential latent* value within the commodities produced will be *confirmed* as a 'social use value' in circulation: the metamorphosis of the commodities into real money must happen according to sale expectations. *Abstract labour objectified in commodities as ideal money comes into being and is fully exhibited only through the immediately social labour that produced the amount of 'money as a commodity' which bought those commodities.*

Second point. Although circulation needs to be dealt with in the exposition from the start, nevertheless, in order to make *transparent* that abstract *living* labour is the *only* (fluid) *source* of value - and that thereby value is nothing more than *objectified* labour: the 'labour contained' in the commodities as *ideal* money, and then the 'labour contained' in the *real* money buying them - *Marx must abstract from the tendency towards the equalisation of the rate of profit between the branches of production.* He therefore, at the outset, does *not* consider competition in its 'static' form - a view of competition which was crucial for Ricardo before him, and for Neoclassicals after him. For this reason the analysis of the *constitution* of capital (that is, the analysis that explains 'how capital is produced', before you can move on to 'how capital produces') *must* be carried out by resorting to a rule of exchange based on 'simple' or 'direct' prices.

On the other hand - and this is the third point - although Marx throughout the first (and second) volume of *Capital* maintains that at first he must ignore competition as the tendency towards the equality of the rate of profit among industries, he cannot avoid to consider 'dynamic' competition, the *struggle to obtain an extra surplus value*, already in the first volume. The diversification and stratification of the conditions of production is determined by innovation and *spreads the rate profit within the sector.* This is the side of Marx which inspired Schumpeter.¹⁴

Finally: since variable capital is a *monetary* magnitude - and thus the 'cycle of money capital' *opens* with the advance to workers of a *nominal* wage bill, regulated by the *real* subsistence wage - it follows what Rosa Luxemburg argued in her *Introduction to political economy.* The increase in the rate of surplus value is produced *systematically* in the

13 The real subsistence wage expected at the bargaining on the labour market, given the money wage, may be different than the real wage obtained on the commodity market, and the price may diverge from the value of labour power.

14 An author who saw very well this side of Marx versus Classical Political Economy is Henryk Grossmann.

form of *relative surplus value*, in particular as a result of the *technological and organisational revolution in production methods.* To this there corresponds a 'law' of capitalist distribution which affirms a necessary *downward trend in the 'relative wage'*: something which is quite compatible with a criticism against the tendency towards 'absolute pauperisation' which was wrongly attributed to Marx, and compatible as well with that secular increase in real wages that characterised capitalism for a long while. Marx himself asserts, in chapter 25th of the first volume, that for him *the rate of accumulation* is the *independent variable* and *the wage rate* is the dependent *variable*. Moreover, *the 'supply of labour'* for capital is generated *endogenously* from the cyclical and technological dynamic of capitalist accumulation, and therefore *depends from the same 'demand of labour'*. *Les dés sont pipés.*

In the second volume of *Capital* we find the determination of the *abstract possibility of an inter-sectoral balance.* The 'reproduction schemes', however, cannot be mistaken for an equilibrium theory of growth nor as a substitute for a proper theory of the capitalist crisis due to the circumstance that Marx declares that the occurrence of the equilibrium conditions is just a mere 'chance'. In fact, in the second and third volume of *Capital* several *crisis theories* - plural - are proposed ('disproportionality crisis'; 'overproduction of commodities'; 'tendential fall in the rate of profit'; not to mention the 'profit squeeze' due to the reduction of the industrial reserve army coming from rapid accumulation). It is another error to mistake any of these theories of crisis, alone or combined, as a *theory of collapse*¹⁵. Although all of them, one way or another, can be grounded in the (labour-)theory of value, Marx is unable to propose himself a convincing unified synthesis: this is an open field for an *undogmatic* extension of his system¹⁶. The Marxian theory of capitalist accumulation and crisis requires an *original* development putting together, in a coherent whole, the different pieces of Marx's argument, not the mere repetition of a construction that is *incomplete*.

In the third volume of *Capital* the *capitalist* prices, i.e. the exchange ratios embodying an equal rate of profit, are defined. Marx proceeds here to develop the *third step of his 'method of comparison'*. He adds up the surplus value extracted in the individual industries, and applies this total to the sum of the constant capital and variable capital anticipated in those same industries. Both sums - the one in the numerator, and the one in the denominator, are still accounted in 'simple' or 'direct' prices.

15 The only collapse theory in Marx is found in the *Grundrisse*, in the (in)famous Fragment on Machines: cf. Bellofiore-Tomba (2013).

16 For my attempt of a unified rendition of the various threads in Marx's crisis theory, see Bellofiore 2011. For an interpretation of the current, last structural crisis of capitalism, putting forward my theoretical approach, cf. Bellofiore 2014c.

Marx knows well that this is a step that needs to be supplemented by a *fourth* step, consisting in applying those transformed prices to the material elements of constant and variable capital, and so on in an *iterative* procedure, but he thinks that the final result would not conflict with the dual equality he poses: on the one hand, between the sum of 'values' (direct or simple prices) and the sum of 'prices of production'; and, on the other hand, between the sum of surplus values and the sum of gross profits. Even in this case, Marx's discourse has to be recognised as *incomplete*. It requires a *critical* review, which does not hide the problematic areas¹⁷.

The powerful theoretical edifice of Marx appears vitiated in more than one instance, and this partly explains why over time criticisms have been advanced from many quarters.

The *identification between value and labour* was challenged by Böhm-Bawerk. It is true, of course, that the Austrian economist is blind to the monetary and the form determination of Marx's value. In truth, the identification he reproaches to Marx strictly speaking does not exist: we have instead to do with Marx's bringing back of value to labour *through money*. But it is also true that the deduction of the relationship between value and labour at the beginning of the first volume of *Capital* does not appear free from *naturalistic and physicalistic traits*. More properly speaking, it is a dubious 'reduction'. Those who defended Marx from Böhm-Bawerk's attack have often defended an objectionable Marx, and questionably accepted the confrontation on the terrain chosen by the Austrian economist.

The unfinished state of the *transformation of values* ('simple' or 'direct' prices) *in production prices* in the third volume of *Capital* has originated a theoretical line wishing to 'correct', rather than understand, Marx's procedure, and all this ended into the *dissolution* of the 'value dimension'. The transformation of input 'values' into prices, and the fact that consequently the logically 'successivist' method of Marx ended into a 'simultaneous' approach seemed to most of the authors involved in the discussion to lead to a *redundancy* of 'labour-values' as a magnitude in the determination of prices (of production). In fact, this is the general conclusion along the arc that goes from the Neoclassical readings (such as those of Samuelson) to the surplus approach interpretation of Marx (i.e., the current sometimes referred to as 'Neoricardian', with different accents like in Steedman versus Garegnani), which is highly critical of marginalism.

Finally, if abstract labour is an *indirectly* social labour – we have

17 It is what happens in practically any other approach to the so-called 'transformation problem' trying to rescue Marx's determination of prices of production as it is. For my take on the 'transformation', cf. Bellofiore 2002.

seen that the immediately private labours have to 'prove' their sociality in the final exchange of commodities with money, produced by the *only immediately social labour*¹⁸, on the commodity market - the way seems open to support the conclusion reached by most of the commentators who adhere to the value form approach: that labour *in the sphere of production* is exclusively *concrete* labour, that the different labour efforts are *heterogeneous* and *incommensurable*, and that the only *measure* of value is *money*. Talking, as Marx does, of an 'immanent measure' according to (socially necessary) labour time, or of an 'intrinsic' and 'absolute' value, would be contradictory to the most original and adequate aspect of the Marxian theory of value, according to which the commensurability of commodities comes from the monetary homogenisation on the market. The reference to *living* labour as *abstract* labour is completely abandoned.

At a closer look, in all three cases the abstract labour dimension as *activity* is expelled from the theory of value. In the case of Böhm-Bawerk, because he upholds an alternative value theory, which replaces labour with utility. In the other two cases, because the focus of the analysis concentrates, albeit in opposite ways, on the *closing* phase of the capitalist monetary circuit. In the case of the surplus approach, because it insists on use value, and sees in the relation between production prices and conflictual distribution the 'core' of economic theory.¹⁹ In the case of the value form approach, because it risks to break Marx's journey *from* the content to the form of value: starting from the latter it cancels out the former, which parallels Samuelson's 'eraser theorem'. For both lines of thought, it does not seem possible to go back from *objectified* labour contained in commodities and in the universal equivalent to *living* labour conceptualised as *abstract* labour *in motion*, and this category is completely obliterated.

18 In this paper I cannot go into the details of the notion of *Vergesellschaftung*, 'socialisation' in Marx. The perceptive reader will understand that in my interpretation of Marx I recognise two different notions of *Vergesellschaftung*: the socialisation *ex post* in the final monetary validation on the 'final' commodity market; and the 'immediate socialisation' within the immediate production process. In my reconstruction of Marx I add a third socialisation, the *ex ante* initial monetary validation by the banking system in the buying and selling of labour power. In their alternative readings of abstract labour, Michael Heinrich (1999) stresses the first notion, Roberto Finelli (1987) the second one. The two notions must be seen in their interrelation, and have to be connected to the third, if one wants to properly develop the category of abstract labour as a process. See later in this paper. Cf. Bellofiore 2016a and 2016b on Finelli, and Bellofiore 2016c on Heinrich.

19 How much Sraffa was a surplus approach theorist in this sense is a complicated issue, and cannot be dealt here. Let me say, provocatively, that like Rubin is not the value-form theorist you may imagine, Sraffa is not the typical 'Neo-Ricardian' you would guess. Both had a stronger connection to Marx's *labour*-theory of value than usually interpreters, and even more followers, allow.

Marx: reconstruction

The reconstruction of the Marxian theory that I propose,²⁰ and of which I will just give no more than the essential skeleton, tries to avoid these drifts, because: (i) it assumes *a macrosocial perspective*; (ii) it shifts the emphasis from the exchange of commodities with money as the universal equivalent *back to the previous two interrelated phases of the 'cycle of money capital'*, the phases defining the 'social relation of production' between capital and labour (the buying and selling of labour power, and the capitalist labour process as the immediate valorisation process);²¹ (iii) looks at *money and abstract labour as processual dimensions within the capitalist monetary circuit* (capital is 'money in motion' because it is abstract labour 'in motion'). The capitalist process as the cycle of money capital should be understood as a *macro-monetary 'sequence'*, a circuit²² *opened* thanks to *bank money*, and punctuated by *successive* phases. *Logically* there is, therefore, an essential *temporal* dimension which is internal to the circuit, even if the relation between prices and distribution in the final phase is designed as *simultaneous*:²³ the 'data' of price determination have been *constituted* within that sequential 'monetary' and 'labour' process, and Marx's (labour-)theory of value is essential in that constitution.

In this different framework, *the abandonment of the theory of 'money as a commodity'* is in my view necessary. This may seem to generate a serious difficulty. The bank finance thanks to which the circuit opens is immediately 'valueless', in Marxian terms. Let us look at the issue. The *money wage bill* going to the working class as a *whole* is anticipated by the capitalist firm *sector* and was *initially* granted to them by the banking *system*. This loan, like in authors such as Wicksell and Keynes in the *Treatise on Money*, has the nature of a *finance to production*; integrating Schumpeter within the Marxian system it can also be interpreted as a financing of *innovation*.²⁴ Marx assumed that the money wage is regulated

20 For a development of the arguments put forward below see Bellofiore 2004a, 2004b, 2005. Cf. also, on 'circuitism' old and new: Bellofiore 1992, Bellofiore 2013b.

21 Marx defines the 'capital relation' as the relation between capitalists, on the one hand, and wage workers, on the other.

22 Circuit is here *Kreislauf*, the same German term Marx uses for the cycle of money capital. I use here 'monetary circuit' and 'cycle of money capital' as synonym.

23 The same Sraffa saw his theoretical scheme as dealing with a 'snapshot', 'before' the market and 'after' production (and, we may add, finance to production). Marx is dealing with the movie.

24 Cf. Bellofiore 1985a and 1985b.

by the subsistence wage. The *basket of subsistence consumption commodities* is *fixed* 'conventionally', from *social conflict*: not so much through struggles on the money wage in the labour market; rather, even if indirectly, through the conflict (and antagonism)²⁵ in production that defines the length and intensity of the labour actually spent, and reverberates on the real wage itself.

The initial finance is based on the *expectations* by banks and firms. Firms seek finance in accordance with their forecast that workers's labour as activity will be adequate in quantity and quality, as well as that in final exchange the commodities produced will be absorbed by the market at the expected prices. In the case of innovative firms, it is also relevant the expectation about the success of the 'new combinations'. This positive expectation system must be shared by the banks, whose function is that of *screening* and *selecting* the capitalist firms. In fact - and this is the central point - bank finance acts as a kind of *monetary ante-validation*, confirming *in advance* the 'bets' on *potential* immediate valorisation within production and of its mediated *actualisation* in final commodity circulation. It is an *anticipation* of the ex post social validation of the concrete and useful labours spent in the capitalist labour process: because of that, these labours can be considered as commodity-producing labours from which a gross monetary profit can be earned. Concrete labour shows itself to be, at the same time, *abstract* labour 'in motion', as long as it is spent according to socially necessary labour time.²⁶ In capitalist production, embedded into a commodity universal exchange, the *living* labour that originates value and surplus value *is* form-determined *already* during the labour process, before circulation, as human activity engendering value '*in potentia*'.²⁷ A point that Rubin had seen,²⁸ but only in part, because he was unable to question the monetary

25 'Conflict' mostly affect the use value dimension, 'antagonism' the value dimension.

26 It is clear that in this argument the labour time supplied by workers must be socially necessary in a dual meaning: because it is 'average' in a technical sense, but also because it meets the social need.

27 It is impossible here to consider the Greek and Christian origins of the notions of 'potentiality' and 'actuality' as implied here. My presentation has been heavily influenced by the Italian philosophers Guido Calogero contributions to Enciclopedia Treccani.

28 Cf. Rubin 1927: "If instead of abstract labour we take only the social form of the organisation of labour, it would only help us to explain the 'form of value', i.e. the social form, which a product of labour assumes. We could also explain why a product of labour assumes the form of a commodity which possesses a value. But we would not know why this product assumes this given quantitatively determined value in particular. In order to explain value as the *unity* of the form of value, the substance of value and the magnitude of value, *we have to start out from abstract labour*, which is not only social, and socially equated but also quantitatively divided. [...] One can

conditions of possibility of the capitalist process, the bank financing for production and innovation.

In fact, *expectations matter* also with regard to *workers' bargaining on the labour market*. We have seen that the working *class* merely receives a *nominal* wage bill: the purchasing power for workers – namely, its translation in *real* terms - is materialised in a *later* phase of the monetary circuit, in the 'final' commodity exchange on the market. At the same time, the latter, the real wage for the working *class*, ultimately depends on the autonomous expenditure by capitalists. The originality of Marx in respect to the other authors who think in terms of a monetary circuit perspective is to assume that the *actual* real wage the workers get on the commodity market fully confirms their expectations when bargaining on the labour market, so that it is *equal to the 'historically given' subsistence*.²⁹ Behind this assumption there is the fact that Marx wanted to rule out any 'injustice' - in exchange or in distribution - as an explanation for the systematic creation of surplus value.

Together with the assumption that, within the period, firms' expectations concerning the realisation of their output are fully realised, this hypothesis about the wage is crucial to allow a *quantitative* determination of exploitation (surplus value as surplus labour) *before* the final circulation: which is what actually Marx delivers in the first volume of *Capital*. Let us see how.

Once the real wage for the working class can be assumed as known at the opening of the capitalist process, and once current methods of production are also considered as given, it is also determined *ex ante* the amount of labour needed to *produce* the wage commodity basket, which corresponds to *necessary labour* as defined in *Capital*, first volume. This is true, even if the initial finance is not linked to money as a commodity, and then has no value (in labour contained terms) in itself: the value of initial finance can be defined in terms of its *purchasing power*. Put differently, the value of 'money as [variable] capital' is no longer expressed as the amount of labour that has produced the amount of gold which has been anticipated. As finance to production, the purchasing power of bank

find formulations in Marx himself, which, if one chose, would be sufficient reason to say that Marx substituted the social form of labour for labour itself [...] instead of the thesis that labour creates value, we have the thesis that the social form of labour produces the social form of wealth. Some critic would well say that Marx replaces labour completely with the social form of labour: *which Marx obviously did not intend*. [...] It has been said that my explanations give rise to the impression that abstract labour is only produced in the act of exchange. One could conclude from this that value also is only created in exchange, whereas from Marx's standpoint, *value and consequently abstract labour too must already exist in the process of production.*" (quoted from transcription on-line, my Italics). I will come back on this point later on.

²⁹ I refer to the 'norm' in the basic analytical scheme. Of course, Marx studies also the deviations of the price from the value of labour power, even when prices are 'simple' or 'direct' prices.

credit to firms in order to finance production corresponds to the *number of workers* that, given the money wage set on the labour market, those firms are able to buy. To these workers necessarily corresponds a certain amount of *labour contained in their real wages* (the '[exchange-]value' of their labour power, depending on the total subsistence wage). To these workers also corresponds a certain amount of *living labour* that capitalist firms *expect* to be able to extract (the *use[-value]* of labour power). As a consequence, it is also known the amount of *objectified* labour as the (*potential*) *new value* added within the period. In the final commodity exchange, the monetary expression taken by this 'value added' is the *new value realised*. Assuming all the workers are productive, it also corresponds to the national income, to be shared between gross profits and wages.³⁰

My reconstruction of the Marxian theory mirrors the first volume of *Capital*, whereas exploitation is, not only qualitatively, *but also quantitatively* defined from the articulation between the labour market (the moment of initial circulation, regulated by the subsistence wage) and the immediate process of production (the moment of valorisation in production, regulated by the conflict/antagonism between workers and capital on labour as activity), *before* the final selling of commodities on the market.

It could be argued that this result very much depends on the identity which has been set between firms' supply and demand on the market: and rightly so. This is assimilated by many to some kind of *Say's law*: which is not true. The direction of the equality between supply and demand in the first volume is to be read *in reverse: from demand to supply*. Firms' production is driven by their sales expectations - which mirrors what Marx himself suggests in chapter 10 of the third volume.³¹ We have here something not too far from the *principle of effective demand* by Keynes in *The General Theory*, and from his initial hypothesis that *the short-run expectations of firms are confirmed* within the period. What is not yet fully developed in Marx is rather a theory of investment as an autonomous component of effective demand, driven by changing long-run expectations. When supply is driven by effective demand, the new 'value added' is generated by workers whose *living labor is spent in the*

³⁰ If the distinction between *productive* and *unproductive* labour is introduced, as it should be, this last statement should be qualified.

³¹ See the observations of Fineschi 2001 on the notion of 'ordinary demand', and its relevance to the definition of 'socially necessary labour time'. His stress is, however, *backward looking*, so that his argument is that the socially necessary labour time is said to be determined 'ex post'. Mine, as always in my reconstruction, is instead *forward looking*, so that my argument is that the socially necessary labour time is determined *ex ante*. The first perspective may be accused of having a circulationist bias; mine could be accused of putting too much stress on immediate production. In my view, however, it's the only way to maintain a role to production without dissolving it in circulation, and therefore to affirm the 'centrality' of production in capital as a totality.

socially necessary magnitude, already in immediate production. Since the total money wage bill corresponds to the subsistence commodity basket *for the class*, and therefore is the monetary expression of a *given amount of necessary labour*, there is a precise (*theoretical, not operational*) sequence, from the labour contained in initial finance (to buy labour power) to the labour contained in ideal (turning into real) money output produced (the objectified labour, originated by living labour).

The idea that the Marxist theoretical construction should be re-read as *monetary macroeconomics* (an idea that in the Italian debate goes back to the second half of the 1970s, if not before) has been recurrent in many other authors. By some - for example, Fred Moseley³² - it is presented not as a reconstruction, like here, but rather as a sort of literal and textual *interpretation*, inasmuch as it is asserted that it corresponds neither more nor less to what Marx himself left us in *Capital*. Things, it appears to me, are different. And there are numerous and radical divergences in the meaning of 'monetary' and 'macro' between me and most of contemporary Marxists.

As regards the *monetary* side, most of the more recent generation of Marxist scholars - in addition to Moseley, a particularly significant author to be named here is Duncan Foley³³ - mainly stress money as the *universal equivalent*, therefore the last phase of the circuit, *not* as the initial finance. It would not be difficult to document the slipping of these authors into the *quantity theory of money* (Moseley) or the drifts toward the *loanable funds approach* (Foley). The perspective advanced here, by contrast, has its roots in a strong version of the *endogenous money supply view*.³⁴ With regard to the *macroeconomic* nature of the Marxian theory of value, I think it is misleading to consider the 'macro' nature of Marx's argument as the same as the simple *aggregation* of the magnitudes, or to *identify* the individual capital with the total capital (within a common unqualified reference to 'capital in general', and with individual capital as a kind of total capital in miniature). The approach that I have suggested rather insists on the *class divide*: both in the sense of a separation between the capitalist class and the working class, and in the sense of the distinction, within the capitalist class, of 'financial capital' from 'industrial capital'. And that is why in Marx the logic of total capital not only has priority but is also *inverted* relative to the logic of individual capital, revealing in

32 See Moseley 2015.

33 See Foley 1986.

34 The reference here is to the theory of the monetary circuit. As I wrote before, the main exponents of the old tradition of the circuit approach are Wicksell, Schumpeter and Keynes (until the *Treatise on Money*). The contemporary version has as its main exponents Alain Parguez and Augusto Graziani. See Graziani 2003.

which sense the way in which capital necessarily *appears* is a *semblance*. This is the *true* significance of the *macrosocial and monetary foundation* in Marx.

We can verify some of the consequences of this reconstruction: first of all, about the issue of *how to bring back value to labour*, and about the role of labour as a *source* of value and surplus value. On closer inspection, these are the two main problematic topics in Marxian theory - something that escapes completely the new orthodoxies, which take the one and the other conclusion for granted: see in this connection also the contributions of the so-called 'non-dualist' line of the *Temporal Single System*.³⁵ If we assume, as we did here, a *macro-social, monetary and class point of view*, it is clear that surplus value cannot have origin from the *internal exchanges within* the capitalist class (inter-firms transactions could only give way to a 'profit upon alienation', cancelled out at the level of the firm sector as a whole). The genesis of surplus value can be found in the *only external* exchange for capital as a whole, the one between capitalist firms (financed by banks) with the living bearers of labour power. And that's why Marx insists that *the only opposite of dead labour is living labor*, which is the use value of labour power.

The buying and selling of labour power is the social and market act *before* the production process. Afterwards, workers, who are the living bearers of labour power, could 'resist' the extraction of living labour. Capitalist organisational and technological revolutions have here - also, if not chiefly - their birth. The new value *exhibits* 'congealed' living labour, and *nothing* but living labour, *because* the new 'value added' in the period - and thereby the surplus value, that is of course a part of that 'value added' - depends *causally* on the objectification of the *living* labour extracted by capital from the living bearers of labour power in *the labour process as a contested arena*. Compulsion (but also cooperation) and conflict (but also antagonism) are all part of the conceptual story to develop here.

The living labour of the wage workers legitimately belongs to capital, since it 'bought' labour power; but that living labour unmistakably also belongs to workers, since they are the human living bearers of labour power: the labour power they 'sold' remains *attached* to them after the bargaining of the labour market, and the use of that labour power in immediate production is the *consumption* of their flesh and bones and mind.³⁶ That's why I defined the capitalist labour process as a 'contested terrain'. *Herein lies, indeed, the final and decisive theoretical ground for*

35 This group counts among its adherents Carchedi, Freeman, Kliman. Cf., lately, Kliman (2006).

36 Lately, the author who most forcefully has insisted on this point is Massimiliano Tomba.

*the Marxian (labour-)theory of value: in the causal dependence of the coming into being of the new 'value added' out of an 'uncertain' extraction of living labour from the workers as human bearers of labour power, whose determination in actuality depends from class struggle in production.*³⁷

Capital must secure for itself labour *in actu* from *potentially* 'recalcitrant' workers, who somehow can still claim control over their own activities. This 'other' from capital must be 'embodied'³⁸ – namely, *made internal* and controlled, as part of the capitalist 'machine' - so that value begets (more) value, money brings about (more) money. The new value, even before surplus-value itself, springs from nothing but an 'exploitation' of workers: exploitation here means the *use* of their labour power. This notion of exploitation is a concept *co-extensive with the whole working day*. It is not a 'distributive' conception – it does not change much if this distribution is of amounts of use values or of labour time. Exploitation of this kind cannot but inherently affect the same *nature* of labour as *activity*.

The reconstruction of Marx's theory that I am proposing here is able to *ground* logically how (new) value is brought back to (living) labour by Marx: a point that, as I lamented, the other approaches just *assume* to be true. Despite its many theoretical vicissitudes, it was a major contribution of Claudio Napoleoni to have always contended that *grounding* this argument was, at the same time, *essential* to the critique of political economy, but also *problematic* in Marxian theory. It is still so today. In this paper, the conclusion that value *exhibits* in money nothing but labour is

37 "Finally, Marx devotes numerous analyses to a third level of development, which is even more specific: the transformation of the mode of production itself or, to put it in other terms, the process of accumulation. In the central chapters of *Capital* devoted to the 'production of absolute and relative surplus-value', to the struggle over the working day and to the various stages of the industrial revolution (manufacture, machino-facture, large-scale industry), it is not the mere quantitative result which interests him – the increasing capitalization of money and means of production – but the development of the workers' skills, factory legislation, the antagonism between wage-earners and capitalist management, the ratio of employed workers to unemployed (and hence the competition between potential workers). The class struggle intervenes here in an even more specific way on both sides at once: on the side of the capitalists, all of whose 'methods for producing surplus-value' are methods of exerting pressure on 'necessary labour' and the degree of autonomy enjoyed by the workers; and on the side of the proletarians whose resistance to exploitation leads capital endlessly to seek new methods. With the precise result that the class struggle itself becomes a factor of accumulation, as can be seen from the way in which the limitation of the working day indirectly leads to 'scientific' methods of labour organization and technological innovation, or to what Marx terms the transition from 'absolute' to 'relative surplus-value' (*Capital*, Volume 1, Parts 3 and 4). The class struggle even comes in from a third side, namely that of the State, which is an object of struggle for the contending class forces, and which the aggravation of the contradiction causes to intervene in the labour process itself, in the form of increasingly organic 'social regulation'." Etienne Balibar (1993), p. 96.

38 This embodiment corresponds to the German *einleiben*, and must conceptually be distinguished from *verkörperen*: 'internalisation' within a body, rather than 'taking possession' of a body.

not just supported, as in Marx, from an analysis of generalised commodity circulation. This was a kind of 'phenomenological' starting point at the opening of *Capital*:³⁹ its *presupposition*. In Marx what is presupposed must emerge from the exposition as a *result*. The 'position' of this *presupposition* ultimately has to do with *the transformation of (the nature of) labour prompted by the form determination of the capitalist production-cum-exchange process*. This means that the *positing of the presupposition* is eventually achieved *only* at the stage of the *real subsumption of labour to capital*.

It is this subsumption that *systematically* ensures the capitalist command over labour, and makes work performance to an appendage of a production system designed by a will and knowledge which is 'alien' to workers. It is a process of *abstraction* of labour which should *not* be identified with the social form of the organisation of labour (that is, with the *ex ante* 'dissociation' of *private* labours to be overcome by the *ex post* socialisation on the market), though it is related to it. It has nothing to do with a linear 'deskilling' of work, but rather with the fact that at this point of Marx's exposition *the properties of labour originates from capital*. Labour not only *counts* as abstract in commodity circulation, when it is already *objectified*, but it *is* already abstract in production, as *living* labour.

Let us now consider the *distribution of the new value* between social classes. According to the new approaches to Marx, the *value of labour power* should not be delineated along the lines I have used to define necessary labour - that is, as the amount of labour needed to *produce* the subsistence basket - but rather as the *labour commanded on the market* by the money wage.⁴⁰ The two definitions *diverge* quantitatively when the capitalist prices do not correspond to 'simple' or 'direct' prices: something which must be considered as the normal situation, as a result of the different value composition of capital in the different branches of production. If the second definition of the value of labour power is applied to the first volume of *Capital*, the criticism of Marx's transformation of (labour-)values into prices of production could be circumvented. Once postulated the identity between the new 'value added' with the monetary 'presentation' of 'direct labour' (the objectification of living labour, or the labour which has been actually spent in the current period) in circulation, the 'labour contained' *in* national income and the 'labour commanded' *by* national income cannot but be equal by definition. The rate of surplus

39 See. Bellofiore-Finelli 1998, Finelli 1987.

40 The reference is to the first definition of 'labour commanded' in Adam Smith. The labour commanded in a commodity was for Smith *the quantity of labour that the commodity enables its owner to purchase or command*. The *first definition* runs like this: the labour commanded by a commodity is the amount of labour *objectified* in the commodity/commodities bought by the commodity which has been sold, on the (commodity-)market. The *second definition* of 'labour commanded' was the amount of *living* labour which can be 'hired' on the (labour-)market by a commodity.

value, *in the first as well as* in the third volume of *Capital*, would thus be expressed by the *same* ratio between (the labour *commanded* by) gross money profits and (the labor *commanded* by) the *money wage bill*.

Rather, in the reconstruction that I have suggested, the rate of surplus value is defined in terms of the (abstract) *contained* labour, also when prices are not anymore 'direct' or 'simple' prices. It differs, then, from the ratio of the gross money profits over the money wage bill, 'translated' in terms of labour *commanded*. Of course, I am not willing to dispute that this latter definition of necessary labour has to be applied from the argument of the third volume about the 'transformation'; even more so if, as I argue, it is fully developed. The *textual evidence* in the first volume of *Capital* in favour of the definition of the value of labour-power based on the subsistence wage is however overwhelming, in my opinion. At the same time, it is also clear that in the third volume of *Capital* the definition of the value of labour power should be amended introducing the definition in terms of the labour commanded by the money wage. What happens is that the subsistence consumption basket in the first volume is evaluated in 'simple' or 'direct' prices, while in the third volume it is evaluated in 'production prices'. For sure, we have a tension to resolve, not to hide under the rug. But is it a fatal contradiction?

From a macro-monetary class approach, the answer is definitely negative. The double definition of the value of labour power takes on two different theoretical tasks. In *Results of the immediate process of production* and in *Capital* volume I, Marx suggests that the real wage of the working class is determined by the capitalist class as a whole, exactly as a consequence of the money form of the capitalist *Kreislauf* (circuit, or 'cycle').⁴¹ In my reconstruction, the reference is to the collective (though

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41 In the *Results of the Immediate Process of Production*: "The fact that capitalist No. I is a money owner, and buys means of production from capitalist No. II, who owns means of production, while the worker buys means of subsistence from capitalist No. III with money received from capitalist No. I, makes absolutely no change in the circumstance that capitalists Nos. I, II and III are, *taken together*, in exclusive possession of money, means of production, and means of subsistence. ... [W]hat stamps money or commodities with the character of capital from the outset, even in the first process, before they have actually been converted into capital, is neither their nature as money nor their nature as commodities, nor is it the material use value these commodities have of serving as means of subsistence and means of production, but the circumstance that this money and these commodities, these means of production and subsistence, confront labour capacity which has been denuded of all objective wealth as independent powers, personified in those who own them. The material conditions necessary for the realisation of labour are therefore themselves alienated from the worker, and appear rather as fetishes endowed with a will and a soul of their own, and commodities figure as the buyers of persons. The buyer of labour capacity is only the personification of objectified labour, which gives up part of itself to the worker, in the form of means of subsistence, in order to incorporate living labour capacity into its other part, and through this incorporation to preserve itself as a whole and grow beyond its original measure. *It is not a case of the worker buying means of subsistence and means of production, but of the means of subsistence buying the worker, in order to incorporate him into the means of production.*" (MECW 34, pp. 410-411: the Italics are mine). In *Capital I*: "*The capitalist class is constantly giving to the labouring class order-notes, in the form of money, on a portion of the commodities produced by the latter and appropriated by the former. The labourers give these order-notes back just as constantly to the capitalist class, and in this way get their share of their own product. The transaction is veiled by the commodity form of the product and*

unconscious) *choices* that the firm sector takes about the *composition of production*, thanks to privileged access they have to bank finance. It follows that the variable capital (which must *always* be considered as a money magnitude, in the first as well as in the third volume: *the total money wage bill*), must be able to buy the *given and invariant* wage subsistence goods, *whatever the price rule*. The gap between the labour 'contained' in the commodities made available to workers by the capitalist class and the labour 'commanded' by the total money wage bill – the gap which is opened by the circumstance that the prices of production differ from 'simple' or 'direct' prices - merely expresses the *reallocation* of the direct labour time required to produce the 'necessaries of life' between individual producers, i.e. between the capitalist firms: that is, between the producers of the commodities devoted to reproduce the working class, on the one hand, and the producers of the other commodities, which are not made available to workers (such as means of production or luxury goods), on the other.

Contrary to what may seem at first sight, the consequent divergence between total surplus value and total gross money profits does not amount to a blow against Marx's labour theory of value.⁴² Since there is no change in the real wage for the working class, *necessary labour* (in the definition prevalent in the first volume) *remains what it is*. What changes is what may be called *paid labour*: a different money wage bill

the money form of the commodity. Variable capital is therefore only a particular historical form of appearance of the fund for providing the necessaries of life, or the labour fund which the labourer requires for the maintenance of himself and family, and which, whatever be the system of social production, he must himself produce and reproduce." (MECW 35, pp. 568-569)

42 Eduard Heimann, in his *History of Economic Doctrines. An Introduction to Economic Theory* (Heiman 1945, pp. 151-152), was one of the very few, if not the only, to come near to understand what is going on here. With production prices different than labour-values, the capitalists employing more labour per unit of capital do not get the full surplus value produced by their workers (relatively to the capitalists of the more mechanised industries, who instead receive more than the surplus value produced by their workers). The 'transfer' however is effected *in circulation*, where capitalists and workers consume different kind of commodities. If workers are the main consumers of the commodities tagging 'prices' lower than 'values', it may seem that they get a 'refund' equal to the loss of gross profits relative to surplus value; and it also seems that if they are instead the principal consumers of the commodities whose 'prices' exceeds their 'values' they are, so to speak, super-exploited. Unfortunately, Heimann concluded that the labour theory of value is 'invalidated'. Nothing of the sort, of course, in my reconstruction, since *the real wage of the working class is given*. What is going on is just a redistribution of the new value added among capitalist producers, so that total gross money profits may end up to be less or more than total surplus value. The *paid labour* (as I call the '[objectified] labour commanded' by the money wage bill) to workers diverge from *necessary labour* (as I call the labour required to produce the class real wage). But, as I argue in the text, the total living labour *actually* extracted from the working class and the total amount of labour required to produce what *actually* is consumed by workers – the two magnitudes determined in the first volume by the conflictual/antagonistic 'capital relation' - do *not* change. Hence, also the surplus labour *contained* required to produce the surplus do not change. *The labour 'exhibited' by the money wage bill is 'displaced' relative to the labour-content of the real wage for the working class*. The price dimension add to the fetishism of bourgeois society, and cancels any trace of exploitation. See next footnote for more on this.

must be disbursed to workers relative to what was supposed to be in the first volume, where a different price rule was temporarily assumed. Now, removed the assumption of 'simple' or 'direct' prices, the norm of the equalisation of the rate of profit imposes that the capitalist manufacturers of the commodities sold to wage workers enjoy the same profitability as any other capitalist manufacturer. This different money wage would take a different share of the value 'pie', simply because the 'composition of capital' of wage goods and the 'composition of capital' of national income (the new value added) are different⁴³. It is a phenomenon relating to the *final circulation* of commodities: it does not affect the 'macro' *social relations of production* between labour and capital, but it distorts the 'presentation' or the monetary exhibition of the new value added through the 'individual' exchanges among capitalist firms. This *may* feed back into the future quantitative determination of the total wage bill, since the 'capital relation' between industrial capital and the working class includes a moment of circulation (the bargaining on the labor market).

It should be quite clear at this juncture in what sense my reconstruction puts production and labour *at the centre* of the theoretical perspective. The foundation of the argument that national income (the new 'value added' in the period) is the 'exhibition' in money of nothing but the direct labour objectified represents the working-class 'point of view'

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 43 This is something which happens, of course, also with gold as money. It is a point which was observed also by Piero Sraffa after the publication of *Productions of commodities by means of commodities*. He had assumed that the net product at prices was equal to 1, and also that direct labour was equal to 1 (the 'monetary expression of labour time', the so-called MELT, was implicitly taken as an arbitrary parameter, also equal to 1). This amounted (or can be interpreted) as an *implicit* adherence to some version of macroeconomic labour theory of value. The question was then: once we leave the view of the wage as a bundle of commodities, and pass to the view of wage as a *share*, how must be conceptualised the rate of exploitation? Sraffa's answer in his unpublished papers was similar to the New Interpretation and the new approaches: it must be conceptualised as the 'labour commanded' on the market by the money wage, not as the 'labour contained' in workers' real wage. The choice was justified with the argument that the commodities bought by the wage may vary (the same argument is found in the New Interpretation): something that, in my perspective, in the *basic* abstraction is excluded *for the class*: a point which is confirmed by Marx's quote that the means of subsistence are buying the workers, and not viceversa. It is interesting that the Sraffa papers at the Wren Library consistently show that the Italian economist did not bother too much about the transformation problem in itself, and he quite approved Marx's approach. The argument here was what has been called the Statistical Hypothesis: "It is clear that M's pros are not intended to deal with such deviations. They are based on the assumption (*justified in general*) that the aggregates are of some average composition. This is *in general* justified in fact, and since it is not intended to be applied to detailed minute differences it is all right." (my Italics, Sraffa's underlining: about this, including the references to Sraffa's papers, cf. Bellofiore 2012 and 2014b, and the works quoted there). The 'deviations' should and could be dealt with the Standard Commodity, he wrote. I think, however, that the 'distortions' due to money are integral to Marx's analysis of capitalism as governed by the *Verrückte Formen* – the 'deranged' (both displaced, crazy and perverted) forms – so typical of value, money, capital as fetishes. The search for an invariable measure of value cannot but look meaningless from a Marxian perspective. What should be done is to *understand* the meaning of the distortions, not to sterilise them.

on the capitalist process as *provider of living labour*. It represents, at the same time, the 'point of view' of total capital which is vitally interested in that same extraction: *from it the creation of value and surplus value* depends. Also the conceptualisation of the wage as the real subsistence for the working class expresses the outlook of workers and capital. Workers are, of course, interested in the *use values* they get, not in the labour commanded by the money wage. What matters for total capital is the amount of labour which is needed to *reproduce* the working class, without which there is no valorisation and no accumulation. Living labour and necessary labour (as I defined it) are the key categories – both qualitatively and quantitatively – to portray theoretically the macro class 'social relation' as a relation of *exploitation*. Thus, my argument so far has shown - *beyond* the letter of Marx's *Capital* - how the alleged failure of the transformation of 'values' into 'prices' just amounts to a *deepening dissimulation* of the fundamental class relation, and of the hidden nature of the valorisation process. Rather than a failure, or a weakening, this looks like a confirmation and a strengthening of the theory.

My reconstruction of Marxian theory rests on an *alternative vision of competition* compared with the dominant, old and new, readings of *Capital*. I have already mentioned that in Marx competition is not only 'static' (the equalisation of the rate of profit among industries), but also 'dynamic' (the 'struggle for extra-surplus' which differentiates the rate of profit within industries). Capitalist innovations can be brought back *both* to the need to control the quality and quantity of labour and to intra-industry competition. The 'social value' on the market, determined by socially necessary labour time, results from this interaction among firms within industry. This kind of competition must be theoretically appreciated as a key determinant of the articulation between money (as capital) and (abstract, indirectly social) labour.⁴⁴ The essential role of banks is not only to finance the production, but also to finance innovation. Through the *screening and selecting* the capitalist firms, banks contribute to the definition of the 'norm' of value, *through a non-equilibrium path*.

This view of competition reacts upon the interpretation about price determination. The *methods of production* – that is, the 'data' of the productive configuration, from which the *calculation* of prices for the *abstract* hypothesis of reproduction has to begin - must be seen as the *outcome* of the aforementioned *competitive dynamics*. Moreover, the

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 44 Money as capital, as long as it is *banking finance of innovation*, has of course a direct link to dynamic competition. But, in my view, it may be argued that the same notion of abstract labour imply intra-industry competition because the 'immediately private labours', which need to be socially validated against money as a universal equivalent, are in fact nothing but the 'many capitals', the *capitalist firms organising the collective labours*, competing with each other in the struggle for (extra-)surplus value. I'll come back to this point later in this paper.

financial constraints and the changing conditions of production play a crucial role. These considerations help to understand why 'values' are *not* redundant in the determination of prices of production. They also *restrict* very much the role of (re)production prices in the analysis of capitalism. As they are constructed, production prices *make absolute* the tendency towards an abstract equilibrium (in the Classical-Ricardian fashion), whereas the capitalist cycle of money capital is permanently *out-of-equilibrium*.⁴⁵ The tendency towards a sort of 'long run' equilibrium embedded in the notion of prices of production actually represents an only *ideal* outcome, rather than *actual* 'centres of gravity'. That tendency is going on side by side with the constitutive tendency towards non-equilibrium, a tendency which is inextricable from the categories of value, money, capital. Unfortunately, the non-equilibrium tendency has been *cancelled out* in most of the interventions on the so-called 'transformation problem'. The price norms fixed by the equilibrium tendency may act as *temporary* 'centres of gravity' for market prices: but only when the struggle for the extra-surplus value is slowed or halted, otherwise those 'centres of gravities' are constantly *shifting* without ever being reached.

The 'struggle for extra-surplus value', and the ensuing relative surplus value extraction, are fundamental components of the dynamics leading to the *real subsumption of labour to capital*. In fact, the real subsumption of labour to capital is at the *heart* of Marx's critique of political economy and cannot be divorced from his *dual* view of competition. Interacting with class struggle within the immediate valorisation process, dynamic competition lead to the constitution of a specific *capitalist* mode of production: *both* set the data for the determination of individual prices. *None of this can go on without the prior initial bank finance as monetary ante-validation*. All these interrelated themes mark a sharp *break* with the old and new Ricardian traditions, without cancelling their scientific merits, and the need to integrate part of their result in Marxian theory. The reprise of the Marxian 'critique of political economy' should never lose sight of the need to construct a 'critical political economy'.

The dynamics of the relative surplus value extraction is also basic in my proposition of a *unitary* reconstruction of the crisis theory *away from* from any collapse theory. I cannot go into this problematic in this paper for reason of space.⁴⁶

45 'Out of equilibrium' should not be reduced to disequilibrium, requiring a prior notion of equilibrium. *Out-of-equilibrium* refers to the *formation* of the data (and of the economic categories more in general), so that we can afterwards speak of equilibrium and disequilibrium. That is why Marx's (labour-)theory of value can be defined, as some authors have done, as a theory of equilibrium and non-equilibrium. None of the two poles should (or could) be absolutized in the critique of political economy.

46 Cf. Bellofiore 2011.

Method: abstract labour

To fully appreciate the premises of my reconstruction a brief and subjective review of some key contributions on abstract labour and on Marx's method - with a special emphasis on the Marx-Hegel (dis) connection - is now proposed, focusing on the past fifty years. The main concern here will be what is unique to Marx's *critique* of political economy. The traits of a possible coherent discourse emerge, a discourse which is compatible both with my 'interpretation' and my 'reconstruction' of Marx as sketched in these pages.

Let me begin with 'abstract' labour. Lucio Colletti⁴⁷ argued that we do not have here to do with a mental generalisation but with a *real hypostatisation*: the 'inversion' of subject and predicate. Colletti insisted on what happens in the 'final' exchange on the *commodity* market, where the *objectified* labour expresses the 'alienation' of human subjectivity, in *circulation*. Pursuing this line of interpretation, Claudio Napoleoni⁴⁸ considered explicitly the prior phases of the capitalist circuit. He was thus able to show that the same real hypostatisation takes place *in the labour market* (where labour power becomes the subject and the workers who are the human bearers of labour power a mere appendage of labour power) *and in the capitalist labour process* (where, once the real subsumption of labour to capital is achieved, labour not only 'counts' as abstract but 'is' already abstract, *in production*). As I have maintained before, the 'properties' of labour comes to workers from the *imprinting* of the impersonal command which is embodied in the capitalist technological and organisational revolutions.

Napoleoni also clarifies that the deduction of abstract labour from *exchange as such*, which we read at the beginning of *Capital*, should not be intended as an alternative to the (more fundamental, though less apparent) deduction of abstract labour *from capitalist production*, which we read in the *Grundrisse*.⁴⁹ Looking at the form determination of the capitalist immediate process of production, before the form

47 See the essay on Bernstein in Colletti 1969a. On the debate, cf. Bellofiore 1999.

48 See Napoleoni 1972, 1973. There is a German collection of essays from both Napoleoni's books edited by Cristina Pennavaja for Suhrkamp Verlag, with the title *Ricardo und Marx*. See again Bellofiore 1999.

49 It does not disappear in *Capital*: it is buried behind the arguments about the 'real subsumption of labour to capital' and the 'immediate socialisation' of labour within immediate production. I cannot go here into the different consequences of these processes for the *individual* worker versus the *collective* worker.

determination of the (monetary) universal circulation of commodities, abstract labour is the (*living labour of*) *wage labour*. The reason for the complementarity of the two deductions lies in the circumstance that the *universalisation* of commodity exchange is the result of *capital*. 'Labour' does not systematically produce (value as) money except in so far as it is a commodity - labour power - acquired by money (as capital), and governed by it.

In my view, these clarifications by Napoleoni must be revisited taking into account the contribution of Rubin.⁵⁰ The Russian economist highlights how the reconciliation of abstract labour as something *already* present in production in a *latent* state, on the one hand, with the *eventual actualisation* of abstract labour in universal commodity exchange, on the other hand, is possible if 'exchange' is not interpreted as that *particular phase* of circulation where the economic circuit is consummated, but rather as the *totality* of that circuit, which includes circulation and production in their unity, without however cancelling the distinction between the two. According to *this* Rubin,⁵¹ 'exchange' is *the form of the social process of total reproduction*: though the abstraction of labour in the phase of the immediate process of production is still only 'ideal', labour nevertheless *already* takes on certain specific social characteristics *before* commodity exchange as the final *particular* phase of the entire process.⁵² In that final phase of the complete production-

50 See Rubin 1928. It is the third edition, substantially different from the second (1924). There is a fourth edition (1930), with no changes in his perspective. Both the third and fourth original Russian editions contain substantial material (appendixes, and introductions) not included in the English translation by Fredy Perlman and Milos Samardzija. The editorial and conceptual issues are dealt with in Bellofiore 2013a. The factual informations (and some translations from the Russian) there are taken from Silvano Tagliagambe and Susumu Takenaga.

51 The second edition was much more compromised with the view of exchange as a particular phase in the circuit. In current terminology, and paradoxically, the Rubin of the 2nd edition was a 'Rubinite' author, the Rubin of the 3rd edition was not!

52 'As soon as exchange really became dominant form of the production process, it also stamped its mark on the phase of direct production. In other words, since today is not the first day of production, since a person produces after he has entered into the act of exchange, and before it also, the process of direct production also assumes determined social characteristics, which correspond to the organisation of commodity production based on exchange. *Even when the commodity producer is still in his workshop* and has not yet entered into a relationship of exchange with other members of the society, he already feels the pressure of all those people who enter the market as his customers, competitors or people who buy from his competitors, and ultimately pressure from all the members of the society. This link through production and these production relations, which are directly regulated in exchange, continue to be effective even after the specific concrete acts of exchange have ceased. They stamp a clear social mark both on the individual and on his labour and the product of his labour. *Already in the very process of direct production* itself the producer appears as producer of commodities, his labour assumes the character of abstract labour and the product assumes the character of value. [...] All Marx's writing on this show that *we must not approach this problem too linearly*. We should not think that because commodity producers are already linked to one another by determined social relations in the process of direct production, therefore their products and their labour already possess a directly social character. *The labour of a commodity producer is*

circulation complex, abstract (i.e., indirectly social) labour is not created, but *only confirmed* as part of a social distribution of labour. This processual 'coming into being' of abstract labour is the 'actualisation' of its 'potential' reality *already latent in immediate production*. Immediately private labours are, in fact, *mediately* social labours: this 'mediated' sociality has to be sanctioned by the 'transubstantiation' of the commodity with with money.⁵³

Rubin's and Napoleoni's positions face however the difficulty that is already in Marx. The value form gives the imprinting of sociality in a 'retroactive' fashion, *from* the final circulation closing the circuit, *to* the production as the central phase of the circuit. Without money as a commodity, a chasm between the 'two worlds' of production and circulation is opened: a genuine *dichotomy* between the 'real' world (of the concrete, dishomogeneous labours) and the 'monetary' world (of the universal equivalent) opens up. This difficulty vanishes if the abstraction of living labour is reconstructed in the way that I have suggested, as a *process* opened by initial (bank-)finance as *monetary ante-validation*, before production. As a consequence of the *monetary dimension* marking the buying and selling of labour power, living labour too earns a 'latent' sociality *in anticipation* of the final *ex post-validation* in exchange. My reading of Marx's approach as a *monetary value theory* (built upon Marx's conceptualisation of 'exchange') evolves necessarily and conceptually into a (*macro-*)*monetary theory of capitalist production* (built upon Marx's conceptualisation of the 'capital relation').

Money is not just a passive 'reflection' of value, *ex post*: it is actually essential to 'constitute' it, *ex ante*.

directly private and concrete labour, but together with this it acquires an additional 'ideal' or 'latent' characteristic as abstract universal and social labour. [...] Abstract labour and value are created or "come about," "become" in the process of direct production (Marx used the expression "werden" more frequently for this process) and are only realised in the process of exchange.' (Rubin 1927, quoted from online transcript: my Italics)

53 This 'transubstantiation' through money turns the *ghost* of value into value as a *chrysalis*. An embodiment (*Verkörperung*) which is also an 'incarnation' (*Inkarnation*). Marx writes that in order that a commodity may in practice act effectively as *exchange-value*, it must quit the bodily shape of its use value, and must transform itself from mere *imaginary* into *real* gold (*money* 'as a commodity'). Marx adds that to the commodity such transubstantiation may be more difficult than to the Hegelian 'concept' the transition from 'necessity' to 'freedom'. I return to the fundamental (dis)connection of Marx with Hegel in the next section. This problematic, of course, is essentially intertwined with the fact that Marx is a 'monetary labour theory of value': not just a labour theory of value, nor just a monetary theory of value. Rather, properly, a monetary *labour* theory of value (cf. Bellofiore 1989). Through this essential link between value and money, one can understand why Diane Elson was absolutely right in stressing in 1979 that the labour theory of value in Marx is - breaking with Ricardo - a 'value theory of labour'.

The method: the relationship with Hegel

The general perspective on Marx that I adopted so far is the following.⁵⁴ Marx's writings should be read 'backwards', from the perspective of *Capital*, i.e. the mature work, which also illuminates the early writings.⁵⁵ Also in this case, the most developed stages are the key to understand the least developed. Moreover, Marx's writings should be read, knowing that *the author's self-understanding is not up to the positive theoretical contribution he brings to social science*.⁵⁶ One index is that in publishing the results of his research Marx has been gradually *concealing* the key role played by the *dialectical* method and its Hegelian roots.⁵⁷ At the same time, the study of *Capital* requires that *full* account is taken of the path leading to the manuscripts of the three volumes, at least from 1857-58.

Let me start from the meaning to be given to the expression 'critique of political economy. In *Capital* the *ultimate* object of knowledge is the contemporary social reality as a 'whole' (capital as *totality*). The *immediate* object of knowledge are the *empirical* conditions. But the critical knowledge of reality can only be *mediated*, i.e. it needs to pass through a critique of bourgeois theories. There is an *inner connection* of objects and concepts: the objects are apprehended through the intermediation of concepts, without, however, being entirely dissolved in them, as for Hegel. Alfred Schmidt is right in seeing in this internal relation between categories and objects a *first* role of dialectics in Marx: what he calls a 'weak ontology'. There is an *ultimate irreducibility* of the real object to the object of analysis, and the *method of inquiry* has to be distinguished from the *method of presentation*. In fact, the logical course of exposition is often *the opposite* of the historical course of events.

The 'presentation' (*Darstellung*) goes from *immediate being* to mediating *essence*. External phenomenal manifestation (*Erscheinung*), however, deviates from hidden essence, though it is not possible to divorce the two: essence *must* have a phenomenal manifestation, and this 'appearance' is not a mere *semblance* (*Schein*). On the other hand the 'phenomenal manifestation', while *exhibiting* the essence (and this exhibition/exposition, *Darstellung* again, is at the same time a 'revelation':

54 This perspective has been substantially developed in my chapter in the book edited by Moseley and Smith and in the on-line article in *Consecutio Temporum*, both listed in the references.

55 Elsewhere I have proposed this method in reading the *Grundrisse* (Bellofiore-Starosta-Thomas 2013) and the *1844 Manuscripts* (Bellofiore 1998b).

56 See Schmidt 1968.

57 See Reichelt 1995.

Offenbarung), also fundamentally *distorts* it.⁵⁸ Roberto Finelli is right in seeing in this systematic distortion a *second role of dialectics*, and hence a second influence of Hegel on Marx: dialectics as *dissimulation*.

As a whole, capital has to be known through a 'systematic' exposition that begins from *simple* and *abstract* categories, developing into more and more *complex* and *concrete* categories. This movement has been called 'concretisation' by Geert Reuten⁵⁹. Here we have a *third* modality of referring to the role of Hegel and dialectics in value theory, according to the so-called *systematic dialectics*. From this point of view, the same category, such as 'value', is *redefined* at each successive stage or layer of analysis. It is not possible to 'transfer' mechanically qualitative and quantitative results from a more abstract level to a more concrete level, without taking into account the appropriate 'conversions' and 'transformations'. The understanding of what is more complex and more concrete requires a review of the conclusions reached at a level more simple and more abstract, that as such *has no independent cognitive validity*. So, for example, the categories of the first volume are not 'final', in a sense each of them must be re-read in the light of the further development of the argument. Since Marx's *Capital* has remained *unfinished business*, this interpretation of Marx opens to a 'non-orthodox' *reconstruction* and an 'open' attitude.

All these three perspectives on dialectics are important contributions, and I use them in my interpretation and in my reconstruction. I think however there is something deeper in the role of dialectics in Marxian critique of political economy, without which *Capital* cannot be fully understood. Paradoxically it is something which has very often been seen as a source of embarrassment in the Marxian camp. The most relevant author here is Lucio Colletti,

Colletti is an author who has been consistently critical of Hegel. Yet, in 1969, in the last chapter of *Marxism and Hegel*,⁶⁰ the Italian philosopher clearly states that the objective mechanism of capitalist society is incomprehensible without reference to the *Logic* of Hegel. The inversion of subject and predicate, real hypostatisation, which are so central in Hegelian dialectics, are also pervasive in exchange relations (both on the commodity market and on the labour market) and in capitalist production. Hegel's *Logic* – Colletti wrote explicitly - *is* the logic of capital: and that

58 I already explained the relevance of the exact meaning to attribute to the verbs *darstellen*, *vorstellen*, *erscheinen*, *scheinen*, *ausdrücken*, etc, according to the way Marx uses them. I have only to add the relevance of the theological meaning of *Offenbarung*, 'revelation', in Marx's discourse, as it happens with many others which we already met (like 'incarnation', 'transubstantiation', etc.). Rather than being metaphorical, this mystical terminology clarifies *die Sache selbst*.

59 See Reuten 2003.

60 See Colletti 1969b.

is why it enters into the deep structure of *Capital* exposition. No wonder, then, that *really* the commodity is a 'mystical' entity, that *really* capital is an 'indeterminate' abstraction. The universe governed by capital is an *upside-down* world.⁶¹ Why?

In order to properly answer this question we should go beyond Colletti, and we should return to consider in what sense the exposition in *Capital* is 'circular'. This was made very clear by Roberto Finelli, when he showed that the implicit method of Marx is, again, Hegelian: the *positing of the presupposition*. His argument is that what is 'presupposed' at the opening of *Capital*, on the basis of a subjective and mental abstraction, shows itself to be, in the course of the development of the exposition, a result 'posited' by an *objective* process of real abstraction. My reconstruction of abstract labour, indeed, brings back value to labour because it shows how the *presupposition* by Marx of the nexus value-labour (through money) is firmly and soundly *posited* only with the real subsumption of labour to capital: that is, when the same concrete labour is determined 'qualitatively' by the fact that it is spent as abstract labour (labour 'becoming' value and surplus value, money and surplus money).

Abstract labour as capitalist labour is *forced* labour (of 'equal' and 'free' subjects: an absolute historical novelty!) and *other-determined* labour (by capitalist design, technology, organisation). Similarly, the distinction of money capital and industrial capital, with the key role of the banking system in the financing of the latter – a distinction which has such an important role in my reconstruction of the first volume of *Capital* – should be justified revisiting Marx's deduction when he deals with interest-bearing capital, dissolving the ambiguities in his theory of banking.⁶² The essential role I give to monetary ante-validation in the homogenisation of living labour as abstract labour 'in becoming' is part

61
'What, however, we are concerned to point out - apart from the fact, already well-known, that Marxists do not read Marx – is that Marx, *horribile dictu*, accepts the argument that 'value' is a metaphysical entity and merely confines himself to noting that *is the thing, i.e. the commodity itself or value, that is a scholastic entity, and not the concept* which he, Marx, uses to describe how the commodity is made! [...] The contradictions which arise from the fact that on the basis of commodity production the labour of the individual presents itself as general social labour, and the relations of people as relations between things and as things - *these contradictions are innate in the subject-matter, not in its verbal expressions*. [...] This society based on capital and commodities is therefore the metaphysics, the fetishism, the 'mystical world' - even more so than Hegel's Logic itself! [...] The commodity and, even more so of course, capital and the State, represent processes of hypostatization in reality. Now, our thesis is that, *given realities of this nature*, it is impossible to understand them fully unless one grasps the structure of the processes of hypostatization of Hegel's Logic. In other words, *Marx's critique of Hegel's dialectic and his analysis of capital hold together*. Failing to understand the former it is also impossible to understand the latter. [...] It is not a question of contraposing 'determinate' abstractions to 'indeterminate' abstractions, a 'correct' logic to an 'incorrect' logic - *methodology is the science of those who have nothing*.' (Colletti 1969b, pp. 279-283, my Italics)

62 In the pages of the manuscript for the third volume, which however were very preliminary, Marx sometimes sees banks as intermediary of saving (though he allowed for a flexible money and bank credit multiplier), sometimes as creators of money ex nihilo, without limits.

of the 'positing the presupposition' of the real subsumption of labour to capital, *integrating bank financing in the dynamics of valorisation*.

The point to be grasped to connect Colletti's insights - which, because of their not-so-hidden, at least partial, Hegelianism, very soon opened a crisis for him; and which eventually led to his break with Marx - to the logic of positing the presupposition is the following, put forward by Chris Arthur⁶³. Ontologically, capital is self-expanding value, whose internal drive is to 'actualise' itself as *pure form*. This Subject is an Automatic Fetish defined by the never-ending production of (surplus) value: *a totality that grows on itself in a spiral movement*. Arthur, like Colletti (but also Reichelt, or Postone, or myself: each in our own way), affirms an *omology* between Marx's Capital and Hegel's *Geist*. Capital is a (mechanical) Subject whose goal is the reproduction of itself, and then of its conditions of existence. I have shown before that for Marx value is nothing but the exposition/exhibition in money of the labour objectified, 'congealed' in commodities (according to the socially necessary labour time 'contained' in them). Dead labour, however, cannot originate more dead labour. Arthur is right in maintaining that capital's aim cannot be accomplished unless value goes beyond a merely 'ideal' dimension, and pass through a 'material' metamorphosis. Capital must include in its own body labour as *activity*, and hence must *incorporate* the human bearers of labour power as a part of itself. Capital's valorisation becomes possible only thanks to the '*internalisation*' of *living labour power*, and then thanks to its 'command' consisting in the power of *making workers work*. *Living labour* becomes a 'gelatine' a 'crystal', containing more objectified labour than the dead labour who put 'labour' to work.

Arthur remarks, like me, that if capital has to include workers an *internal other* so that it can absorb, 'suck', living labour from them (so that the ghost of value has finally turned into capital as vampire), workers can however 'resist'.⁶⁴ As a matter of fact, capital's capability of presenting itself as productive (of value) stems from the sterilisation of what Arthur's pertinently calls a (potential) *counter-productivity* (of value) by workers. The same thing was already in the Colletti of 1969⁶⁵. He observed that capital may appear productive of value as long as 'labour' is unilaterally reduced to the dimension of labour power, which as variable capital is a only part of that same capital. The whole of capital, however, originates from, and depends upon, 'labour' as living labour. It is only living labour that creates value, of which surplus value is a part: capital is reproduced in its entirety exactly through the progressive accumulation of surplus value. As long as it is kept down, the first perspective is, up

63
Cf. Arthur (1993). See also Bellofiore (2015).

64 Cf. Arthur (1999)

65 See "Marxism: Science or Revolution?", the last essay in Colletti 1969b.

to a point, quite legitimate. The truth of the second perspective can be reclaimed *negatively*, in the sense that it may become apparent when workers are not a cog of capital, a part of the capitalist mechanism.

We have here a *fourth* way of bringing in Hegel's dialectics, as dialectics of opposites, or more precisely as *dialectics of the contradiction*. But it is noticeable that exactly where Marxian dialectic *almost* identifies with that of Hegel, there Marx's *critique* towards Hegel is the most vibrant and far-reaching.

Conclusion

Abstraction in Marx refers, as claimed by Reuten, to the layered and complex structure of exposition moving towards progressive 'concretisations' and 'transformations'. Yet it also expresses the process of *real hypostatisation*. The real hypostatisation becomes *practically real* with the 'real subsumption of labour to capital', when the 'formal determination' of worker's activity impacts on the 'material' content, adapting the latter to the social form. It is clear at this point that the 'positing of the presupposition' goes well beyond a methodological precept under capitalism, and assumes an *ontological* statute.

It is clear too that in *Capital* the more 'concrete' levels of analysis will not displace the central role of the *conflictual* (or even *antagonistic*) extraction of living labour as abstract labour in 'becoming'. The 'ideal' or 'latent' value remains the heart of the theoretical construction, the *ens realissimum*⁶⁶ behind the 'totalitarian' tendency of capital as an 'overgrasping'/all encompassing and 'overriding'/dominant Subject. This tendency is, together with the ongoing class struggle in production, part of the ontological constitution of the 'capital relation'. This is the meaning of the *centrality of production* in the capitalist totality. *Capital is the Abstract in motion*.⁶⁷

Although it is true that capital as a totality (the unity of the different moments of production, circulation and distribution) is categorically transformed during the process of exposition, there is a sense in which the 'macro-social' analysis brings about results which are taken as a 'given' throughout the entire construction. The capitalist extraction of *living labour* from workers, on the one hand, and the reproduction of the working class according to a known subsistence, and a hence given *necessary labour*, on the other hand, are the *quantitative invariants* throughout the successive stages of the argument in *Capital*.

.....
66 The term is borrowed from Adorno, via Backhaus. In the Introduction to his 1997 collections of articles in German, Backhaus wrote that the premonetary 'absolute' value cannot be realised in a premonetary exchange value; nevertheless, in its premonetary character, it is extremely real: 'it is the *ens realissimum* in Adorno's sense, it is the the engine of "dialectical development", it is a principle which is ultimately realised only in the movement of capital's world market'. (Backhaus 1997, p. 33)

67 See Sbardella 1998.

I agree, as far as I'm concerned, with Korsch's suggestion about the need of *historicising Marx(ism)*, from the point of view of the evolution of class struggle. It is not about reading historically the logic of capital, but rather of deepening our understanding of the logic of capital, thanks to what is revealed in crucial historical conjunctures of the 'capital relation'. The analytical and methodological re-reading (involving both an 'interpretation' and a 'reconstruction') of *Capital* that I have proposed in these pages seems to me to re-establish on firmer grounds the key and most controversial points within the critique of political economy, remaining close to Marx's theoretical project: the *monetary nature of value*, the *exploitation of labour*, capital as a *contradictory totality* and as *an upside down reality*. Such a reading was possible *only after* workers' struggles in the 1960s and 1970s contributed *in practice* to the opening of the crisis of Fordism; and *only after* the financial dynamics that in the 1980s (if not before) *in practice* contributed to the restructuring of capitalist production (and society). Equally important, in writing these pages, was the belief that a critique of political economy *today* entails a critical confrontation with the political economy *of the twentieth century*. It is in this sense that the 'critique of political economy' still has a 'critical political economy' as a crucial internal task to be accomplished.

The widespread assumption that the theoretical legacy that Marx leaves us would be obsolete is open to question. Abstract labour cannot be reduced to manual, unskilled labour, but it is instead a labour whose properties comes from capital: something which has not been disproved by what happened after Fordism. The totalitarian dimension of capital is nowadays more evident than ever; class struggle in production is very well alive, with capital having the upper hand. The structural crisis of capital is here again. And so on.

The problems in Marx are real, but come from somewhere else: most dramatically, from the refutation of his idea that capitalist accumulation would 'of course' bring forward, not only a centralisation of capital, but also a concentration in large factories of an increasingly homogeneous working class: unified in its material conditions, finally able to regain possession of concrete wealth and alienated social knowledge. The conditions of class struggle 'from below' are more difficult than ever, even more so when capital is in a deep structural crisis. On the other hand, these difficulties are literally *incomprehensible* without Marxist conceptual armoury. And, still today, it can be doubted that the task of *reunifying* the world of labour against the fragmentation and rampant precariousness of the working conditions could do without Marx.

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Is Capital a Critical Theory?

Jacques Bidet

Abstract: *Capital* is supposed to be a “theory of the capitalist mode of production.” And it carries with it the sub-title “Critique of political economy.” For a lack of clarity over the terms “theory” and “critique,” the interpretations and uses that philosophers and economists have, respectively, made of this work - most notably, of the relation between capital and the market - continue to reproduce originary weaknesses of marxism. More broadly, the problem concerns the dialectical relation between the modern promises of freedom, and the realities of domination. To break out of this, one must reconstruct a philology founded upon a theoretical and political questioning steeped in common epistemological demands. Moreover, it is not sufficient to interpret *Capital*: the time has also come to transform it. This is possible, since, if the theory that it presents is not entirely true, it is nonetheless a true theory.

Keywords: theory, critique, critical theory, dialectic, metastructure, social contract, contradiction, class war.

Capital supposedly develops a theory of the capitalist mode of production. And its subtitle is: “A Critique of Political Economy”. But how should these terms – “theory” and “critique” – be understood? And how are they related to each other? It could be argued that the theory part is a task for social scientists, especially economists, and the critique part for philosophers, jurists, etc. But this division of labor is problematic, because the critique is supposed to be founded on the theory, which means that it is only valid if the theory is valid; whereas the theory also appears all at once as critique, that is, as having no proper task if not related to a critique. This problem leads to ambiguous relationships between the claims to theory and critique, and equally among those who take them on as tasks. It tends to result in dialectical confusions, or else in eclectic arrangements in which both the theory and the critique end up being weakened. Some coherent thinking on this is needed if there is to be any collective practice aiming at emancipation from class relations.¹

I. What kind of theory is *Capital* putting forward?

In *Capital*, Marx is offering a “scientific” (social, historical) work in the modern sense of the term: it is a constructivist scientific realism. He *constructs* a conceptual apparatus, because this is the only condition under which the *real* can be known. In my view, however, it would be a mistake to take the theoretical (social) “science” project advanced in *Capital* as just an *economic* theory. Marx, in fact, places his economic

¹ The analysis presented here could be read as an imaginary dialogue with a number of authors who have interacted in the journal *Actuel Marx*. Notably, and in different respects, Étienne Balibar, Gérard Duménil, Stéphane Haber, Emmanuel Renault, and Franck Fischbach. I thank them for the many encouragements they have given to my thinking.

study of capitalism in the context of a larger theoretical program that governs the economic account to which his major work is dedicated. He makes this point clear in the famous preface to the *Contribution to the Critique of Political Economy* from 1859, in which he proposes his “guiding thread” – a thread that will not cease to guide him, a veritable Aridane’s thread that is offered to anyone who wants to make sense of history. This linear metaphor is, however, at once linked to a spatial metaphor, to the representation of society as a building, as a *structure* split into base and superstructure. As is well known, the *economic base* is made up of the technological (the ‘productive forces’) and the social (the ‘social relations of production’: property, control over production, distribution of the product, etc.). *The legal and political superstructure* contains the institutions and the ideological and cultural representations that are involved in these relations of production.

This architectural metaphor certainly suggests that politics rests on *the economic* (which ‘determines it in the last instance,’ and it remains to be seen what this statement means, and how valid it is). But it is also saying that technologies are unintelligible outside of their relationships to social relations of production, just as these in turn are unintelligible outside of their relationships to the legal and political superstructure, *which is the keystone that holds the whole edifice together.* Theory,” in the strong sense of the term, aims at connecting all those terms together: in other words, as defining the “total social phenomenon” (if I may reuse the expression in this sense) in all its interrelations. It is on this basis that a “practice” could be developed – a strategic project for emancipation from class relations. Understood this way, the theory is not trying to take the place of particular social sciences. Instead, it aims at relating them to each other, and relating all of them to a politically informed critique. In this sense it is a “critical theory”. It remains to be seen, though, under what conditions it is conceivable.

There are two sides to the question: one concerning “science” and one concerning “critique”. So I will advance two theses.

First, regarding “science”. One must recognize, when it comes to Marx’s “guiding thread,” that the topic of *Capital* is not only a “theory of the capitalist mode of production,” understood as a *science of the economic base*. This latter in fact gets developed in the framework of a *general* (base/superstructure) *theory of modern society*: of the society that is designated, variously, throughout the Postface to the second edition of Volume One as “capitalist,” “bourgeois,” or “modern,” with all these terms being closely linked together (pp. 23-25, 29).² It is a *general* theory of modern society (as capitalist/bourgeois) and a *particular* (basal) theory of its economy that both fall under the heading of a social *science*. This means that both are

2 References to *Capital* are to volume one of the eight volume edition, Paris, Editions sociales, 1978.

required to respond to the same epistemological requirements, and must be discussed on the terrain of (social) scientificity: that is, they must face the question of truth and falsehood.

Correlatively, *Capital* can only be understood as a *critical* discourse on the basis of this base/superstructure theoretical construction. The theoretician-scientist is not overtaken by a philosopher-critic whose role would be to judge the economic order being described. The critique that the “mature Marx” works out does not come from some beyond, from some place external to the discourse of “science”. It is *immanent to the theory* because it is immanent in the modern social order defined by it. *Marxian theory describes a class society that contains within itself a potential self-critique.* This is only possible because it aims at the relationship between the political order, which contains this potential, and the economic order. And it is here that problems arise between economists and philosophers.

II. Capital for economists.

Marx was writing at a time during which the different social sciences – sociology, economics, history, psychology, anthropology – were branching away from the common trunk that “philosophy” had been for so long, and from which they were also separating themselves. Ricardo had already taken the step forward for economics. Marx does not go backwards. But he ensures that the relationship to philosophy is not broken in this separation, and that the different social sciences do not lose sight of each other – any explanation must be rooted in a comprehension. His economic science, in this sense, is not “positivist”.

It is well known that *Capital* is not trying to produce an “economic treatise” that would be relevant for “society” in general, but that it is rather a theory of capitalist economy, which prevails during a specific historical period. But this *economic* purpose first deploys in the context of the “base/superstructure” ensemble, and it only gains a (relative) autonomy progressively, through the course of the exposition, ultimately becoming more purely “technical” once it focuses on the “base”. It is no accident that philosophers, jurists, and even sociologists and historians are interested mainly in the first sections of Volume One, even if, in different ways, they have been interested in other parts of *Capital* and other works by Marx. They are most interested in these first, basic statements because in this preamble the base/superstructure matrix is presented in its constitutive unity. This is what we will show.

Marx does not begin his exposition with the most general (trans-historical) concepts, at a level that I will call Level 1 – that of “labor in general,” presented in the first section of chapter five of volume one, called “The Labor Process, or the Production of Use Values”. He begins with his specific topic, which is about a particular type of society: the “capitalist mode of production”. But here he operates at Level 2, a level that is certainly constitutive of capitalism but is not peculiar to it, because

the social relationship it defines preexisted it in some form or other, in various places, and for millennia, usually exerting only a limited, although sometimes decisive, influence on the total productive process. This is the market relation of production.³ This is certainly capitalism, that is studied here, but in its most “general” framework, or (to use Marx’s terminology), in its most abstract moment: in terms of the *market* form that defines it. And the next sections will show how this gets “transformed” in a specific way, by a (“concrete”) determination that will be specific to capitalism. This will be Level 3 of the exposition. Well, this is what plays out in the first three sections of volume one. What is at stake is the articulation between Level 2 (value), covered in section one, and Level 3 (surplus value), addressed in section three, through the “transformation” of the one into the other that is exposed in section two. But economists and philosophers do not see these passages in the same way.

Economists, even those who do not think this theory is relevant, do not have much difficulty in following the logical (non-historical) development that it proposes, going from the simple to the complex. Marx, in section one, begins with the hypothesis of a logic of pure market production, in which there is competition among independent producers who are incited to produce the goods the market demands in the least amount of time. At this abstract level, competition revolves around value, defined by the “socially necessary labor” in determinate social and technological conditions. Then, in section three, Marx considers the fact that certain people possess the means of production. The situation from then on gets more complex. The market constraint persists, only competition no longer revolves around value but now surplus value, in a struggle in which the winners are the ones who can reap the maximum profit. The theories of labor value and surplus value are compatible because of the fact that surplus value can only, in this analytic framework, be obtained due to a wage earner working longer than is necessary to produce the goods that he can acquire with his wages.

The coherence of the Marxian theory of “labor value” does not allow it to be used as a principle in any empirical calculus. Marx addresses this point in sections one and two of volume three. Capitalists, on the one hand, do not need it at all for their rational calculations. What interests them in practice is not the *rate of exploitation or of surplus value, S/V*, or the relationship between “unpaid” labor and “paid” labor. It is instead the *rate of profit, S/C+V*, the relation between profit and the capital used, whose expression does not require the (Marxian) concepts of value and surplus value implied in the formula S/V .⁴ “The capitalist does not care whether it

³ See, for example, Pomeranz 2001.

⁴ Where S means surplus value, V means variable capital, corresponding to the wages paid, and C, constant capital, the cost of the material inputs.

is considered that he advances constant capital to make a profit out of his variable capital, or that he advances variable capital to enhance the value of the constant capital.”⁵ On the other hand, capitalist commodities are not exchanged “at value,” **but** as a function of what Ricardo had already called the “production price” determined, according to the mechanisms of competition, by the “production costs + average profit”. As a result, economists who make use of Marxism are not led to develop impossible “value calculations”. They use the standard data of economics, but use Marx’s socio-economic analysis as a “guiding thread” according to which capitalists follow no other logic but that of profit and its accumulation – with all the social contradictions that follow. Economists then try to interpret the consequences this has on the reproduction of capital, on crises, on relations between profit, rent, and interest, etc.⁶

Economists also are certainly confronted by legal and political categories that are inextricably bound up with economic categories, by virtue of the fact that the base always presupposes the superstructure. But their own work requires them to abstract from this in their construction of the subsequent figures of reproduction and accumulation (in volume one), of “circulation” (in volume two), of the division of surplus value into profit, interest and rent, and of crisis (in volume three), etc. At this point, the work of “economic science” has become autonomous. This does not mean that economic and socio-political questions are no longer bound up with each other. But economics follows its own path, successively capitalist structure, suppress the conditions of its emergence, and suppress its historical tendencies. Economists are justified in reading Marx’s develops logically, from start to finish, through successive determinations, as an economic discourse.

III. Capital for philosophers

Faced with the fact that *Capital* starts with “commodities,” philosophers are confronted with entirely different problems. Basically they discover a number of concepts that go beyond the field of “economics” and that cannot be taken as simple common sense, nor as just rhetorical – especially if they are supposed to pertain to capitalism and not just some earlier form of society. The economic concept of market production, Level 2, is explicitly situated in the supposed context of legal and political relations among producing and trading partners who consider each other, *at least in this relationship*, to be “free,” “equal,” and “rational”. See Marx’s joke at the end of chapter six: “Freedom, Equality, Property and Bentham”. Now, in the passage to Level 3 the situation is reversed: Marx introduces the partners in a relation of exploitation, the domination of

⁵ Marx, 1991, pp. 132-33.

⁶ For a more detailed explanation of these two points, see *Exploring Marx’s Capital*, chapter 8,, *Que faire do Capital* pp. 180-185.

one class by the other. What for economists is a simple case of the model getting more *complex*, for the philosopher amounts to three *reversals* that must be accounted for: from equality to inequality, from freedom to servitude, and from the rational to the irrational.

Accounting for the relationship between Level 2 and Level 3 (between section one and section three) is difficult. The philosophical commentary has always grappled with this question, and it has done so in two ways that, in my view, are fundamentally inadequate.

According to the first way, which is found in most traditional presentations of *Capital*, especially by philosophers – let's call it the “eclectic” solution – Marx begins with the “surface” of things, at the level of “phenomena,” of what is immediately visible. Section one would then only be about the “*circulation process*”: it analyses the norms of *exchange* in a market and the relationship between commodities and money, according to the figure M-C-M. Going through section two we would finally arrive at the “*production process*” ultimately presented in section three. The sequence M-C-M', in which a surplus-value emerges from exchange, the *plus* “'” of M', can, in fact, only be made intelligible because a particular commodity C, “labor power,” is used; this is bought in order to be put to work in the process of production P, from which a *surplus* value emerges (because the labor time in the period considered is longer than that necessary for the production of the goods that the wage-earner can buy). So there is really a sequence M-C-P-M', in which “P” is the *properly capitalist production process*, because it generates a surplus in the form of surplus value. This reading, like those by economists, certainly allows the exploitation of labor power to be identified as the basic principle of capital accumulation. But the analysis ends up being trivialized and robbed of much of its potential if one assumes that the topic of section one is (market) *circulation* and that of section three is (capitalist) *production*, and if in this discussion one is going from the level of *phenomenon* (from a *relationship* among exchangers which exists before capitalism, but **is** generalized in capitalism) to the level of *essence* (to class *relations*). (This is especially a problem for the concept of “fetishism,” which on this reading remains consigned to the level of “phenomenon”.)

This is not, in fact, how Marx's theory should be understood. The topic of section one is not only market “circulation” but also, primarily, its correlate: *market production*. The market relation of production (Level 2) links autonomous, competing producers in a market together. Capitalism is certainly present at the beginning of *Capital*, but it is considered from the perspective of the *logic of market production* in Level 2 that is inherent in it, even if, as one learns in the following sections, this gets reconfigured and “transformed,” twisted into another logic of production entirely, at Level 3, which involves the use of a specific commodity, labor power. In short, this part of the analysis in section one, about Level 2, which is about value (called labor-value), is not presented as a simple theory of “circulation”

but as a theory of (market) production, as a rational social logic that is always in the background of capitalism.

Thus, this first reading⁷ is fundamentally inadequate. It *devalues* section one: it obscures the *abstract concept of commodity production* that is present in it, and because of this the legal and political complex wrapped up with it vanishes. This is an eclectic reading because it is a sort of bricolage that only considers the commodity relationship as a logic of exchange, without seeing how it is also involved in a logic of *production* (of use values) – leading to a very myopic view of its complex and socially contradictory relationship to the logic of capitalist *accumulation* (of surplus-value). In order to avoid this comfortable eclecticism, it is not enough to point out that we are dealing with a market logic of production that precedes capital but is fully actualized only in it. One must consider series of economic and political problems that follow from the contradictory economic/political relationship between the market social logic and the capitalist social logic must be dealt with, in the light of what I call a metastructural approach.⁸

The second solution, on the contrary, *overestimates* section one. Let's call it the “dialectical” solution.⁹ Readily presenting itself as a novelty, it makes the *theory of value* presented in section one – and not the theory of surplus value discussed in section three – into the key to the critique of “political economy” and capitalist society. At a time when one has more to fear from “not being exploited” (not finding wages as an employee) than from “being exploited,” this critique tends to focus on the worker's precarious status, on universal commodification (that of bodies at work, of human knowledge, and of the entire natural environment), on the dissolution of all use values, life values, cultures, and careers into the icy abstractions of financial calculus, and on the general loss of meaning

7 The confusions contained in it are due mainly to an ignorance of the path Marx took from the *Grundrisse* to *Capital*, and from the first to the second edition of the latter. See my book *L'Etat-monde*, 2011, pp. 36-51.

8 In *Que faire du Capital*, chapter six, more than four decades ago, I presented a reading of Marx's work according to which the topic of this section is the logic of market production as such. And I did this while engaging with all the previous interpretations proposed by philosophical commentators. This idea is not found in Hegelizing commentaries, by far the most numerous, be they Russian, German, French, or Italian – nor is it found among the Althusserians, or in the philological works in English. My reading must have had some underground influence, because it can be found today in certain French discussions of Marx's theory, even though its full consequences are not drawn out. It was certainly found in the work of some economists, like Sweezy, but it was only used by them in the construction of the concept of the economy, going from the simplest (the market) to the most complex (capital) – and in different ways. Its inherently *political* dimension – the “reversal” of equality and freedom into their “contraries,” inequality and oppression – must be taken into account, as well as the fact that class domination cannot be exerted outside of this presupposition that is structurally inherent to it. Meta-structural theory is developed on this basis.

9 Certainly there is a “dialectic” in *Capital*. But to my way of thinking, it needs to be understood entirely differently: in the relationship between the “posited and presupposed” that a metastructural analysis is able to bring out.

that follows from all of this. The exploitation and commodification of the workforce is not overlooked here, but it is situated within a generalized process of commodification and abstraction. The value theory is here taken in a particular dialectical sense, such that capitalist relations of production only realize what is inherent to market logic.. This reading, which can be found in some recent discussions of *Capital*, especially those which refer to a “new dialectics” (such as in Christopher Arthur’s *New Dialectic*) or a “critique of value” (see Robert Kurz’s *Wertkritik*), is taken to its extreme in the work of Moshe Postone. These authors argue that within commodity *value*, as an abstract given that refers to “abstract labor,” takes precedence over *use value*, which refers to “concrete labor”. Thus, money becomes the truth of capital. This approach to value, which goes back to Lukacs, (who put Weberian themes into Marxian language), can also present itself as the critique of an allegedly archaic productivist discourse, thereby making itself into the alpha and omega of a Marxist ecology.

In reality, however, the passages that are alledged there cannot be read this way. In *Capital*, in fact, Marx abandons the “dialectical” themes that are explored in his earlier texts. He renounces his earlier idea of a *dialectic* that goes from the “value form” C-M-C to a “capital form” M-C-M’; that is, the idea that one can understand the first, the market social relation, on the basis of its development into the second, capitalist social relation. The figure M-C-M’ is of course a “transformation” of C-M-C, but it is not supposed to express a “form”, a *form*, that is, a social relation: it is no more than a *formula*, a formulation referring to how ordinary consciousness represents things. The contradiction found in it (as a series of equivalences that gives rise to a surplus) is not a *real* contradiction but just a contradiction *in terms* that must be resolved in order to arrive at the concept of capital as a relation of exploitation.¹⁰ From the register of Level 2 to Level 3, there is then no dialectical continuity but rather a rupture that still needs to be understood. Notice that in the last formulation of the value theory (found in the second German edition and in the French version “entirely revised by the author,” as said on the cover page) Marx, at this high point of his research, gets rid of the idea that there is a “contradiction,” a *Widerspruch*, between the two sides of the commodity, use value and value; they are instead just its two “sides,” its *Gegenteile*. The idea that there is an immanent contradiction in the logic of commodity production in Level 2, that pushes things ahead from value to capital, no longer has a place in his the analytical explanation.¹¹

This (extremely serious) confusion found in such “dialectical”

10 For a detailed philological history of this, see *Exploring Marx’s Capital*, chapter 6, *Que Faire du Capital?*, pp. 142-150. Or, more briefly, *Explication et Reconstruction du Capital*, pp. 101-104.

11 In the passage cited above from *Explication*, notice how Marx corrects the text from the first edition of *Das Kapital* 1867, p. 44 to the second, getting rid of the whole idea that there is a dialectical development that emerges from a contradiction, *Widerspruch*.

readings occurs because two sorts of abstraction that Marx expressly distinguishes are superimposed on each other. On the one hand, there is *the abstraction proper to value* (Level 2), that of “abstract labor”. This is labor considered *in abstraction from* its particular concrete content, thus insofar as it is like any other use of labor power (of “brain”, “muscles”, “nerves”). And, on the other hand, there is *the abstraction proper to surplus-value* (Level 3). This is about the fact that the logic of the capitalists, as property owners (today we would say, typically, “shareholders” or “financiers”), is not about the production of commodities as use values but, strictly speaking, of surplus values or, as Marx says in French, of *plus-value*, that is, the production and appropriation of an abstract wealth. In Marx’s analysis, the abstraction *abstract labor* is expressed into the value abstraction. From his discussion of the “value relation” in sections one and two of the first chapter, he arrives at an analysis of *money*: this is the topic of section three, “the value Form or Exchange Value”. All told, he makes the market, the market relation of production, appear as a rational mechanism, in which money is the keystone. Money is the universal commodity that allows particular commodities to circulate between those who produce or possess them: this “real abstraction” is what allows its possessors to *have concrete goods* to consume. The abstraction “surplus value” is a “real abstraction” of an entirely different type. Capital, accumulated surplus value, is an abstract entity that allows whoever possesses it to *make use of other human beings*, of their labor forces, for an objective that is necessarily to obtain a surplus value bigger than those of one’s competitors (under threat of being vanquished by them), regardless of the consequences for humans, cultures, and nature. It is here, at Level 3 of capitalist production, and not at Level 2 (the market relation of production as such) that Marx’s ecological axiom is formulated that capital, not value as such, destroys nature). And more generally the question of the relations between what is rational and irrational, sense and nonsense, etc., is being dealt from this point

Such are, to my way of thinking, the two interpretive frameworks that, since the 1960s, serve as the background for philosophical work on the theory of *Capital*. Their deficiencies, although unequal, are what motivate us to take Marx’s exposition up again from the beginning – a task we must engage in if we expect his work to lead the way to a “critical theory”.

IV. Taking theory and critique back to the beginning

If there is such a gap between economists and philosophers in section one, it is because what is rational and what is reasonable are developed there, theoretically, along heterogeneous courses.

Economists find a rational model in the market mechanism of production, and its rationality consists in the fact that in it producers are *incited* to produce in an efficacious manner. They are *informed* about

what should be produced, and the mechanism's functioning assures its *equilibrium* – of which money is the universal medium. It is the *market*, the competitive market logic of production, as a historically distinct “social form,” that accounts for commodities and the interrelation of its constitutive elements: concrete and abstract labor, use value *and value*.¹² Despite its title, what chapter one is really about is not simply commodity but *the market*, as a form or logic of production: the element (commodity) is to be understood on the basis of the whole (the market). And the whole is supposed to be perfectly rational.

The critical philosopher is committed, to a quite different consideration: before even getting to how the market is involved in capitalist *exploitation* (in section three) Marx loads it with its own pathologies – commodity *fetishism* and commodity *alienation* (section one).

It seems to me that what has nevertheless escaped philosophical readers of *Capital* is that this fetishism proceeds *from the fact of reason* inherent to the market relation of production: we take ourselves to be free, equal, and rational therein. Marx, however, accounts for this very clearly in the first pages of the brief chapter two: “commodities cannot go to market and make exchanges of their own account.” (p. 93): we are the ones who make goods into commodities. And since we are supposedly free, we freely impose upon ourselves a social market order – by a “general social action”, a “social action” or a “common act” (because “in the beginning was action”) – an order in which commodities just seem to exchange themselves spontaneously with each other. This act is a pact, a “common plan,” *unum consilium*, as the Latin citation from *Revelations* would have it: a pact of submission to the “Beast” . And it is not *capital* that is being so designated: at this point in the discussion, as Marx insists in a note to chapter one, section two, nothing is known yet of the relationship between labor and capital. This is about *Money*, the medium for the market order as such. The market, refereed by money, is this fetish; a work of our hands, the fruit of our free choice, before which we bow down. Chapter two gives us the *ontology* of fetishism (where *to be* is *to act*), whereas

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12 “Value” in Marx’s sense is defined by the two components of the competitive relationship among independent producers: 1, the competition that is *at the heart of the entire field*, making it the case that average necessary labor time, for a determinate product, is what determines its value on the market (because the producer is motivated to increase his productivity at least to this level of productivity). *Thus, value is defined by “socially necessary labor time* – something that fluctuates as a result of changes in technology; 2, competition *among* fields makes it the case that one tends toward the production of commodities that bring in the most in the same amount of labor time (a “most” that is verified in money) – and this is something that fluctuates due to variations in supply and demand. *This is how value is defined by abstract labor*; by abstracting from its particular object and from the nature of the product. In short, at this point in the beginning, Marx presupposes the , concepts preliminary to those of labor in general, which are always simultaneously concrete and abstract, and of production and cooperation in general. And he *presents* the *first* concepts at Level 2, those of the specifically market logic of production, in which the product acquires a “value”. As the ultimate version of *Capital* shows, this model leaves no place for contradiction.

section four of the first chapter only gives a *phenomenology* of it. Through this foundational pact of the social body, we define our *being-in-action* in common in terms of a market logic.¹³

This is how commodity alienation should be defined: as a self-dispossession. The contradiction internal to the market order is not found in its proper logic, which is perfectly rational – at this Level 2 stage of the analysis, at least, where the Level 3 concept of the commodification of labor power is not yet constructed. It lies in the fact that, by leaving it to market logic, we lose all control over our common existence. We are supposedly free under a law (of the market) to which we subject ourselves, as if it were a *natural law* – by a primordial act in which our freedom is supposedly expressed. We cannot get out of this contradiction and leave Plato’s cave, Suppress, unless we succeed in *realizing* who we are and what we could be. Of what, in fact, are we dispossessing ourselves? This is clearly stated in section four of chapter one, but only towards the end of the text, where it seems like fetishism is no longer the point: we dispossess ourselves *of our ability to act together in order to develop reasonable means and ends of existence*. Or, of our ability to *coordinate* ourselves according to discursively organized plans. *Another “primordial act” is thus possible*, but one that is only proposed in the form of a thought experiment: “let’s imagine, finally,” Marx writes, page 90, “a reunion of free men working with common means of production, and making use of, according to a concrete plan, their numerous individual forms as one single social labor force” ...etc., until one gets to “rational and transparent relations with (our) fellows and with nature” (page 91).

Here at once we have the outline of the whole work, and of the path volume one will follow: what is at stake is to show how the very dynamic of capitalism, which leads to the emergence of larger and larger industrial enterprises that are correlatively fewer and fewer in number (ultimately, Marx ventures, perhaps just one per branch), ends up gradually marginalizing the market. Because in the firm another type of “division of labor” prevails, another type of social coordination, which is “organization” (versus “the market”). Organization, which is despotic under the yoke of the capitalist property owner, can become democratic under the rule of associated producers. Dialogue, plans developed in common, which possibly takes place in *organization*, appears straightaway as a rational and reasonable *alternative* to the *market*. In this sense, section one is a sort of preamble that formulates the general perspective and topic of the entire work: its goal is to outline the path from capitalism

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13 The new interpretation proposed here, based on chapter two, is obviously not supposed to be substituted for the phenomenal approach formulated in chapter one, section four, which deciphers the world of illusions that is secreted by generalized commodification: a world of things naturally exchanging themselves, which occludes their subjacent relations of production. It relates it to a social ontology that is its real condition but that is even more occluded. Note that it does not appear yet in *Explication*... section E141 should be corrected accordingly.

to socialism as one that goes from a society governed by a market above and beyond us, to a planned society developed by all.

At this point in section one, Marx has only defined what is presupposed by capitalist class *structure*, Level 3: what it presupposes, and posits (that is, produces) constantly, and what I call the “metastructure,” Level 2. Because the theory of value theory provides us with the concepts we need for understanding surplus value, the move can be made from market *alienation* to capitalist *exploitation*. And this same double conceptuality, both economic and political, is encountered again, in which capitalist rationality confronts a rival claim to reason in a class struggle in which the adversary claims to be free, equal, and rational too. In this way, the structure incessantly falls back onto the metastructure that it presupposes. As the economic analysis proceeds and becomes more concrete, the field of critique expands. Today, it all the more readily takes aim at firm governance, unemployment, ecological pillage, motivated by different philosophies that refer to recognition, justice, communication, pulsion to life, or search for meaning. In this sens, critique is immensely productive. But our satisfaction with it should not prevent us from going back to what it seems to me to be an *initial error*, at the theoretical level; an error that is thus about the true and the false, but that has implications for critique as well. A flood of conceptual and political consequences flows from it.

Certainly, the strength of Marxian elaboration is to show how this rational thing called “the market” gets instrumentalized into a class relationship. To put it in terms slightly different to those of the Frankfurt School, Marx interprets capitalist modernity as an “instrumentalization of reason”. This way, he shows that the best kept secret of “fetishism” is the fact that if the *supposedly free market* holds us under its sway, this is due to the *fact* that we set it up into a sovereign fetish (this is the *ontological* reading that I propose of the fetishistic *phenomenon*, basing myself on Marx’s formulations that are strangely ignored by commentators). But this does not entitle him to conclude that we can only escape by replacing the market with the alternative of *organization according to plans developed collectively*. “Socialism” has been defined this way. But, from the moment that “organization” appears it creates, as well as the market does, a reproducible class privileges it was massively the case in “really existing socialism” as well as it is in “capitalist” societies. So we are led to ask the question of the validity of Marx’s approach.

One might think that those who imagine “a society of free men etc. governing themselves according to common plans” are already perfectly capable of engaging in processes that submit the capitalist market to certain organizing procedures established in common. Moreover, this is obviously what happened historically, although to varying degrees geographically and temporally. Paradoxically, it is remarkable that Marx is not interested in this eventuality. One might object that this is what

makes his work so interesting: he pursues to the end, without concession, an analysis of capitalism’s proliferating and destructive rationality. He is interested in organization, but only insofar as it is a fact of capitalism. Of course, everyone knows that his sympathies went toward all kinds of collective form of production capable of breaking with capitalism, from cooperatives to the Russian commune. But he never makes a statement on these topics that comes anywhere near the heights of his theoretical proposals about capitalism itself. We have to wonder under which historical circumstances the first generation of Marxist revolutionaries happened to take the axiom of the “abolition of private property (of means of production) and the market” literally. But this is not my point here. I will limit myself to considering the initial theoretical incompleteness of *Capital* with respect to theory and critique.

V. Capital's theoretical incompleteness and its influence on critique

Marx was the first to have formulated the idea that our common productive rationality is realized through two mediations, “Vermittlungen”: market and organization. But he wove them both into a historical “grand narrative” proceeding from his “guiding thread,” which goes from the market (which is dominant in capitalism) to organization (which heralds socialism). I do not wish to reproach him here for this *historicism* – which is partly true, in a sense still be worked out – but instead for the incompleteness of his *structuralism*, of his theory of *modern* structure. And it seems to me that this shortcoming has not been correctly apprehended by those inspired by his work, even when they claim to be critics of bureaucracy, technocracy, etc.¹⁴ Marx failed to grasp that these two “mediations,” as he calls them,¹⁵ in modern society – of which he outlines the supposed “laws of motion” from present capitalism to future socialism—constitute together a base that is larger than that of a mode of production exclusively “capitalist,” and that, secondly, they also possess their superstructural counterparts, their other side. These two mediations are wrapped up in every productive activity and every political practice. What Marx designates as non-“productive” labor (he means, not productive of surplus value), which includes the products and services of the state and administrative spheres, is just as much structurally constitutive of the modern form of society, and has been since the beginning. One is thus led to expand on Marx’s hypothesis: the modern

14 Forgive me for not citing here the long list of German, French, Italian, and English language interpreters who base themselves on this aspect of Marx’s discussion, which determines all that follows from them. Beyond a reference to metastructure, which is instrumentalized in the structure, to my way of thinking what is always missing from them are the elements needed for the construction of a theory of modern society as well as for any perspective on the emancipatory struggles from class relations.

15 See especially *Grundrisse*, Notebook 1, 33, “Meditation must of course take place..

class and state structure, considered in its whole, is not reducible to “capitalism”. This label does not adequately define modern society (and at its worst constitutes an epistemological obstacle). The dominant class comprises two social forces, more or less antagonistic or convergent depending on the epoch one is dealing with: that of a “property power” in the market, and that of a “knowledge-power” in “organization – or, a competence, in the narrow sense not of possessing knowledge but of “having competence” (as in Bourdieu and Foucault). And, faced with this domination, the “popular class” is correlatively divided into different factions – “independent” public or private salaried employees, the precariat, the unemployed, etc. Depending on how they relate to both the market and organization, and according to their very different relationships to these mediations (according to their national, professional, familial, or generational conditions), they may inherit the acquisitions of certain struggles that give them some sway over, some hole on them, or they may be forced to submit to their instrumentalization. But all must deal with this double instrumentalization. This is how a metastructural analysis interprets the divisions in this popular class, as well as its potential for unity.

in these conditions, one can also understand that since every *rational* economic order is articulated into market and organization, any *reasonable* politics is equally split between a claim that each be able to contract with each, and a claim that all be able to contract together – between the so-called freedom “of the moderns” and the so-called freedom of “the Ancients,” actually inseparable from one another. The “Reason” that is instrumentalized in “modernity” by the modern class structure is precisely the metastructure (the presupposition that is posited by this structure), whose two “sides” (economic and legal/political) consist of the two “poles” of the market and organization. *And it is here that the question of the critique can be taken up.* Because, in modern society these two *mediations* – market and organization – only *claim* to be the representatives of an *immediate* communicational discourse, which is unable to assure the tasks of social coordination beyond a certain degree of complexity. Such is the contractual fiction of the modern State, which is *supposed* to restore this “immediacy” by the common discourse producing the law under the condition that one voice = one voice. The market is *supposed to be freely agreed on* and organization to be freely concerted: the social order in its totality, with its constraints, including those that bear on the salaried employee and his or her submission to an employer, is *supposedly* defined in common. But these claims are expressed through a “differend,” the primary amphiboly of modern logic. The masters of the market and those of organization declare that the current ruling order is what best assures that the conditions for a free, equal, and reasonable life are given as far as it is possible. The people below, the multitude, fly the same banner, but in terms of: “this *must* be! And it *will* be!”. In this

combat, the discourse of freedom-equality-rationality is on both sides equal to itself, even though it is made up of nothing but “essentially contested” concepts. This does not mean that the multitude is always right, but that it must generally be credited with the progress in civilization that “capitalism” – which has in reality no other end but the abstract wealth of profit – is usually credited with. This is the real focus of the critique that is immanent in modern class conflict.

It is all of this together – the mediations and the immediate discourse, and not only the market – that forms the “metastructure of modernity,” always instrumentalized, yet always disputed. It is in this way that the modern form of society carries within itself the potential for an auto-critique. This is its “posited presupposition,” the presupposition that it “posits,” that it produces – in the sense in which Marx shows that capital posits and produces, universally, the market relation, with all its legal and political implications. But when the social order reproduces the conditions for its own existence, it is not doomed to reproduce the same as before. Because what gets reproduced are *alternative* possibilities, either for the market, or for organization, that are supposedly referred by equally shared social discourse. One must conclude from this that everything will be done from above to reduce it to silence while from below the struggle, when it happens to emerge is a struggle to make it heard, such that the market be governed by organization, and organization by a speech democratically shared among all.

To be acceptable as a realistic theory, and to assure both its *critical* and its *analytic* task, Marx’s conception thus needs to be corrected and reconstructed on a larger basis – an expansion that affects both the base and the superstructure, and their interrelationship. Metastructural analysis has for its primary object their interrelation in class struggle. It shows that critique only exists in class struggle, which is to be waged on the two fronts of the dominant class. It tends toward the construction of the common people as a class capable of emancipating itself from class relations.¹⁶ It is in this sense that it is inscribed under the banner of a “critical theory”.

Translated by
Ted Stolze & Ed Pluth

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16 This metastructural theory does not take itself to be a theory of society as a whole, if such a thing were even conceivable. Apart from class relationships there are others, such as *sexual* ones. It is only a theory of the modern class-and-state structure. It does call for another theory, which would not be that of structure, but of a System-World, in which “race” would take root; and yet another, which would be about the imbroglio between *structure* and *system*, when the structural-statist form begins to take on a global scale. The proposal here thus conserves in this sense a partial and abstract character. I develop its other dimensions in *L’Etat-monde* and in *Foucault avec Marx*, Paris, La fabrique, 2014. In *Le Liberalisme, Un autre Grand Recit*, Paris, Les Prairies Ordinaires, 2016, I take it as the point of departure for a theory of modern history.

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The Beast and the Universal: Hegel's Critique of Political Economy

Ivan Boldyrev

Abstract: Hegel investigated the limits of the social order envisaged by political economy, while admiring the universality of modernity. I ask how a series of tropes involved in this critique can illuminate its own limits, the nature and consequences of Hegel's engagement with political economy. The attempts to domesticate and re-integrate the economic, mostly associated with irrationality of the unconscious, turn out to be a failure, while the very logic of domestication has to follow the logic of the economic. The mutual recognition turns into a mutual mimicry, whose success presents a major threat to the speculative enterprise.

Keywords: Hegel, invisible hand, civil society, capitalism, death, recognition.

Philosophy is textual. In fact, it may be defined as an art of writing certain kinds of texts. It is thus fully legitimate – and often helpful – to look at the imagery a philosophical text makes recourse to, at the tropes and associations accompanying its operation. Hegel is, despite his reputation to the contrary, a profoundly metaphoric writer, and his philosophy can respond to our concerns in a different way, once we admit the relevance of its *écriture*.

Political economy is a term that, like many others (such as *ontology*), has a double reference designating both the observer and the observed, the system of ideas and its subject. Political economy thus stands both for the new social science created by the intellectual exuberance bestowed equally upon enlightened France and – certainly no less enlightened – Scotland, and for the economic realm in its autonomy, disembedded, in Polanyi's parlance, and challenging political philosophers of the time.

Hegel's attitude to political economy, I would argue, is critical in the most elementary sense provided by the German Enlightenment: his critique is the science of limits, and the way he integrates political economy into his thinking is defined by the necessity to accommodate it *and* to circumscribe its power, to endorse and to confine.

Among the many metaphors characterising the economic in various discourses Hegel prefers to adopt only two. Interestingly, both come about in the same short fragment of his first Jena *Philosophy of spirit* (1803/4)¹. This remarkable text deals with the dynamics of recognition defining the anatomy of the social and what Hegel calls '*absolute consciousness*' or '*the spirit of a people*'² – that is, the actualization of

1 This is the fragment 22 in the Düsing/Kimmerle edition (Hegel 1986, pp. 217-232); I quote it in the English translation of Harris and Knox (Hegel 1979, pp. 236-250).

2 Hegel 1979, p. 241f.

what was before sketched in a more abstract way. It is here that Hegel appeals to the economic as an invisible hand and as a wild unconscious monster threatening to go out of control. Both metaphors refer to the individualistic modernity (to be labeled 'civil society' in the later *Philosophy of Right*), in which individuality is elevated to the status of the universal. The market can be a medium of this elevation simply because in modernity individuals do not work for their own need anymore.

Between the range of needs of the single [agent], and his activity on their account, there enters the labor of the whole people, and the labor of any one is in respect of *its contents, a universal labor for the needs of all, so as to be appropriate for the satisfaction of all of his needs* [...] the satisfaction of needs is a universal dependence of everyone upon one another; for everyone all security and certainty that his labor as a single [agent] is directly adequate to his *needs* disappears; as a singular complex of needs he becomes universal.³

The totality of social cohesion – the invisible hand – universalizes one's private need *ad majorem populi gloriam*. This universality, as we know from Adam Smith, comes about only by radical individualization.⁴ The magic of private vices becoming public benefits is by far the smartest social ontology to be offered by political economy, 'the most important intellectual contribution that economic thought has made to the general understanding of social processes.'⁵

Note the lack of enthusiasm in the Jena fragment and the key concern for security and certainty, for the exact and immediate correspondence of needs and labor that is now dissolved by the market and can make people lose their jobs and sink into misery.

Hegel always held that the universality provided by the invisible hand remains an *unconscious* one. In civil society,

[i]ndividuals [...] are *private persons* who have their own interest as their end. Since this end is mediated through the universal, which thus *appears* to the individuals as a *means*, they can attain their end only in so far as they themselves determine their knowledge, volition, and action in a universal way and make themselves *links* in the chain of this *continuum*.⁶

Hegel's critique is thus fueled by another trope:

Need and labor, elevated into this universality, then form on their own account a monstrous system of community and mutual

3 Hegel 1979, p. 247.

4 On Smith, Hegel, and the market see the most detailed analysis to date in: Herzog 2013.

5 Arrow and Hahn 1971, p. 1.

6 *Philosophy of Right*, Par. 187 (Hegel 1991, p. 224).

interdependence in a great people; life of the dead body, that moves itself within itself, one which ebbs and flows in its motion blindly, like the elements, and which requires continual strict dominance and taming like a wild beast.⁷

It is this undead bestiality of the economic that defines Hegel's attitude to capitalism and, in fact, informs his economic thinking – be it a general perspective locating civil society in the system of the objective spirit, or specific policy concerns Hegel had throughout, from the *System of Ethical Life* to the later Berlin lectures on the philosophy of right that just added the details of how to tame the beast. In 1802, he claims that in the system of political economy

what rules appears as the unconscious and blind entirety of needs and the modes of their satisfaction. But the universal must be able to master this unconscious and blind fate and become a government.⁸

In the 1820s, Hegel reminds us of the particular interest which is active in civil society and

invokes the freedom of trade and commerce against regulation from above; but the more blindly it immerses itself in its selfish ends, the more it requires such regulation to bring it back to the universal, and to moderate and shorten the duration of those dangerous convulsions to which its collisions give rise, and which should return to equilibrium by a process of unconscious necessity.⁹

Not a whisper of economic rationality is noticeable in this account. Hegel's critique of political economy is, rather, the way to restrain the unconscious, and this fantasmatic incorporation is institutionalized as the massive biopolitical machinery of 'ethical life.'

The invisible hand and the monster of unintended consequences. How do these metaphors communicate with each other in giving the form to Hegel's critique? Jena fragment gives us a clue. In dealing with the nature of recognition Hegel demonstrates the workings of the social in its elemental way. He addresses a primary contradiction. Once each thing – independently of the society or economy it is part of – becomes a possession (a basic economic fact for Hegel), it immediately starts to bifurcate between the particular and the universal. It is mine, but it is also

7 Hegel 1979, p. 249.

8 Hegel 1979, p. 167f.

9 *Philosophy of Right*, Par. 236 (Hegel 1991, p. 262).

the part of the world. The conflict needs resolution, and the dialectical resolution is, as we know, constituted by the menace of death. To be truly mine, my possession has to be exposed to the will of others, I have to struggle for recognition, and only this struggle to death constitutes the social.

Needless to say this post-Hobbesian view adds a decisive new dimension to the ontology of classical political economy by making a tension, a collision not just the starting point or the outcome, but the element, the primeval force of the market society. To state this clearly and to take seriously the consequences of this view is, curiously, still a challenge – despite all the struggles around Marx and Marxism – and penetrates ‘mainstream’ economic science only in a piecemeal way.¹⁰

Another corollary I will not be able to develop here, but something important enough to keep in mind, is the immediate link between the universal, the social and the political in Hegel. He translates, without much reservation, the successes or failures of speculative mediation into the adventures of real or imaginary political bodies. This is what makes Hegel’s prose so impenetrable and captivating at once – the coincidence of two languages, reproducing exactly the same ambiguity of the ‘political economy’ I referred to above, the colonization of the real undertaken by the speculative.

Hence, from a certain point of view it would enough to concentrate on the beast’s intriguing relation to the universal,¹¹ with the political economy contaminating the speculative argument and thus, in some way, striking back. (In the same sense, history of Hegelian ideas is infected with politics all along, and this allows me to abbreviate my account, as it were, because making one claim implies making a myriad of others.) Now, what is remarkable in Hegel’s account is the irrevocable and overarching presence of the economic in modernity. This is also a background of everything he envisages in his social philosophy. Commenting upon the Christian command that condemns the externality of riches Hegel simply states that

[t]he fate of property has become too powerful for us to tolerate reflections on it, to find its abolition thinkable.¹²

This general acceptance of the new disembedded order, armed with modern individualism and genuinely economic self-interest, has an instructive parallel in the Jena account of recognition. For the possession should become indistinguishable from the totality of the individual. In

10 See, for example: Bowles, Gintis, 1988, 1990.

11 It should be clear for now that Hegel uses bestiality to name a particularizing isolation.

12 Hegel 1948, p. 221.

order to be recognized, the identity of the individuals must be reduced to their possession, like Kleist’s Michael Kohlhaas with the two horses of his. Otherwise, the offence would not be absolute, the conflict would lose its existential force, everything would become tradable and negotiable, any threat could be bought off, take my purse but spare me life.

Hegel’s agents are thus very peculiar species. To go beyond the economic, to embrace the spirit as an intersubjective substance, as an extension of their private wills, they have to identify themselves with their own externality, the possession. A real extension of their existence is possible only at the risk of losing this existence. But then such an individual has to become – for a moment, perhaps – a real *homo oeconomicus*, someone whose deepest commitments are fully externalized, whose innermost self is economic!

Here, the death is not just indefinitely postponed and suspended in the dynamics of recognition, it also comes back as a ghostly shadow of economic externality – in the monstrosity of market, in the lifeless positivity of economic formalism, and in the deadly coldness of a machine and machine-like workers now embedded into the capitalist division of labor.¹³ The resulting view, Hegel’s social ontology and *tropology* – never seriously revised since Jena years – internalizes both these macabre associations *and* the labor of this externality. For it is the economic in the most general sense that bypasses the immediacy of relations (which the speculative reason condemns) by monetizing them, by making them complex and intricate; and provides a ‘residue’ restraining the all-embracing speculative consumption that would otherwise destroy all finitude and be ‘the end of being and of its speculative-dialectical self-relation, the end of social synthesis, of history, of ontology.’¹⁴

This is how political economy becomes not just a historical datum, but an intimate part of Hegel’s argument. The reason behind this dangerous entanglement lies, first, in the very world Hegel purports to rationalize. An invisible hand – later to be rediscovered as the ‘cunning of reason’ – is not strictly separable from the monstrous and unpredictable motion of this system of interdependence, producing prosperity and poverty, growth and rabble, new mediations and new injustice. The most fatal threats come from the social bond itself – promised by the institutional structures of modernity. The taming proposed by Hegel operates against itself and is thus a forlorn attempt – it fights the consequences of market society while leaving its structural elements untouched.¹⁵

13 On the last point see, esp., Hegel 1979, p. 247.

14 Hamacher 1998, p. 181.

15 This is lucidly demonstrated by Frank Ruda’s (2011) discussion of Hegel’s policy proposals in an attempt to limit poverty and to prevent the formation of rabble.

The second reason for this eminence of political economy is that the movement of the speculative, the economy of dialectics¹⁶ requires externalization and always suspends 'the first,' making it dependent upon 'the second' both in its identity and in its very existence. In a certain sense, no speculative movement of the objective spirit is ever possible without this formal economic externality. Only by making itself formal and empty, by renouncing one's identity can the consciousness become 'the eternal movement of the one coming to itself in another, and coming to be other within itself' and thus '*the spirit of a people*, for which consciousness qua singular is itself only [the] form that of itself immediately becomes another, the side of spirit's motion, the absolute *ethical life*.'¹⁷ And this is the deeper reason behind Hegel's cautious attitude towards political economy. Its merely *formal* universality – to be achieved by *Bildung*¹⁸ – should help integrate it into the social totality, with individual interests to be eventually reconciled with the interests of the state by force of internalization. But no guarantee is given that this will ever happen, and Hegel's plea for mastering the blind forces turns out to be itself a helpless formalism, a inexecutable, albeit self-imposed, order, accepted and handled as an intrinsic part of the system, be it the system of objective spirit or its self-consciousness – the system of philosophy.

Hegel should have been aware that the universality of political economy is a *false*, a deficient one, for it is based on the mechanics of self-interest and on the formal procedures of understanding. Moreover, he was a good reader of Paul, for whom

[t]here is [...] an essential link between the "for all" of the universal and the "without cause." There is an address for all only according to that which is without cause. Only what is absolutely gratuitous can be addressed to all. Only charisma and grace measure up to a universal problem.¹⁹

Only the pure gift – associated, in Hegel's early speculative Pauline economy, with love – could achieve a universality which would satiate the speculative hunger.

The main problem of Hegel's critique, I suggest, is that the false universality can refuse to go and can become a successful *ersatz* of dialectical mediation, with bad infinity turning indistinguishable from the

16 Here I should, of course, refer to the well-known analysis of Hegelian 'restricted economy' in Derrida's *Writing and Difference*.

17 Hegel 1979, p. 241f.

18 *Philosophy of Right*, Par. 187.

19 Badiou 2003, p. 77.

genuine one. Just like Hegel's overall political theory cannot isolate itself from the institutions of modern self-seeking and has, instead, to accept the ineluctability of the new economic order and to get entangled into the formality of the civil society, 'the world of appearance of the ethical'²⁰; and like an individual consciousness that, in the Jena system, has to identify herself with her possession for this possession to be eventually transformed into a recognized property – so the speculative itself is by its own structure predisposed to taking this risk of involvement with the economic. Hegel's critique becomes a precarious procedure, his task, deeply entangled with his own historical situation, with the attempts to heal the wounds and overcome the ruptures of modernity, turns into a self-defeating, almost suicidal enterprise. It is the logic of this 'almost' that remains my question, our question – its promise never to be fulfilled, but never to be abandoned, either.

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20 *Philosophy of Right*, Par. 181 (Hegel 1991, p. 219).

“Capital” after MEGA: Discontinuities, Interruptions, and New Beginnings

Michael Heinrich

Abstract: The MEGA (the complete edition of all works of Marx and Engels), which completed its section on „Capital“-editions and „Capital“-manuscripts, makes it possible to follow the development of Marx’s Critique of Political Economy from 1857 up to 1881. This development was not at all a continuous and smooth one. Marx conceptualized different projects (at first the 6-book plan later the 4-book plan of „Capital“) and in the 1870s he questioned results about the falling rate of profit and the theory of crisis that he had come to in his earlier manuscript for vol. 3 of „Capital“, written in 1864/65.

Keywords: Marx’s „Capital“, Value-theory, Crisis-Theory, Law of the Tendency of the Profit-Rate to fall, MEGA

Fifty years ago, two works were published in France, which greatly influenced international discussions on Marx for many years. The first is Althusser’s collection of essays *Pour Marx*, and the second is the collaborative work of Althusser, Balibar, Establet, Macherey and Rancière *Lire le Capital*. In particular, it was Althusser’s theory of the noticeable ‘break’ between the young, philosophical and humanistic Marx in the *Economic and Philosophic Manuscripts* and the more mature scientist of *Grundrisse* and *Capital* that prompted fierce debate. Regardless of the position taken in this dispute concerning the relationship between his earlier and later work, the later work dedicated to economics, which came into being from 1857, is usually considered as a single unit, but sometimes even as a double unit. On the one hand, the three big manuscripts that emerged between 1857 and 1865 - *Grundrisse* (1857-58), the 1861-63 *Manuscript* (which, among others includes *Theories of Surplus Value*) and the 1863-65 *Manuscript* (including the main manuscript used by Engels for the third volume of *Capital*) - were the three great blueprints for the emergence of *Capital*. On the other hand, the three volumes of *Capital* are considered as one unit, precisely the *Capital*. Thus, I shall show that the adoption of a double unit cannot be sustained.

After a brief overview of the development of Marx’s economic critique, this discussion will first make clear that after 1857 we are dealing with two different projects. Between 1857 and 1863 the work is laid out in six books (Capital, Land Property, Wage Labour, State, External Trade and World Market) in *A Contribution to the Critique of Political Economy*, and this is methodologically based on the separation of ‘capital in general’ and ‘competition.’ Only since 1863 have we dealt with Capital in four volumes, in which the concept of ‘capital in general’ is no longer used.

1 This text is a revised and expanded version of a text by myself (2011). Some of the points raised here were already considered in 2013a.

Secondly it will become clear that the three volumes of *Capital* as they are presented in Engels' edition are far less uniform than is usually assumed. Not only has there been significant developments in the drafts of *Capital* since 1863, but especially in Marx's manuscripts and letters from the 1870s, which suggest far-reaching changes that are only inadequately expressed in the edition of three volumes of *Capital* provided by Engels.²

Studies such as this would have been impossible to undertake without the new Marx Engels Gesamtausgabe (MEGA). The 'new' MEGA is the second attempt at a complete edition of the works of Marx and Engels. A first attempt was undertaken during the 1920s by the famous Marx researcher, and first director of the Moscow Marx-Engels Institute, David Borisovic Rjazanov. In 1927 the first volumes were released in Berlin and Moscow. After 1933, German fascism, and Stalinism soon thereafter, made further work impossible. Stalin's henchmen shot Rjazanov in 1938.³ A second attempt to achieve MEGA was undertaken in the 1960s by the Institutes of Marxism-Leninism in (East) Berlin and Moscow.⁴ The second MEGA, appearing in 1975, is not a continuation of the first but rather an independent project. Following the fall of the Soviet Union and the GDR, the International Marx Engels Foundation in Amsterdam has since issued MEGA.⁵

MEGA is a historically critical edition. All surviving texts, excerpts and letters of Marx and Engels are therein contained. Due to this principle of completeness there are a number of first editions, including Marx's original manuscripts for the second and third volumes of *Capital*. Furthermore, the texts in MEGA are also published faithfully. Since many texts were unfinished manuscripts, former editors (beginning with Friedrich Engels) intervened to make the texts more readable, bringing them as close as possible to the presumed final state of the respective work. Interpretation of these texts had already been undertaken to some degree, without this even being partially visible to subsequent readers because many of the text changes were never documented. In contrast

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2 To avoid misunderstanding: It is not my intention to diminish the work undertaken by Engels. Following Marx's death he deferred his own work and devoted himself almost exclusively to the publication of *Capital*. With enormous energy he did what was possible for a single person to do and he created a readable version of Volumes II and III. Nevertheless, if we do not want to regard Engels as a demigod, but would rather like to take him seriously, then we must also discuss the shortcomings, which were hardly avoidable, in his edition of *Capital* (see. Vollgraf/Jungnickel 1995 and Heinrich 1996/97).

3 See Rjazanov and the first MEGA: *Beiträge zur Marx Engels Forschung Neue Folge Sonderband 1* (1997) and *Sonderband 3* (2001).

4 For background on the second MEGA see Dlubek (1994).

5 See Hubmann/Münkler/Neuhaus (2001), Sperl (2004), Marxhausen (2006) as well as <http://mega.bbaw.de/>

to this, a historically critical edition generally follows the principle of authenticity; that the author's probable intention is not redacted, but is instead presented and published in its precise, existing form, that is, including all the variations and drafts. Here, the editor does not decide which draft is better, worse or even out-dated. Each MEGA volume consists of a text section and usually a separately bound appendix with text versions, descriptions of the textual evidence, explanations, indexes and an introduction about the origin of the text. MEGA is divided into four sections. The first section includes all works and manuscripts excluding *Capital* (32 volumes); the second section contains *Capital* and all preparatory work (15 volumes); the third section presents the letters between Marx and Engels as well as the inclusion of all letters addressed to them by third parties (35 volumes); and the fourth section contains 32 volumes of excerpts. To date, out of 114 volumes, just over half have been published. The publication of the second section was completed in 2012. All Marx's economic manuscripts created since 1857, as well as all editions and translations of *Capital*, in which Marx or Engels were involved, are now available.

1. From the critical use of the political economy to its categorical criticism

Marx was a life-long student who was always willing to relinquish his own opinions when he recognized them to be false. It is therefore unsurprising that his extensive work shifts continually, in ways that always introduce new terms, concepts and perspectives. At the same time, there are important lines of continuity since 1843, particularly because Marx was interested in theorising a fundamental analysis between the bourgeois state and capitalist economy from a perspective that was critical towards domination, and which aimed at abolishing capitalism. Marx's own assessment concerning the development of his theory is indicated in a single text, which is located in the preface of *A Contribution to the Critique of Political Economy: First Issue* (1859). This famous preface outlines Marx's understanding of history and society. There is no discussion of 'historical materialism' (a term not once used by Marx himself), and thus there is no reference to this concept. Additionally, this preface contains elements of Marx's intellectual autobiography.

The first (unpublished) draft referred to by Marx in this preface is *Critique of Hegel's Philosophy of Right*, 1843 that lead him to the conclusion that: "neither legal relations nor political forms could be comprehended whether by themselves or on the basis of a so-called development of the human mind, but rather, are rooted in the social conditions of life." Hegel referred to this as 'civil society': "but that the anatomy of this civil society, however, has to be sought in political

economy” (MECW 29: 262)). It is from this point that Marx focuses on the economy.

In the *Economic and Philosophical Manuscripts of 1844*, Marx does not consider the economy as a subject. These manuscripts are most famous today for the development of the theory of alienation. Instead, he mentions in *The German Ideology*, also unpublished at the time (the title given later by the editors) that the fact that this manuscript, written by himself and Engels, was not printed was not crucial considering that its main function was that of ‘self-reflection’ which had been fulfilled. It was important to Engels and himself “to settle accounts with our former philosophical conscience” (MECW 29: 264). *The German Ideology* engages with the claims of three authors: Bruno Bauer, Max Stirner and Ludwig Feuerbach. Although Feuerbach appears to be let off easily in this engagement, he is overall criticised at a fundamental level. By contrast, Stirner had had absolutely no importance for Marx before *The German Ideology*. A few months earlier, with *The Holy Family*, Marx had already engaged with the work of his former friend Bruno Bauer. In relation to this, Feuerbach was so highly praised (as previously in the *Economic and Philosophical Manuscripts*) that Marx, after chancing upon a copy of *The Holy Family* in 1867, wrote to Engels saying that the “Feuerbach cult” he supported “makes a most comical impression” in hindsight (letter of 24 April 1867, MECW 42: 360).

In *The German Ideology* (and in the *Theses on Feuerbach* drafted shortly beforehand), Feuerbach is fundamentally criticised for the first time by Marx in order to engage his own “philosophical belief” with Feuerbach’s philosophical approaches, an approach that centred on the notion of an “essence of man.” This idea, along with the resulting theory of alienation, formed the underlying basis - with some important further developments - for the *Economic and Philosophical Manuscripts*. Although some general considerations regarding “human nature” are found in *Capital*, this highly charged notion of the alienated “human being” was no longer of interest. Although rarely, when Marx speaks of alienation in *Capital*, he no longer does so in terms of a loss of human nature, but only in relation to the inability of humans to control the social relations they produce - a finding from which the emphatic concept of the ‘human being’ becomes no longer necessary.

Emphasising these differences does not mean that nothing remains of the themes and motifs of the *Economic and Philosophical Manuscripts* in Marx’s later work. Rather, what transpires is that all considerations of these themes and motifs take place within different theoretical coordinates. Engaging with the former conscience initiated a break with the theoretical field of classic political economy, a break

which was far from complete in 1845.⁶

In the late 1840s, Marx considered David Ricardo as the undisputed authority in the field of political economy. In *The Poverty of Philosophy* (1847), Ricardo’s findings were almost emphatically celebrated and contrasted with Proudhon’s turgid phrases.⁷ Marx’s criticism of Ricardo at this time related only to his ahistoricism, the transformation of bounded, historical categories to eternal truths (see Marx’s remarks about the “error of bourgeois economists” in his letter to Annenkov, December 28, 1846, MECW 38: 100). However, the categories used by Ricardo and bourgeois economists of the time tended not to be criticised by Marx. For Marx, these were valid as essentially adequate scientific expressions of capitalist relations. One can therefore say that although Marx’s economic writings during the late 1840s (in addition to *The Poverty of Philosophy* and particularly *Wage Labour and Capital* as well as the *Communist Manifesto*) made critical use of the bourgeois economy, these writings did not constitute a categorical criticism of the political economy of the time. Such categorical criticism was only developed in London during the 1850s.

This brings us to the second theoretical break (in addition to the engagement with his own philosophical conscience) that Marx emphasised in the 1859 preface. Following his move to London in 1850, Marx had decided to “start again” with his study of the economy “from the very beginning again” (MECW 29: 265). This was due to the huge amount of publications accumulated by the British Museum, and the favourable location London offered to observe civil society. This new beginning also brought about a qualitative breakthrough towards a

6 Nevertheless, the issue raised here regarding a ‘break’ is not the same as that alleged by Althusser between ‘ideology’ and ‘science’. In *Wissenschaft vom Wert* [The Science of Value] (Heinrich 2014), I demonstrate that there are four different dimensions to this break which are supported by the critiques Marx formulated at different times. These are a critique of socio-theoretical *individualism* (the idea that society can be understood from the individual as a starting point), a critique of *anthropologism* (the idea of a human being as inherent to all individuals), a critique of *ahistoricism* (where ahistoricism does not refer to the general denial of historical development, but is rather understood as reducible to dichotomous states, such as natural/artificial, alienated/non-alienated), and a critique of *empiricism* (the idea that the empirical reality is immediately transparent and hence provides an immediate basis for theorising; a critique of empiricism does not mean rejecting empirical studies - Marx was virtually a pioneer in the empirical analysis of economic theory - but recognising that capitalist empiricism of perversions and fetishisms is traversed and that empirical research must be carried out on a critique of these categories emerging from empiricism). Only in 1845 did Marx fully complete the break with anthropologism and historicism. The break with individualism and empiricism is first explicitly stated in the “Introduction” from 1857.

7 “Ricardo shows us the real movement of bourgeois production as that establishes value. M. Proudhon abstracts from this real movement Ricardo’s theory of value is the scientific explanation of the current economic way of life; the theory of value for Proudhon is a utopian interpretation of Ricardo’s theory. Ricardo establishes the truth of his formula by deriving it from all economic processes and in this way explains this phenomena, even those elements which at first appear contradictory.” (MECW 6: 126).

critique of the categories themselves and not only their ahistorical position.

2. A Contribution to the Critique of Political Economy in Six Books

2.1 From the “London Notebooks” to the “Introduction” (1850-57)

Ever since the mid-1840s, Marx had planned to draw up a comprehensive economic review. Once in London, he used the world’s largest contemporary collection of economic literature located in the library of the British Museum and filled masses of notebooks with excerpts from different authors. Of particular importance are the so-called “London Notebooks” (1850-53), which contributed to the five volumes of MEGA (IV/ 7-11), three of which have been published so far. Although many others of Marx’s economic notebooks resulted from the remaining time spent in London, his basic studies can be found in these first 24 booklets. In subsequent years, Marx repeatedly returned to these notebooks. However, until recently, these were not taken into consideration regarding discussions about Marx.⁸

Marx soon began to question Ricardo’s basic theories, though he had accepted most of them previously. As illustrated in his letters to Engels, Marx initially doubted Ricardo’s theory of ground rent, and soon afterwards questioned his monetary theory (letters from January 7 and February 3, 1851, MECW 38: 258-263 and 278-282.). In the following years, Marx’s criticisms expanded to further subject areas eventually leading to a fundamental critique of the categories of political economy.

It was already March 1851 when Marx first went beyond merely excerpting and wrote the short manuscript, “Reflection” in 1851 (MECW 10: 584-594), which primarily broached the issues of money, credit and crisis against the backdrop of the reproduction of capital. The likely more detailed “Observations on Economy” to which he refers in *Grundrisse* (MECW 28: 95) has not survived.

More specifically, Marx targeted the work that was to be addressed in his “Introduction” of August 1857 (MECW 28: 17-48). In the literature, this text is commonly referred to as the introduction to *Grundrisse*, published in 1857-58, but this assumption is highly questionable. The “Introduction” is, as noted in the preface of 1859, an introduction to the planned complete works of a critique of the political economy (see *Capital*

⁸ The MEGA editors, under the direction of Wolfgang Jahn and Ehrenfried Galander in the GDR, had developed ongoing research activities for these notebooks, which are mainly documented in the “Arbeitsblätter zur Marx-Engels-Forschung” (worksheets for Marx-Engels research) (1976-1988) as well as a series of dissertations. Following the accession of the GDR to the Federal Republic this productive research group - like many others - became “unwound”.

I: 91). Nevertheless, this particular manuscript, which is known today under the title, *Grundrisse* was not intended as a draft for the planned economic work.

It starts with an examination of Darimon, a Proudhon supporter. His theory of monetary reform motivated Marx to ask the fundamental question as to whether the circulation of commodities enables a necessary separate medium of exchange. Should such a connection have been demonstrated, the fundamental impossibility of those reform strategies would have been obvious because they were aimed at the abolition of money, while at the same time maintaining the production of private commodities. Marx’s analysis of the link between the circulation of commodities and money very quickly carried on at a fundamental level that completely diverged from Darimon’s reflections. Following this, he pursued similar basic considerations relating to the relation of capital. The manuscript, later titled “*Grundrisse der Kritik der politischen Ökonomie*” [*Outlines of the Critique of Political Economy*] does not even have a proper beginning because it evolved from an excerpt: it is not a ‘work’ that could thus be introduced.

Although Marx may have understood his August 1857 “Introduction” as the first step in the preparation for his planned complete works, its contents can be understood as a conclusion to his series of prepared excerpts and early drafts. From his previous studies, Marx extracted a conceptual and methodological summary. The considerations formulated in “Introduction,” such as the often-mentioned “ascent from the abstract to the concrete” are by no means irrefutable, but are rather the first, tentative attempts, which are subsequently changed in a concrete draft. Even the 1859 “Contribution to the Critique of Political Economy” does not begin with the most abstract category of value, but rather with the analysis of the commodity - which, as it is put in the much later “Notes on Adolph Wagner” is “the simplest concrete element of economic [Konkretum]” (MECW 24: 369).⁹ Other considerations in his “Introduction,” such as beginning with a section on “production in general,” were already abandoned during the course of his work on *Grundrisse*. He maintained that the sequence of categories should not be determined by their historical development, but rather by their systematic relationship within the bourgeois society as pursued in *Grundrisse* and in his later works.

In the summer of 1857, Marx had only vague ideas regarding the structure of his planned work on economic critique. He required clarity

⁹ In his preface from 1859, Marx emphasised that “the reader who really wishes to follow me will have to decide to advance [*aufsteigen*] from the particular to the general.” (MECW 29: 261). Importantly, this does not refer to the ascension from the abstract to the concrete.

regarding the need to start with capital as a basic relation of production. Although he maintained the existence of two antagonistic classes in the *Communist Manifesto*, the fundamental importance of the landowners' class became clear to him only during his studies in the 1850s - and therefore, he considered that his work had to encompass three classes. At the end of his "Introduction" it is stated that "the innermost structure of the civil society," on which the "three great social classes" are based, would be presented. Following this, the "summary of bourgeois society in the form of the state" would be dealt with, followed by the "international value of production," and finally the "world market and crises" (MECW 29: 261). While the six-book plan is already indicated, Marx had no detailed ideas about further sub-sections, which only developed during the writing process.

2.2 Grundrisse (1857/58): First draft of the "Critique of Political Economy" (formation period: "capital in general" vs. "competition")

It is probable that Marx began writing the manuscript for *Grundrisse* in October 1857. That Marx began with a preparation of his planned work, and worked almost obsessively on it during the winter of 1857-58, had less to do with the fact that he believed that he had come along far enough with his recent economic studies, but rather more with the fact that, at that time, the economic crisis he had anticipated for years had finally begun. In the wake of this crisis, he expected a significant shock to the capitalist economy as well as revolutionary developments similar to those of 1848. His analysis of the 1848 Revolution had led him to the conclusion that the revolutionary events had very much been caused by the economic crisis of 1847-48, from which he comments in the early 1850s "a new revolution is possible only in consequence of a new crisis. It is, however, just as certain as this crisis" (MECW 10: 135).

Parallel to the work on *Grundrisse*, Marx created the "Book of the Crisis of 1857," which was made up of several excerpt notebooks with material relating precisely to that contemporary crisis (this will be published soon in MEGA IV/14). This entailed that Marx sought to study the crisis processes in every detail. Both the structural considerations of his theoretical work, as well as his precise understandings of many categorical contexts,¹⁰ only developed during the work on *Grundrisse*. In this respect we can speak of a formation period of the "Critique of Political Economy." In order to present capital, Marx initially situated himself within a trichotomy as proposed by Hegel: universality -

¹⁰ In *Grundrisse*, Marx presents a whole series of reflections on the conceptual context of the categories and their representation, which is of great relevance to the question of what "dialectical representation" is. I cannot go into this series of problems here, but see Heinrich (2014: 164-179) and for a more general context, Heinrich (2008).

particularity - singularity. This was presented in *Grundrisse* at the beginning of his "Chapter of Capital."¹¹ It is a rather superficial structure, only tentatively dealt with by Marx.

This first arrangement was one Marx never returned to as it was soon replaced with a new order, it is not only just to label the existing material but also to establish a reasonable basis for the distinction itself. This new disposition was based on the distinction between "capital in general" and the "competition" of many capitals. This distinction expresses an insight gained during the 1850s, repeatedly emphasised in *Grundrisse*: competition of capitals merely executes the laws of capital, but competition does not explain these laws.¹² The bourgeois economists had surmised that competition was the natural explanation and Marx had followed this assumption in his 1840 economic writings, such as with *Wage Labour and Capital* (MECW 6: 203-217 6: 397-423). However, now he had clarified that first and foremost, the laws of capital needed to be developed without recourse to competition, before their effects on competition could be studied. Thus, a general range of capital was constituted as "Capital, so far as we consider it here, as a relationship of value and money, which must be distinguished, is capital in general, i.e. the quintessence of the characteristics which distinguish value as capital from value as simple value or money." (MECW 28: 236). However, this capital is not identical to an empirically existent capital: "But we are concerned neither as yet with a particular form of capital, nor with one individual capital as distinct from other individual capitals, etc." (Ibid.).

This then results in the double requirement of the presentation of "capital in general": a certain content (that is, all the laws of capital that appear in the competition) must be shown at a certain level of abstraction (namely, in the abstraction from competition of the many capitals). "Capital in general" is therefore not just a label that is attached to a general part of a presentation, nor is it not merely an external classification of the material to a more or less general extent. Rather, it is a certain conceptual design which only makes sense in its confrontation with the competition of many capitals.¹³

¹¹ See the draft design MEGA II/1: 199; MEW 42: 201. As a preliminary step: MECW 29: 7-129.

¹² "Competition in general, as an essential locomotor of the bourgeois economy does not establish its laws but is their executor. Competition therefore does not *explain* these laws, nor does it produce them: it lets them *become manifest*." (MECW 28: 475, emphasis by Marx).

¹³ The fact that the "capital in general" is supposed to present a specific content on a particular level of abstraction is most often overlooked. If the concept is used only in relation to specific content, then the continued existence of the concept is involved because the content does not disappear, despite Marx not using the term after 1863. (Moseley 2007 and Fineschi 2011 make this argument).

From Marx's April 2, 1858 letter to Engels, we know that the book on capital was expected to include four distinct sections: a) capital in general, b) competition, c) credit and d) share capital (MECW 40: 298). For the representation of "capital in general" a thematic trichotomy had already been established in *Grundrisse*, which Marx explicitly described in his letter to Lassalle: Translated as: "the process of production of capital; process of its circulation; the unity of the two, or capital and profit; interests." (Letter of March 11, 1858,; MECW 40: 287). Marx wrote to Lassalle on February 22, 1858, and added after listing the six books that "the critique and history of the political economy and of socialism would form the subject of another work, and, finally, the short, historical outline of the development of economic categories and relations yet a third." (MECW 40: 271). While working on the *Grundrisse* manuscript, the following plan emerged:

Book I: Capital

- a) Capital in general
 - 1. Production process of capital
 - 2. Circulation process of capital
 - 3. Capital and profit (interest)
- b) Competition
- c) Credit
- d) Equity Capital

Book II: Landed Property

Book III: Wage Labour

Book IV: The State

Book V: Foreign Trade

Book VI: The World Market

**Criticism and history of the political economy and socialism
Historical outline of the economic development**

The six-book plan provided a comprehensive and self-contained analysis of capitalist relations starting with the more general provisions of capital, as well as theoretical-conceptual presentations of those categories, which would lead to the global market and developed the shape of the capitalist system. For Marx, this was the real condition which accounted for the existence of the presented categories.

With this structural plan, Marx assumed that making a double separation was possible. The "economic conditions of the three great classes" (as Marx, in the preface of "A contribution..." characterised the contents of the first three books, MECW 29: 261) should have been possible to present as separate, and "Capital in General" should have been treated separately from many capitals. Subsequently, both of these

distinctions would prove to be a problem.

Compared with his original plan, Marx only rudimentarily covered the section on "Capital in General" in *Grundrisse*. However, his presentation was still marked by some fundamental deficiencies, which is often overlooked in many of the euphoric receptions of *Grundrisse*. The most fundamental deficiency is caused by the origin of *Grundrisse*: the original Darimon extract resulted in a theoretical investigation of money without foundation in a theory of value. What was not yet clear in *Grundrisse* was what Marx called the "point" or pivot (Springpunkt) to understanding the political economy in the first volume of *Capital* (Capital I: 129) when referring to the dual nature of labour inherent in goods. Similarly, the strict distinction between the value of the commodity labour-power and the (imaginary) value of labour had not yet been defined. An inadequate theory of value was, among other things, condensed to an inadequate theory of crisis within the so-called "Fragment on Machines" of *Grundrisse*. This was the only location where Marx formulated a theory of collapse (MECW 29: 80-98). The argument put forward here is that the increase in capitalist productive power would undermine the measure of value of commodities based on the length of the working time (which is fundamental to capitalism). In the first volume of *Capital* Marx de facto refuted this argument in his analysis of relative surplus value (see Heinrich 2013b).

**2.3 Second draft of the "Critique of Political Economy":
the implementation phase and resolution of the original
conceptualisation (1858-63)**

The 1857-58 crisis that motivated Marx to work on *Grundrisse* was not nearly as profound as he had anticipated as there were no revolutionary developments. Subsequently, Marx revised both his expectations regarding the direct relationship between crisis and revolution, as well as the idea of a collapse of capitalism. It is precisely based on the 1857-58 crisis, that Marx argued that economic crises are productive for the capitalist system as a whole. Following consolidations of the market, a new cycle of accumulation could begin. Although Marx's expectations regarding the 1857-58 crisis had not been fulfilled, he nevertheless produced an extensive manuscript. As such, undertaking final revisions, in order to print the manuscript, became a realistic endeavour.

From 1858, Marx attempted to edit that which he formulated in *Grundrisse* for publication. After the formation of the "Critique of Political Economy" in *Grundrisse*, it became necessary to implement this project, which was intended as a series of booklets. In 1858, a draft for the first booklet came into being, receiving the editorial title "Original Text of A Contribution to the Critique of Political Economy" (Urtext). Then, finally in 1859 "A Contribution..." was published. In comparison to the "Original

Text,” “A Contribution...” was heavily edited and reduced. Finally, in 1861-63, a follow up to “A Contribution...” was formulated in a manuscript of roughly 2,400 printed pages. From the 1858 “OriginalText,” the printed “A Contribution...” from 1859 and the “1861-63 manuscript” we have evidence of a second draft of the “Critique of Political Economy.”

In “A Contribution...”, which deals with commodities and money, we find the first presentation of the dual character of labour producing commodities, as well as a rudimentary analysis of fetishism (although Marx is not yet using this term). The foundations of value theory, missing in *Grundrisse*, had been set up by this time, and had been linked to the study of money via an analysis of the form of value. Although still maintained in *Grundrisse* and the “OriginalText,” Marx here dispenses with a presentation of the categorical transition from money to capital. Furthermore, he no longer wished to independently illustrate the history of the political economy, but instead presents a history of the analysis of each economic category. Therefore, “A Contribution” contains sections regarding the history of both the theories of value and the theories of money.

The “1861-63 Manuscript” dealt specifically with the transformation of money into capital, absolute and relative surplus value, as well as profit and average profit. Half of the manuscript is composed of Theories of Surplus Value: they don’t provide just a history of theory, they turn into the protocol of a new research process. What was examined, amongst other things, through this research process, were the crises, the formation of the average rate of profit, and questions pertaining to ground rent.

Marx’s second draft continued to highlight significant deficiencies. Hence, the presentation of capitalist circulation processes remained largely unfulfilled (as in *Grundrisse*). This was due to the major substantive problems Marx had with the “Smithian doctrine” (which is the disintegration of the entire value of goods into revenue, hence profit, wages and rent). The formulation of a counter-position presupposed a detailed analysis of the total reproduction process of capital, which only gradually took shape in this manuscript (see PEM 1975 for details). Equally unsatisfactory, were the different approaches for a theory of crisis, even though considerable advances had been made since his considerations in *Grundrisse* (see Heinrich 2014. 351et seq.).

In the “1861-63 Manuscript,” Marx not only came close to solving these problems, but the limits of his hitherto existing conceptualisation became more pronounced. It becomes clear that the methodological concept of “Capital in General” - meaning all that which appears in competition abstracted from the many capitals – not feasible. The

analysis of the overall reproduction process required a differentiation of capital in two different departments (respectively producing the means of production and the means of consumption). Therefore, special forms of capital had to be considered, namely those that were originally excluded from the presentation of “Capital in General” (see the above-mentioned quote from *Grundrisse*, MECW 28: 236).

However, this was not the only problem. The interest-bearing capital Marx always included in the presentation of “Capital in General,” could only be developed on the basis of the existence of average profit. In the section “Capital and Profit” it became evident that the presentation of the average rate of profit is not possible without taking into consideration the competition of the many capitals (MEGA II/3.5: 1598 et seq.). Initially, Marx only wanted to introduce the “competitive relationship” as an “illustration” (MEGA II/3.5: 1605), but de facto he disintegrates the concept of “Capital in General”.

Finally, presenting a history of theory based on the history of particular categories proved to be unfeasible. Although in 1859 it still appeared to be possible to present a history of value and money theories separately, and also to distinguish these from the other categories, in *Theories of Surplus Value* it becomes apparent that a separated theory of surplus value, which then would be followed by a theory of profit and rent, was hardly possible. Moreover, by the end of his work on the “1861-63 Manuscript,” Marx considered the need for a renewed fundamental study on the history of political economy. In mid 1863 the “Supplements A to H” (700 pages of excerpts from 150 works) emerged (they will be published in MEGA IV/17). Among other things, Marx made detailed excerpts from Richard Cantillon, who had at that time not yet influenced *Theories of Surplus Value*, but was highlighted as an important source for Quesnay, Steuart and Smith in *Capital* (Capital I: 697, footnote 11). With *Theories of Surplus Value* the analysis of this theoretical history was far from concluded.

3. Capital (in four books) - a re-conceptualised project

When the first volume of *Capital* appeared in 1867, Marx announced a work in four books:

Book I: The production process of capital

Book II: The circulation process of capital

Book III: Configurations of the overall process

Book IV: The history of theory

This work was expected to appear in three volumes: Book I in Volume 1, Books II and III in Volume 2 and Book IV in Volume 3 (*Capital* I: 93). Once Engels had published Book II as Volume 2 in 1885 and Book

III (under a different title, “The Process of Capitalist Production as a Whole”) as Volume III in 1894, the distinction between what constituted a book and a volume had become irrelevant. Nevertheless, one should note that when Marx referred to the “second volume” in his correspondence in the late 1860s and 1870s, he always meant Book II and Book III.

In the preface, Marx described *Capital* as a “continuation” of the 1859 “A Contribution...”. However, not once did he mention the six-book plan that he had announced in the preface of the “A Contribution...”. Whether *Capital* only referred to the first volume (or even just a section of this first volume) of the previously planned work, or whether *Capital* had completely replaced this earlier plan, remained unclear.

Henryk Grossman (1929) was the first to discuss Marx’s “change of plan problem.” However, this only received attention since the late 1960s following the publication of Roman Rosdolsky’s comments on *Grundrisse*. Rosdolsky emphasised both the original six books plan and also the concept of “Capital in General” as developed in *Grundrisse*. He consequently raised the question regarding the extent to which either still had validity for *Capital* (Rosdolsky 1968: 24et seq.). During the 1970s, a debate took place in the German-speaking world. The focus, however, was limited to the question of which parts of the three volumes of *Capital* could still be considered as belonging to the presenting of “Capital in General”. Since the substantive definition of “Capital in General” remained superficial, it was not asked whether a new structure had been established to replace “Capital in General.” Before discussing the drafts of *Capital* that emerged post 1863, I shall consider these structural changes in order to clarify that after mid-1863 we are effectively dealing with a project that is differently structured.

3.1 The Structure of Capital: Individual capital and the constitution of total social capital on several levels of abstraction

In the “1861-63 Manuscript,” Marx faced a number of conceptual problems requiring a restructuring of his presentation. However, Marx did not overcome his original plans in a single moment, but rather, he did so in several stages. Marx mentioned his new work for the first time in a letter to Kugelmann dated 28/12/1862, all the while working on the “1861-63 Manuscript.” Marx informed Kugelmann that he no longer planned to continue “A Contribution...”, but wanted to start an independent work, *Capital*, which would only include the section on “Capital in General.” The rest, except the book on the state, could even be done by other authors (MECW 41: 158). Marx still based his work on the six-book plan and the conception of “Capital in General;” although he had accepted that this plan was too broad and that he would not be able to fully implement it. In

the subsequent years, he not only quantitatively reduced his plan he also changed the methodological concept of his presentation.

The most obvious change was the position he assigned to the history of political economy. Instead of presenting the history of each economic category separately, Marx wanted to instead present a coherent “history of the theory” (*Capital* I: 93), as he previously wrote in the 1867 Foreword. Considering that there are no longer any presentations of the history of each category in the “1863-65 Manuscript,” it is likely that he made this decision before he began working on this manuscript.

Rosdolsky pointed out a second change (1968: 37et seq.): Marx took the central themes originally intended for the books on labour and landed property into account in *Capital* by engaging with the struggle over the limits of the working day, the impact of machinery on working conditions, the wages as an imaginary price of labour, the “general law of capitalist accumulation” and its implications for the situation of the working class, as well as the presentation of absolute rent and differential rent. Clearly, “the economic conditions of the three great classes” (MECW 29: 261) are so entwined that they cannot be represented, as Marx announced in the preface from 1859, in three separate books on capital, landed property and wage labour. As a result, *Capital* replaced the substantive scope of the first three books in the six-book plan.¹⁴ The last three books about the state, foreign trade and the world market were located beyond *Capital*.

However, the most important structural change consisted of an alternative to “Capital in General.” After mid-1863, this notion appears neither as a subdivision nor is it ever mentioned again in manuscripts or letters. Marx seemed to have realised that the double requirement which he expected from the section of “Capital in General” - to present specific content (that which appears in competition) at a certain level of abstraction (in abstraction from competition) - could not be fulfilled.

However, the trichotomy of the production process, as well as the circulation and overall processes (formerly capital and profit), were retained from the presentation of “Capital in General.” This is namely not an arbitrary division of a large amount of material, but rather different levels of abstraction, the importance of which arises from the recovery process of capital itself and which is therefore not bound to the specific concept of “Capital in General.”

At the level of the “production process,” the “immediate”

¹⁴ The “special study of wage labour” (*Capital* I: 683) and the “independent treatment of landed property” (*Capital* III: 752) mentioned in *Capital* and which Marx might still have wanted to pursue, are special examinations that cannot be compared with his previously planned books.

production process of capital is examined in two ways. On the one hand, it is seen as capitalist production, not only commodity but also the surplus value, which is produced. On the other hand, it is seen as production of capital itself, by which the transformation of surplus value into capital takes place. At the level of the “circulation process,” it is not only the acts of circulation that were analysed under the assumption of these being subordinate to the investigation of the immediate process of production. Also, the capitalist production process as a whole is shown to form a unity of (immediate) production and circulation process. This unity is assumed at the level of the “complete process” and what is studied are the concrete forms that exist on the basis of this unity, such as profit, average profit, interest and ground rent.

Marx only addresses the new structural principle, which is used instead of “Capital in General” and the “competition of many capitals” in passing in *Capital* manuscripts. This principle does, however, become sufficiently clearer upon closer reading. The impossibility of completely abstracting from the singular and particular capital, had already become clear in the “1861-63 Manuscript.” However, the singular and particular capital must not be treated at once at the level of empirical competition. In each of the books of *Capital* (that is, at each of the three levels of abstraction characterised previously), it is established firstly as individual capital (as Marx refers to it) and secondly, as constitution of the total social capital attained on a respective level of abstraction.

In Manuscript II for the second book of *Capital* (created in 1868-70),¹⁵ Marx wrote a summary about the first book, which had already appeared at that time as: “What we were dealing with then was the actual immediate process of production, which presented itself at each turn as the process of an individual capital.” (Capital II: 470, my emphasis).

At the level of the immediate process of production, Marx had studied the production of absolute and relative surplus value as a process of individual capital. In the 23rd Chapter of the German edition (it is the 25th Chapter in the English translation) the level of individual capital is abandoned, and the constitution of the total capital is considered. For the stage of presentation that is reached, the individual capitals only differ from each other in terms of their size and value composition (a ratio constant to variable capital). Consequently, only statements about total capital can be made in this regard. This appears as a mere mathematical sum of individual capitals. Nevertheless, at this abstract level the effects

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15 The numbering of the manuscripts for the second book follows Engels' numeration in the preface of the second volume of *Capital* which he published (Capital I: 106f.). Nevertheless, the dating of the individual manuscripts indicated by Engels has not always proven to be correct.

of the movement of total capital already become clear, such as taking into consideration the consequences of its accumulation while maintaining and increasing value composition in terms of unemployment and the conditions of the working class.

A similar structure is found in the second book. With regard to the first two chapters (the first two sections in Engels' edition in the 2nd volume), which deal with the circulation and turnover of capital, *Manuscript II* indicates that this relates to “no more than an individual capital, the movement of an autonomous part of the social capital” (Capital II: 429). In *Manuscript I* (part of the “1863-65 Manuscripts”) for Book II, Marx had already observed during his investigation of this cycle the assumption that all phases exist simultaneously, thus the different capitals simultaneously take up the different stages: “As a whole, as a unit, [the capital, M.H.] is distributed simultaneously, spatially side by side, in its various phases. (...) Thus, parallel reproduction processes of various capitals are assumed.” (MEGA II/4.1: 180, 182). In the circulation process, the various individual capitals no longer exist as a mere juxtaposition. The total social capital, which is considered in the third chapter (the third section in Engels' version) of the second book, is no longer an arithmetic sum of the individual capitals, as it was in the first book: “The circuits of individual capitals are interlinked, they presuppose one another and condition one another, and it is precisely by being interlinked in this way that they constitute the movement of the total social capital.” (Capital II: 429). Total capital is now considered in terms of its reproduction process. Due to it requiring certain value and material proportions, as Marx emphasizes, the reproduction process inserts barriers of its own on the movement of the individual capitals.

Also, at the level of the “process as a whole” which is examined in Book III, Marx initially presented the transformation of surplus value into profit as a process of individual capital. Thereafter, what was considered was the manner in which profit-producing individual capitals constitute the total social capital by establishing a general rate of profit. The process that accomplished this was no longer simply the intertwining of their cycles, but also “competition,” which not only refers to the narrow definition of competition, but also to the specific mechanism of the socialisation of capital: “This is the form in which capital becomes conscious of itself as a social power, in which every capitalist participates in proportion to his share in the total social capital.” (Capital II: 297). Or, articulated through a slightly different expression which highlights the relationship between individual and total capital: “We have seen that the average profit of the individual capitalist, or of any particular capital is determined not by the surplus labour that this appropriates first-hand, but rather by the total surplus labour that the total capital appropriates, from

which each particular capital simply draws its dividends as a proportional part of the total capital.” (Capital II: 742). This general rate of profit is a prerequisite to the study of other economic provisions concerning form, such as mercantile profit, interest and the ground rent.

The insight formulated in *Grundrisse*, which is not lost in Marx’s new approach, is that competition does not produce the laws of capital but only executes them. Nevertheless, these laws cannot be treated as abstracted from all the conditions that deal with many capitals. The rationale for these laws requires a far more complex presentation than was initially conceived in *Grundrisse*. However, that part of competition, which only ensures that the laws of capital are enforced, continues to be excluded from the presentation in *Capital*. Marx clarifies this at the end of the “1863-65 Manuscript” in a review of his presentation: “In the presentation the reification of the relations of production and the autonomy, they require vis-à-vis the agents of production, we shall not go into the form and manner in which these connections appear to them as overwhelming natural laws, governing them irrespective of their will, in the form that the world market and its conjunctures, the movement of market prices, the cycles of industry and trade and the alternation of prosperity and crisis prevails on them as blind necessity. This is because the actual movement of competition lies outside our plan and we are only out to present the internal organization of the capitalist mode of production, its ideal average, as it were.” (Capital III, 969/70). The “actual movement” of competition, its empirical manifestations, and its shape on the world market, is excluded from presentation. Nevertheless, this competition, which is excluded from presentation, does not come close to including everything related to the movement of the many capitals. The competition as a general mechanism of the socialisation of capital belongs entirely to the “ideal average” of the capitalist mode of production, which Marx claimed he would go on to illustrate.

3.2 First draft of Capital: formation period (1863-65)

After Marx had stopped working on the “1861-63 Manuscript” in the summer of 1863, he started a new economic manuscript during the second half of that year. In MEGA, this “1863-65 Manuscript” is termed the “third draft” of *Capital* (following *Grundrisse* and the “1861-63 Manuscript”). However, if we consider that two different projects are involved, the “Critique of Political Economy” set out in six books and *Capital*, then the “1863-65 Manuscript,” published in MEGA II/4.1 and 4.2, can be effectively considered as the first draft of *Capital*, commencing in 1863. However, this refers only to the first three books. Neither in 1863-65 nor in later years did Marx write any drafts for the fourth book. That *Theories of Surplus Value* cannot count as a draft should be clear for three reasons. Firstly, it deals with the history of a single category including

many digressions, but it is not a history of the sequence of entire theories. Secondly, the material of Marx’s later studies, in particular the new basic studies in the booklets A-H from 1863, is not included in *Theories of Surplus Value*. Thirdly, the history of theories should be based on the insights into the relationships between capitalist production and reproduction. Important insights were only shaped during the drafting of *Theories of Surplus Value*, as illustrated in Marx’s discussion of the “Smithian Dogma” (see PEM 1975).

In terms of content, Marx made important progress in the “1863-65 Manuscript” and a range of points were systematically undertaken here for the first time. Nevertheless, with the manuscripts for Books II and III, Marx was far away from a situation in which these manuscripts could have served as a direct template for revision before going into print. In this respect one can say that *Capital* was still in a formation phase.

It is likely that the draft of Book I looked somewhat different. Only the final chapter of this draft, the “Results of the Immediate Process of Production” (MECW 34), has been preserved, so we cannot directly check its state of preparation. Considering that Marx finalized the manuscript for the first volume of *Capital* from January 1866 to April 1867, during which time he was both repeatedly ill, and required to rewrite the first part about commodity and money (during the drafting of the “1863-65 Manuscript” he had planned to give only a very brief summary of “A Contribution...”), one can assume that he was able to take on much of the lost draft of Book I directly.

In Manuscript I for Book II, a coherent view of the capitalist circulation process is found for the first time. It was only here that Marx first located the structure in the three parts: circulation, turnover and reproduction of the total social capital. However, in his presentation of these, he still had to contend with many problems, thus preventing Engels from using this manuscript for his edition of the second volume.

In the manuscript for Book III (the so-called main manuscript which Engels used for his edition of the third volume of *Capital*), Marx not only dealt with profit and average profit in detail, but also considered interest-bearing capital, which included a general presentation of credit and equity. Among other things, Marx emphasised the fundamental ambivalence of the credit system, namely its positive effects for accumulation as well as its greater elasticity and flexibility. These elements cannot exist without the tendency for both “over-speculation” and for financial crises (Capital III: 622).¹⁶The targeted presentation

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¹⁶ Thus, Marx provides a de facto, fundamental counter-position to the view held

relating only to general aspects of the credit system, however, very quickly turned into a renewed research process. All the constituting parts of this general point of view, as well as the manner in which its contents should be delineated, had still not been clarified at this point.¹⁷

His theory of crisis was subsequently in a similar position. In the “1863-65 Manuscript,” we find a coexistence of different theories of crisis, and even theoretical arguments relating to the importance of under-consumption.¹⁸ The “Law of the tendency of the rate of profit to fall” was considered in greater detail and more systematically than previously. Following this, one is confronted by the most extensive considerations on crises found in the whole manuscript. However, these were unsystematic reflections. It was Engels, through his editing, who streamlined these reflections thus forming the 15th Chapter. The title of this chapter “Unfolding the Inner Contradictions of the Law,” suggests a close connection between the “Law of tendency of the rate of profit to fall” and the crisis theory. However, this title (just like the subtitles of the 15th Chapter) is not from Marx, but from Engels and whether the crisis theory was ever intended to be located at this point is unclear. Furthermore a detailed analysis of Marx’s remarks clarifies that only a part of his reasoning links to the law of the rate of profit. We can find fundamental considerations on his theory of crisis here, which are entirely independent of this law (see Heinrich 2014. 357et seq.).

The manuscript for the third book ends with the start of a sub-chapter about the classes. Classes were already mentioned previously, the existence of a class, which has access to the means of production and of another class that is excluded from this access, is one of the substantive conditions of the relation of capital. Nevertheless, Marx is obviously of the opinion that the systematic treatment of classes and of class struggle can only be placed at the end of the presentation of the

today that a “correct” regulation of the financial system would make crises preventable. This dispute between Neoclassical and Keynesian economists mainly revolves around how extensive such a regulation should be. Nonetheless, in the case of accelerated accumulation, every regulation appears to be an obstacle to be questioned. However, following a crisis, the lack of regulation is blamed for the occurrence of the crisis. The fact that too much or too little regulation can only be indicated afterwards, indicates that the correct degree of regulation can never be determined, an ambivalence precisely analyzed by Marx.

¹⁷ Engels turned point “5 Credit. Fictitious Capital” (Capital III: 525) from the fifth chapter (in his edition, the fifth section), into a total of 11 chapters. He significantly edited the text and in doing so he altered the perspective and direction of Marx’s research, even partially shifting it. Therefore, a discussion of the state of Marx’s credit theory should begin from Marx’s manuscript and not from Engels’ edition of the third volume, a task now possible in English. An English translation of Marx’s original manuscript for Book III of *Capital* (Marx 1864 -65) was published in 2015.

¹⁸ See, for example, the often-quoted statement: “*The ultimate reason for all real crises remains the poverty and restricted consumption, in the face of the drive of capitalist production to develop the productive forces as if only the absolute consumption capacity of society set a limit to them.*” (Capital III: 614-5)

capitalist mode of production in “its ideal average” (Capital III: 970). Thus, it becomes evident that a different concept of class had emerged from what Marx had believed in during the 1840s. There, he surmised that all classes, and their struggle, are given facts which is made clear in the famous first sentence of Part I of the *Communist Manifesto*: “The history of all hitherto existing society is the history of class struggles” (CWME 6: 482). In *Capital*, the class analysis is a result, full of preconditions, of the investigation of the capitalist mode of production.

Following the “1863-65 Manuscript,” no overall draft for the first three books of *Capital* existed. Nonetheless, two distinctly different work phases can be identified, in which two partial drafts for Capital emerged. The first phase lasted from 1866 to 1870 and the second from 1871 to about 1881.

3.3 The second draft of Capital: first implementation phase (1866-70)

While Marx wanted his original “Critique of Political Economy” to appear as individual issues, *Capital* was quite a different matter. On July 31, 1865, Marx wrote to Engels explaining that he could not publish a part of the work in so far as the whole manuscript did not exist in a finalised form (MECW 42: 173). However, he did give in to the pressures of Engels and Wilhelm Liebknecht who never tired of asking about the progress of his work. In January of 1866, Marx began a clean copy of the first volume, which although initially envisioned as Books I and II was only contained within Book I. Here, after a period of formation, the initial implementation phase began. That Marx had given up on his opposition to a partial publication was likely primarily due to his belief that he had already produced a substantial part of the work in the “1863-65 Manuscript” and that additional volumes could quickly follow. On May 7, 1867 he wrote to Engels that the publisher expected the manuscript of the second volume (Books II and III) by the end of autumn at the latest, and added: “The third volume [Book IV, M.H.] must be completed during the winter, so that I have shaken off the whole opus by next spring.” (MECW 42: 371)¹⁹

The biggest problem in preparing the first book for print may have been rewriting the presentation of commodity and money. Marx did not limit himself, as initially planned, to a brief summary of presentation in “A Contribution...” in 1859. Instead, a new formulation of this took place. The analysis of the value-form had now, for the first time, become clearly distinguished from an examination of the exchange process, so that the analysis of the economic form determinations of commodities were

¹⁹ Marx had also expressed similar sentiments to Sigfrid Meyer (letter of April 30, 1867, MECW 42: 366) and Ludwig Buchner (letter of May 1, 1867, MECW 42: 367f).

clearly distinguished from the analysis of the actions of the owners of commodities, and the presentation of commodity fetishism received a significantly higher profile. However, during the correction of the proofs, Marx decided to add a second and more popularised version of the value-form analysis as an appendix, since both Engels and Kugelmann (who had both read the proofs) unanimously agreed that its presentation was particularly difficult to understand.

The “Results of the Immediate Process of Production” were no longer included in Book I, although Marx intended this to be the conclusion of Book I in the “1863-65 Manuscripts.” The reason for this, however, is not clear. The assumption, that Marx omitted them because Book II would not be published immediately following Book I and that the transition produced by “Results” was therefore not necessary, is not an entirely convincing argument. Firstly, this is because Book II was intended to follow quickly and thus the omission of this transition would become noticeable, and secondly, because “Results” contains far more than a mere transition from Book I to Book II. Personally, it seems more plausible to me that Marx did not include “Results” in the first volume due to time pressure (at the beginning of 1867 the publisher was already awaiting the manuscript). Marx not only needed to revise “Results,” but also point 1 of the fifth chapter (the 14th Chapter in the 2nd German edition, which is the 16th Chapter in the English translation) where Marx had already engaged with both the formal and real subsumption of labour, which were important issues in “Results.”

Following the corrections to the proofs of the first volume, Marx turned to the preparation of Book II. During this process, it is probable that a completely new text emerged between spring 1868 and mid 1870. Manuscript II for Book II (included in MEGA II/11), which is not only considerably longer than the Manuscript I from 1864-65 (in the MEGA, Manuscript II comprises a good 500 printed pages compared with roughly 240 printed pages for Manuscript I), but is also significantly more stringent (see Fiehler, 2008 and 2011).²⁰

Even while working on Manuscript II, Marx began to work on Manuscript IV for Book II, in which he partly wrote a clean copy of Manuscript II while occasionally pursuing new ideas. Additionally, Marx wrote further manuscripts for Book III, dealing with the ratio of surplus value and profit, as well as profit, cost price and the turnover of capital.

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20 For the last time, the term “capital in general” appears in Manuscript II. Marx writes at one point that, “this is not the way in which the continuous circulation of capital in general really presents itself.” (MEGA II/11: 48). This section is grammatically ambiguous. However, from the context it becomes clear that reference is not being made to the cycle of *capital in general*, but rather to how this capital cycle *in general* is represented.

Here demarcation problems between Book II and III become apparent. Furthermore, several elaborations to the beginning of Book III also exist (see Vollgraf 2011 regarding the details of these manuscripts). Manuscript IV for Book II and the smaller manuscripts for Book III are contained in MEGA II/4.3.²¹

Thus, after preparing the manuscript for the first edition of the first volume, Marx worked intensively on the completion of Books II and III. In 1869-70 an imminent completion of Book II became realistic. However, this was not the case with Book III. In addition to a number of unsolved problems, a series of letters from 1868 already pointed to an expansion of the material to be presented in Book III.

On the one hand, this expansion involved a presentation of ground rent. Marx engaged with Henry Carey’s conceptualisation of rent, which unlike Ricardo’s, was based on an increasing crop yield (see Vollgraf, 2011: 110). Marx studied literature on agricultural chemistry, and he was particularly interested in the social conflicts regarding payment of ground rent between the farmer and landlord. One must replace “the conflicting dogmas by the conflicting facts, and by the real antagonisms which form their concealed background,” he wrote to Engels on October 10, 1868 (MECW 43: 128.).

The other expansion here related to the presentation of credit. The reason for this may have been the crisis of 1866, from which Marx retained that it has “a predominantly financial character,” as he mentioned in a short note in the first volume: “Its outbreak in May 1866 was signalled by the failure of a giant London bank, immediately followed by the collapse of countless swindling companies. One of the great London branches of industry involved in the catastrophe was iron shipbuilding. The magnates of this trade had not only overproduced beyond all measure during the swindling period, but they had, apart from this, entered into enormous contracts on the speculative assumption that credit would be forthcoming to an equivalent extent. A terrible reaction then set in, which continues even now (at the end of March 1867) both in ship. building and in other London industries.” (Capital I: 823f).

The close link between credit and crisis is not yet to be seen in the “1863-65 Manuscript.” Here, credit was only intended to form a subordinate point within the chapter on interest-bearing capital. In a

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21 Due to incorrect dating, during the conceptualisation phase of the MEGA, these smaller manuscripts about Book II and III were considered the first revision of the 1863-65 Manuscript, printed in MEGA II/4.1 and 4.2. Therefore they were intended for Volume II/4.3. Meanwhile, the editors of MEGA are convinced that these manuscripts originated after the writing of the 1866-67 manuscript for the first edition of *Capital* (see MEGA II/4.3. 429et seq.).

letter to Engels from April 30, 1868 in which Marx explains the structure of Book III, the consideration of credit is already on par with interest-bearing capital (CWME 43: 25). On November 14, 1868, Marx wrote that he would “use the chapter on credit for an actual denunciation of this swindle and commercial morals” (MECW43: 204). Although admittedly this only appears to be a more complete illustration, it is foreseeable that a broader theoretical basis will be required. Marx seems to have already set in motion this immersion. In 1868 and 1869 extensive excerpts on credit, money market, and crises came into being (they will be published in MEGA IV/19).

That which I refer to as the “second draft” of *Capital* includes the print version of the first volume in 1867, Manuscripts II and IV for Book II, as well as some smaller manuscripts relating to the beginning of Book III, which were written between 1868 and 1871. Two events prevented Marx from being able to continue working on his second draft of *Capital*. First, the 1870 Franco-Prussian war broke out, and the establishment of the “Paris Commune” followed soon after the French were defeated in 1871. Marx, who had already spent a lot of time working in the General Council of the International Workingmen’s Association (IWA), was now forced to dedicate his attention to the analysis and explanation of these events. Hence, he wrote, *Civil War in France*, a book which rendered him far more popular in Europe than did the first volume of *Capital*.

Second, in mid 1871, Marx received communication from the publisher of *Capital*, informing him that the first volume would soon be sold out. Instead of being able to continue working on Books II and III, Marx now had to revise the first volume for a second edition.

3.4 Third draft of Capital: second implementation phase and the beginning of a new formation period (1871-1881)

Although during this final phase, significant advances were made regarding the knowledge of the themes for all three *Capital* volumes, Marx does not come closer to completing it, precisely due to these advances, among other things.

At the beginning of this phase, Marx engaged with the first volume of *Capital*. For the second German edition, published in 1872-73, he removed the double presentation of value-form analysis. On the basis of the Appendix to the first edition, Marx drew up a new version. This brought about an extensive reworking manuscript, which subsequently contained important considerations about commodity and value, which are found in neither the first nor the second German edition.²² Furthermore, Marx

²² This manuscript is printed in MEGA II/6: 1-54 under the editorial title

undertook a detailed subdivision of the entire volume. To considerably facilitate a reading of the text, there were, from the original six chapters of the first edition, now seven sections, containing numerous chapters and sub-chapters.²³

Between 1872 and 1875 a French translation of the first volume by Joseph Roy appeared (initially in single instalments). Marx himself corrected this. During this process, Marx revised the German text in numerous places, particularly the section on accumulation where he made a number of important additions to the second German edition. In this way, Marx distinguished between the concentration and centralisation of capital for the first time, and stressed the role of credit in accumulation. He also subdivided the volume further.

Regarding Danielson’s question, on whether the second volume (that is, Books II and III) had been completed, Marx replied on June 13, 1871, that this was not the case: “I have decided that a complete revision of the manuscript is necessary” (MECW44: 152). Nonetheless, with Manuscript II he had already carried out a similar reworking for Book II. Apparently, he held a similar view regarding reworking Book III, which was also suggested in the letters cited in the previous section, which recommended revising the representation of credit. Marx never wrote a total draft for Book III, following the “main manuscript” contained in the “1863-65 Manuscript.” However, he repeatedly concerned himself with the quantitative ratio of the rate of profit and the rate of surplus value. Some smaller manuscripts emerged, both in the context of what I have called the “second draft” of *Capital* (1866-70) (they are reprinted in MEGA II/4.3), as well as at the beginning of the 1870s, as part of the “third draft.” In 1875, Marx finally wrote a longer manuscript, which appeared for the first time under the editorial title “Mehrwertrate und Profitrate mathematisch behandelt” (Investigating the rates of surplus value and profit mathematically) in MEGA II/14. In this case, Marx tried to systematically record the various possibilities for the quantitative relation of the rates of surplus value and profit under different conditions with many mathematical examples.

“Ergänzungen und Veränderungen zum ersten Band des ‚Kapitals‘“ (Additions and changes to the first volume of *Capital*). The methodologically important passages (MEGA II/6: 29-32) which are mentioned, are included as Appendix 4 in Heinrich (2016).

²³ Regarding the barely existing structure of the first edition, Engels complained in a rare, but significant way: “But how could you leave the *exterior* classification of the book as it is! The 4th Chapter is nearly 200 pages long and only has 4 sections which are designated by lightweight headings which can hardly be found. Furthermore, the train of thought is continuously interrupted by illustrations and the illustrative point is *never* summed up at the end of the illustration, so that one is always dumped from the illustration of one point directly into the formation of some other point. That is awfully tiresome and even confusing when one doesn’t pay close attention.” (Letter from August 23, 1867, MEW 31: 324, emphasis by Engels).

From the end of 1876, manuscripts for Book II also developed again. Immediately before this, Marx had made a contribution to Engels' *Anti-Dühring*, in which he critically engaged with Dühring's *Critical History of Political Economy* and dealt, in particular, with Quesnay's *Tableau économique*, that is, with themes from the second book.²⁴ Manuscripts V, VI and VII, written since the end of 1876, were attempts at a revision of the beginning of Book II. In these manuscripts, Marx made significant progress in the presentation of the circulation of capital, compared to *Manuscript II. Manuscript VIII*, which Marx in part wrote in parallel with these manuscripts, and in part afterwards, deals with the third chapter (it is the third section in Engels' edition) of Book II. As the MEGA editors correctly highlight, Marx finally succeeded in overcoming the "money veil perspective" (MEGA II/11: 881et seq.), that is, the idea that monetary terms only form a sort of veil when considering economic quantities. Although this idea is not found specifically in the approach to value at the beginning of the first volume of *Capital*, it can be identified as de facto behind Marx's first attempts to record the reproduction process. This is identified at first purely quantitatively without the circulation of money, and then subsequently within the circulation of money. This doubling is overcome in *Manuscript VIII*.

When one looks more closely at the contents of the manuscripts from this phase, while also considering Marx's 1870s correspondence, as well as the themes of the excerpts from this period, one finds strong support for assuming that Marx intended an extensive reworking of *Capital*, especially Book III. A new formation period of *Capital* had begun. This is addressed in the following section.

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 24 In the print version of the *Anti-Dühring*, the relevant chapter takes up only about 15 printed pages (MEGA I/27: 411-425). Marx's extensive preparatory work is printed in MEGA I/27: 136-216.

Marx's Critical Economics Manuscripts 1844-81

| Manuscripts/ important excerpts | Character of work phase | Important single themes and research areas |
|---|---|---|
| Critique of political economy [Nationalökonomie] and Politics (1844) | | |
| 1844 | Economic- Philosophical Manuscripts Mill excerpt | On the basis of the philosophy of Feuerbach and the results of Moses Hess and Friedrich Engels first attempts toward a critique political economy |
| New theoretical field is entered (1845-49) | | |
| 1845 | Theses on Feuerbach | Detachment from the previous theoretical field ("settle accounts with the philosophical conscience") |
| 1845-46 | The German ideology | Critic of the concepts of the species being and its alienation |
| New theoretical field is entered (1845-49) | | |
| 1847 | The Poverty of Philosophy | Critical application of bourgeois economics and class theory, but still no fundamental criticism of the categories |
| 1848 | The Communist Manifesto | Ricardo's theory of value is used against Proudhon to explain capitalism. Class struggles as an explanation of historical dynamics |
| 1849 | Wage Labour and Capital | |

| | | | |
|---|-----------------------------|--|---|
| Fresh start in London 1850, categorical critique of political economy Preparatory phase (1850-1857) | | | |
| 1850-53 | London notebooks | Further acquisition of bourgeois economics, but in much broader terms than in the 1840s. First own elaborations and methodological considerations for planned work | Increasing criticism of Ricardo's value and monetary theory, a fundamental criticism of the categories develops |
| 1854-57 | Further economic Excerpts f | | |
| 1857 | Introduction | | |

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Volume 3 /
Issue 3

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| 1858-63 | Second draft of "Critique of Political Economy" | Implementation phase Publication of the part of commodity and money | First elaboration of the theory of value. Value-form analysis and exchange processes not clearly separated, analysis of fetishism only at the beginning |
| 1858 | Original text of "A Contribution..." | Theory history as history of individual categories | Confrontation with Bailey shows deficits of value-form analysis. |
| 1859 | Critique of Political Economy. | Attempt to elaborate the book on Capital, renewed research process, deficits of structural principles are visible | Analysis of the overall process of reproduction, as well as the transformation of profit into average profit begins. |
| 1861-63 | Third chapter (contains Theories on Surplus Value") | | |
| 1863 | Excerpts from the History of political economy (supplements A to H) | Formation of a second project begins | |

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Volume 3 /
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First project: "Critique of political economy" in 6 books (1857-1863)

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|---------|---|---|---|
| 1867-58 | First draft "Critique of Political Economy" | Formation phase of this (first) project 6 books planned, "Capital in general/the competition of the many forms of capital" as a structural principle, three-way split of the "capital in the general" into production process, circulation process, capital and profit | Value theory not yet worked out, criticism of Proudhonist money views and bourgeois capital theories. The overall context of production, circulation, crisis still insufficiently completed |
| 1857-58 | Grundrisse Excerpts, Book of the crisis of 1857 | | |

Second project: "Capital" in 4 books (1863-1881)

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|---------|---|---|--|
| 1863-65 | First draft of "Capital" | Formation phase of the second project | First presentation of the capitalist circulation process for book II, first (and last) overall presentation of the capitalist process as a whole for Book III, including interest-bearing capital and the beginnings of the theory of credit |
| 1863/64 | Book 1 only "Results of the immediate process of production" survived | 4 books planned, history of theory as a separate book, "Capital in General" is abandoned, individual capital / total social capital as new structure principle for capital analysis | |
| 1864/65 | Book 2 (manuscript I) | | |
| 1864/65 | Book 3 (main manuscript) | | |
| 1864/65 | No draft for Book 4 | | |
| 1865 | Value, Price and Profit | | |

4. Changes and new approaches in the 1870s

4.1 Value and value-form in the various editions of the first volume

The first volume of *Capital* was the only one that Marx was able to publish himself. During his lifetime, it appeared as three versions: the first two German editions and the French translation corrected and revised by Marx. Regarding the French edition, Marx was full of praise in "Avis au lecteur" [To the Reader] from 1875, saying "elle possède une valeur scientifique indépendante de l'original et doit être consultée même par les lecteurs familiers avec la langue allemande" ["it possesses a scientific value independent of the original and should be consulted even by those readers already familiar with German"] (Capital I: 105). Marx wanted to include changes from this translation in the third German edition. Engels tried to implement this plan when he edited the third 1883 German edition. Although he included some, they were nowhere near all the changes found in the French translation. In 1890, he published a fourth edition in which he accepted further changes from the French translation, but again, not all of them.²⁵ This fourth edition is now the most common version of the first volume of *Capital*; it not only forms the basis for Volume 23 of Marx-Engels-Werke (MEW) but also for most translations. However, this text does not correspond to any of the editions of the first volume that Marx worked on himself.

Since the French edition was the last one that Marx had personally been involved with and considering that he had also emphasised its scientific significance, some exponents have adopted it as the best edition. Nevertheless, this is contradicted by Marx's correspondence. When it came to the question regarding which text the Russian translation should be based on, Marx did indeed request "that the translator always carefully compare the second German edition with the French, considering that the latter contained many important changes and additions," but he also added, "though, it is true, I was also sometimes obliged – principally in the first chapter – to "aplatir" ["simplify", M.H.] the matter in its French version" (Marx to Danielson, November 15, 1878, MECW 45: 343.). In the next letter from November 28, 1878, Marx wrote: "The two first sections ('Commodities and Money' and 'The Transformation of Money into Capital') are to be translated exclusively from the German text" (MECW 45: 346). In fact, Marx had solved many problems of translation in the first two sections by simply leaving out individual phrases and even whole sentences, or he highly compressed them.

With regards to the theory of value, the French edition is certainly

25 See the "List of passages from the French edition, which were not included in the 3rd and 4th German editions" (MEGA II/10: 732-783).

not the best version - however, neither is either of the German editions. One of the central elements - the value-form analysis - of the theory of value exists in a total of three different versions: one in the first chapter of the first edition, one in the appendix to the first edition, and the third in the second German edition, which is largely (but not entirely) based on the appendix of the first edition. Nevertheless, Marx appears not to have been completely satisfied with this last German version. Marx writes in the preface of the first volume of *Capital* in 1867 about the presentation of the value-form analysis in the first chapter that "[i]t is difficult to understand because the dialectic is much sharper than in the first presentation" [referring to *A Contribution to the Critique of Political Economy*, from 1859, M.H.] (MEGA II/5: 11et seq.). Although Marx also presented this preface in the second edition, he removed the quoted sentence. In fact, in some respect, the new version of the value-form analysis in the appendix, and in the second edition, presented a problematic simplification in comparison to the first presentation in the first edition. For example, the paradoxical fourth value-form (each commodity is a universal equivalent) was replaced by the money-form. However, the money-form cannot be justified through form-analysis but only from the perspective of the theory of action, which Marx also implies with his reference to "social habit" (Capital I: 162). In doing so, the strict distinction between the level of form-analysis in the first chapter and action theory in the second chapter is blurred. On the other hand, the appendix of the first edition and additionally the presentation in the second edition, deal with some points in greater detail than in the first chapter of the first edition. In the case of the three versions of the value-form analysis, there is no clear best version. However, the value-form analysis is one of the corner stones of the Marxian theory of value. It is through this that it is fundamentally distinguished from both the theory of value of the classical political economy and from the approaches of neoclassical money and value-theory. A scientific discussion of Marx's value-form analysis is therefore required to engage with all three versions.

The revision of the section on commodity and money for the second edition resulted in the manuscript "Ergänzungen und Veränderungen" (Additions and Changes), which was first published in MEGA II/6. This manuscript not only shows how meticulously Marx wrestled with many formulations,²⁶ but also contains almost three printed pages of a comment by Marx relating to his own account. Marx referenced his determination of value at the beginning of the first chapter of the first edition and concludes: In this way, the coat and the linen, as values, each one for

26 The text has only about 50 printed pages, but the list of versions in the MEGA encompasses over 300 pages.

itself were each reduced to the objectification of human labour. But through this reduction it was forgotten that none is such objectivity in and of itself, but rather that they are only such insofar as they are common objectivity. Outside of their relationship to each other – the relationship where they are equated – neither the coat, nor the linen contain objective value or their own objectivity as mere galleries of human labour (MEGA II/6: 30). Additionally, Marx states even more concisely on the next page: “A work product, considered in isolation, is not a value, just as little as it is a commodity. It only becomes value as a unit in relation to other work products, or in the relationship wherein the various products are equated as crystals of the same unit of human labour” (MEGA II/6: 31). Marx offers his view on a problem often discussed during the 20th century, namely whether value is already a result of the labour expenditure in production, or whether value is only obtained as a result of production and circulation.

The issue raised in the quote above, along with another labour product, equalisation, only takes place in the exchange. According to Marx, without a product being exchanged, it is neither a commodity nor does it have a value-objectivity [Wertgegenständlichkeit]. Marx then also emphasizes this in the second edition, in which he says: “Their exchange-value manifests itself as something totally independent of their use value” (Capital I: 128).

In the production, the “character of value of things” is only “considered” (ibid.), that is, the producers calculate the value, but it does not exist in production. At the beginning of the chapter, Marx had already changed the characterisation of the (abstract) work from “gemeinsame gesellschaftliche Substanz” [common social substance] (MEGA II/5: 19) to “gemeinschaftliche[n] gesellschaftliche[n] Substanz” [communal social substance] (Capital I: 138) which also better expresses linguistically that commodities cannot have this substance each for themselves, but only in ‘community’ with other commodities.

Thus, to get an adequate understanding of Marx’s theory of value, we require not only the first and second German editions of the first volume, but also this revised manuscript.²⁷

4.2 Does Marx give up the “law of the tendency of the rate of profit to fall”?

Since Grundrisse, Marx regarded the “tendency of the rate of profit to fall” as one of the most important laws of political economy, due to the

²⁷ In Heinrich (2016) I undertook a commentary on the value-form analysis using all of these texts. For the historical evolution of the theory of value in the various editions of *Capital*, see Hecker (1987).

fact that it gives information about the long-term development tendencies of capitalism. That a long-term fall of the rate of profit would take place was also not doubted in bourgeois economics. Nevertheless, there was disagreement regarding the causes for this situation. Marx claimed to have found the reason for this: the intrinsic capitalist form of increase in productivity, which is accompanied by an ever-growing value composition of capital (the ratio of constant to variable capital). Since productivity increases do not only lead to a rising value composition, but also to an increasing rate of surplus value, it was not in the least clear that the rate of profit would actually fall. In the main manuscript for the third book 1864-65, Marx made several attempts to justify this law. How successful these attempts were was assessed highly differently in the debates of the 20th century.²⁸

After 1865, Marx had not explicitly engaged with the law of the tendency of the rate of profit to fall in any manuscript. He mentioned this law for the last time in a letter to Engels dated April 30, 1868, in which he outlined the structure of the third book (MECW 43: 21). The fact that Marx didn’t mention this “law” in the 1870s, despite repeated mentions in his correspondences on crises and development tendencies of capitalism, may be the first indication that he no longer adhered to this law.

The quantitative relationship between surplus value and profit - a relationship central to the debate on the law of the tendency to fall - still preoccupied Marx several times after the completion of the first volume of *Capital*. Several smaller manuscripts relating to this came into being after 1868 (see MEGA II/4.3). In 1875 he finally wrote the aforementioned, larger manuscript, “Mehrwertrate und Profitrate mathematisch behandelt” (Investigating the rates of surplus value and profit mathematically) (included in MEGA II/14). In this manuscript, Marx endeavoured to find “the laws which determine the increase or decrease or invariability of profit, meaning the laws of their movement” (MEGA II/14: 128et seq.). Proceeding from the profit rate formula, Marx mathematically went through different possibilities of change. During the process, it quickly became evident that, in principle, all types of movement are possible. Repeatedly, Marx even captured the possibilities of a rising rate of profit despite the value composition of capital having increased.

Although Marx made no more explicit reference to the “law of the tendency of the rate of profit to fall,” a strong indication suggests that Marx no longer adhered to this law. In a note contained in his personal copy of the second edition of the first volume of *Capital*, Marx took de

²⁸ Henning (2006) gathered the various arguments that have been put forward during the debate which justify the law. A critique of these arguments can be found in Heinrich (2007). Essentially, I go into the problematic nature of this “law” in Heinrich (2013a) .

facto leave of this law when he says, “Here, for further comment later: the expansion is only quantitative, therefore the profit masses behave in the case of larger and smaller capital in the same sector according to the amounts of rapid increase of capital. If this behaves quantitatively, it expands qualitatively, thus the rate of profit rises simultaneously for larger capital” (Capital I: 781). As is apparent from this context, a rising value composition of capital is meant by the “qualitative” effect of quantitative expansion. Thus Marx assumes a rising rate of profit due to a rising value composition – this is the opposite of the law of the tendency of the rate of profit to fall. Engels had included this as a footnote in both the third and fourth editions of the first volume, although it remained largely ignored (the text edited by Engels in: Capital I: 781). Only Groll/Orzech (1987: 604et seq.) suspected that this comment indicated that Marx doubted his law of the rate of profit. This assumption has become considerably more plausible since publication of the manuscripts relating to added value and the rate of profit in the MEGA.

4.3 Crisis theory and the crisis empiricism of the 1870s

When engaging with Marx's theory of crisis, one usually examines passages from the third volume of *Capital* and *Theories of Surplus Value*, that is to say, texts that were written between 1861 and 1865. But after 1865 and for the next 15 years, Marx busied himself with contemporary crises as documented in excerpts and letters. This engagement went far beyond what he had formulated in the first half of the 1860s.

The above-mentioned crisis of 1866 already led Marx to conduct a deeper study of the relationship between credit and crisis. Should crisis processes be so closely linked with credit, then crisis could not be dealt with, at least not exclusively, before the theory of credit, which Engels' edition of the third volume insinuates. Marx's continued uncertainty concerning many points regarding the theory of crisis is clearly shown in a letter to Engels from May 31, 1873. There he wondered whether it was possible “to mathematically determine the main laws of the crisis” (MEW 33: 82). This possibility assumes that crisis processes proceed with enormous regularity. By posing the question of mathematical determination, it becomes clear that Marx was nowhere near clarifying the extent of this regularity.

Important progress for Marx's crisis theory was achieved at the end of the 1870s with *Manuscript VIII* for Book II of *Capital*. In the manuscript for Book III, written 1864-65, the theory of under-consumption was only one of several approaches; however, Marx placed emphasis on this when he described the “poverty of the masses” on the one hand, and the development of the capitalist productive force on the other hand, as “the ultimate reason for all real crises” (Capital III: 614). Manuscript VIII for

Book II, which came into being at the end of the 1870s, basically rejected any version of a theory of under-consumption. Marx argued that it is “pure tautology” to suggest “that the crises arise from a lack of solvent consumption” and adds that “if the attempt is made to give the tautology the semblance of greater profundity, by the statement that the working class receives too small a portion of its own products, and that the evil would be remedied if it received a bigger share, i.e. if its wages rose, we need only note that crises are always prepared by a period in which wages generally rise, and the working class actually receives a greater share in the part of the annual profit destined for consumption.” (Capital II: 486f). Thus, the last word (chronologically-speaking) on the crisis theory is found not in the manuscript of Book III, but rather in this late manuscript for Book II.

Similarly, at the end of the 1870s, Marx wrote in a letter to Danielson relating to the progress of his work on *Capital*, and indicated that he could not under any circumstances publish “the second volume” (meaning Books II and III) “before the current industrial crisis in England reaches its apex. The phenomena are quite peculiar this time; they differ in many respects from previous ones... One must, therefore, observe the current course until the situation has matured. Only then can one ‘productively consume’ them, that means ‘theoretically’” (Letter from April 10, 1879, MECW 45: 354). By emphasising that he wished to “theoretically” consume this crisis, it becomes clear that Marx was not interested in recording some of the current data pertaining to this crisis in *Capital*. Rather, what he stresses involves a theoretical permeation of the crisis processes that had taken place, which he regarded as something wholly new.

As a matter of fact, a new type of crisis did occur at the end of the 1870s. While a fast recession was followed by an equally rapid recovery from the previous crises, during the second half of the 1870s, a protracted stagnation over many years occurred for the first time. Therefore, Marx's statement that his research process was not sufficiently advanced to be able to complete the presentation of crisis theory was absolutely correct. While his theoretical insights of crisis in the main manuscript of 1864-65 did not become invalid, it is clear that they did not offer a nearly complete crisis theory. Rather, they encompassed disparate approaches to such a theory, based on very limited empirical foundation.

One of the new elements highlighted by Marx is the lack of a stock-market crash and a monetary crisis in London, this location being the “centre of the money-market” (MECW 45: 354). This is a point he also stressed less than one and a half years later in another letter to Danielson (see letter of September 12, 1880, MECW 46: 30-31). Marx explains the lack of a money crisis in the first letter as resulting from the interaction of the Bank of England with the Bank of France as well as the recommencement of cash payments in the United States.

Regardless of the extent to which Marx recognised these relationships correctly, it became clear that in the core capitalist countries crises and credit conditions could no longer be considered on a purely national level, and that banks played a crucial role. This meant that the credit system and the crises could not be examined without taking into account the active intervening role of the national banks and therefore, not without the State. As a result, the question arises whether the presentation of “the internal organisation of the capitalist mode of production in its ideal average” (Capital III: 970) as envisaged by Marx in *Capital*, could be dealt with at a level that was still completely abstracted from the State and the world market. In other words, the question arises whether it may not be necessary for a renewed change of the structure of presentation.

4.4 England, USA and Russia

Neither Russia nor the United States plays an important role in the manuscripts for *Capital*. The reason for this becomes clear in the preface from 1867. Marx, who wanted to study the capitalist mode of production, pointed out that up till now, “its locus classicus has been England. This is the reason why England is used as the main illustration of the theoretical development I make.” (Capital I: 90). This situation did not remain as such.

The United States had experienced strong economic development in the 1870s, which Marx closely followed. In doing so, he used not only the materials available in London, but had friends and acquaintances send him newspapers and statistical reports directly from the United States. On November 15, 1878, he wrote to Danielson that “the most interesting field for the economist is now certainly to be found in the United States, and, above all during the period from 1873 (since the crash in September) until 1878 - the period of chronic crisis. Transformations - which to be elaborated did require in England centuries - were here realised in a few years” (MECW 45: 344). As shown in the 1878 interview, conducted by John Swinton, Marx was planning to present the credit system on the basis of the conditions in the United States (see MEGA I/25: 442et seq.). Apparently, Marx no longer considered England, or at least not solely, as the “classic site” for the capitalist mode of production.

In the 1870s, Marx dealt intensively not only with the United States, but also with landed ownership in Russia, which would play an important role in the treatment of ground rent in his third book. He even learned Russian in order to be able to study the relevant literature. Most likely, the original reason for this interest in Russia was the expectation of a speedy revolutionary upheaval, which had been sparked by Flerowskis's book about the Working Class in Russia.²⁹ This expectation was reinforced

²⁹ See the letters to Engels from February 12, 1870 (MECW 43: 428ff.) and to Laura

by contacts with Russian Social Revolutionaries such as Vera Zasulich. In the preface to the Russian edition of the *Communist Manifesto* from 1882, Marx's last publication, Russia is referred to as the “vanguard of revolutionary action in Europe” (MECW 6: 296). However, Marx not only studied the contemporary situation in Russia, but also the history of Russian land ownership.³⁰ Due to these, as well as ethnological studies (Marx 1972), undertaken in the 1870s, Marx finally overcame eurocentrism, which can be found in his articles on India from the 1850s in particular. (see Anderson 2010 and Lindner 2011).

Precisely because of the different developments in England, Russia and the United States, it became clear that even his famous phrase from the preface of 1867 was no longer sustainable: “The industrially developed country only shows the less developed one as the image of its own future!” (Ibid.). Already in the French translation of the preface, Marx had somewhat limited this statement: “Le pays le plus développé industriellement ne fait que montrer à ceux qui le suivent sur l' échelle industrial de leur propre avenir” (MEGA II/7:12, emphasis by M.H.). It became clear that a more or less uniform path of capitalist development could not be assumed. Less-developed countries do not necessarily follow the pattern of developed countries. In the United States, predominantly as a result of European immigration and vast natural resources, a dynamic existed in the 19th century that had led to a substantially faster development than in the case of England, which was still economically and politically dominant at the time. With regard to Russia, Marx saw the opportunity to avoid the Western European English path of capitalist development, which he and Engels mentioned in the preface to the Russian edition of the *Communist Manifesto*, as supporting a revolution in Western Europe by linking communist developments in Russia with existing common property (MEW 19: 296).

As early as 1877, in a letter to the editor of the *Otetschestwennyje Sapiski*, Marx highlighted the peculiarity of Russian development and his principle opposition to “historico-philosophical theory of the general course, fatally imposed upon all peoples, regardless of the historical circumstances in which they find themselves placed” (MEGA I/25: 116; MEW 19: 111.). However, if there is no universal path of capitalist development, then there cannot be just a single model of developed capitalism.

and Paul Lafargue from March 5, 1870 (MECW 43: 446ff).

³⁰ See the Kovalevsky excerpt, published by Harstick (1977).

4.5. The problems of Marx's manuscripts and Engels' edition of Capital

In the 1870s, Marx engaged with much more than the issues raised thus far. He still had plenty of excerpts on physiology, the history of technology, geology, general science questions³¹ and mathematics. These excerpts not only illustrate Marx's wide range of interests, but also that at least a part of them were likely to be directly related to *Capital*. The subject areas addressed by Marx continued to widen. In this way, he already touched on questions that are now dealt with using the keywords of ecology and economy (see the detailed study of Burkett/Forster 2010). It became clear to Marx that his earlier engagement with technological questions,³² which formed the basis for the first volume of *Capital*, published in 1867, was no longer sufficient given the enormous technological advances. Until his death, he followed up on these latest technical developments. In a letter to Engels from November 8, 1882 (MECW 46: 364ff), a few months before his death, Marx still showed a keen interest in the recently demonstrated long distance electric power transmission via telegraph wire - one of the foundations for electrification during the 20th century.

By the end of the 1870s, it was impossible for Marx to limit his dedication to preparing the existing manuscripts for printing, in light of the fundamental issues discussed in the previous paragraphs, especially those in the third book and the expansion of the subject areas indicated in the excerpts and letters. A fundamental revision of the existing material, a "fourth draft" of *Capital* was required, not only to include new insights into the existing drafts, but also to address conceptual problems. In doing so, it appears particularly relevant to mention that it was no longer possible to abstract from the role of the state, in particular from the national banks and that of public credit, in connection with credit and crisis theory, and neither could one abstract from the role of international trade, exchange rates and international credit flows. All of these issues should have been excluded from the investigation of the capitalist mode of production "in its ideal average" (Capital III: 452). Nevertheless, it became evident that this was not so easily possible. To ascertain how to then continue with this presentation, it would have been necessary to identify anew everything that formed a part of this "ideal average."

The existence of conceptual problems requiring fundamental reworking is evident beyond a critical reading of the existing manuscripts. These problems were also indicated in some of Marx's later observations.

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31 The scientific excerpts that came about between 1877 and 1883 have been published in MEGA IV/31.

32 See the earlier excerpts on machinery and equipment in Marx (1981) and Marx (1982).

Reference has already been made to the Swinton interview, in which Marx said that he wanted to present the credit system based on the US-American relations and before that, a letter to Danielson from April 10, 1879, was quoted where Marx emphasised that he could not complete the second volume (Book II and Book III) before the current crisis had reached its peak, in order to be able to process the new phenomena "theoretically." Both require a basic reworking of the manuscript for Book III. On June 27, 1880, Marx wrote to Ferdinand Domela Nieuwenhuis regarding the second part of *Capital* (Books II and III) stating, "certain economic phenomena are, at this precise moment, entering upon a new phase of development and hence call for a fresh start" (MECW 46: 16). This sounds like considerably more than just needing to include some new data in the presentation. Finally, Marx also made clear that the need for a thorough review was not limited to Books II and III. On December 13, 1881, he wrote to Danielson about the forthcoming third edition of the first volume and stated that he would agree with the publisher to print only a small number with a few changes. Adding that, should these copies be sold, "I may change the book in the way I should have done at present under different circumstances" (MECW 46: 161). When Marx wrote this, not only was his health in a bad condition, but his wife Jenny had died only a few days before.

A first step towards this revision could have been one of Marx's last texts, the "Notes on Wagner" written between 1879 and 1881, in which Marx made a renewed effort to engage with questions of commodities and value.³³ At the end of the 1870s, Marx's *Capital* was not merely unfinished from a quantitative point of view, since some chapters had not yet been drafted. *Capital* was also unfinished in a qualitative sense: a number of conceptual issues remained unresolved, the repercussions of various insights (such as the move away from the perspective of "money as a veil" in *Manuscript VIII* for Book II, his doubts about the law of the tendency of the profit rate to fall, and new insights into the history and effects of the crises) had not yet been reflected on the rest of the presentation, and ultimately it was not clear to what extent a presentation of the capitalist mode of production "in its ideal average" could have.

* * *

Following Marx's death, Engels did precisely what Marx had tried to avoid with the *Capital* manuscripts; he set up print templates from the existing texts. By using the tools at his disposal to salvage *Capital* for posterity, this was the only thing Engels could do during that historical period. In 1885, he published Book II as a second volume and in 1894 he

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33 The German economist, Adolph Wagner was the first, who had dealt with Marx's *Capital* in a textbook on Political Economy which was published in 1879.

published Book III as a third volume of *Capital*.³⁴ In doing so, Engels in part intervened heavily in Marx's manuscripts by editing, changing, cutting, introducing divisions and headings. By undertaking this editorial work, Engels faced a dilemma that he clearly expressed himself. Thus, in the preface to the third volume he writes that he "confined it simply to what was most necessary, and wherever clarity permitted" (Capital III: 93), while at the same time mentioning that section five, in particular, had required significant interventions (Capital III: 94.). As for the seventh section, he wrote that "its endlessly entangled sentences had to be taken first broken up before it was ready for publication" (Capital III: 97). In his "Postscript" for the third volume, Engels emphasised that he wanted to allow Marx to speak "in Marx's own words" (Capital III: 1027). However, in a letter to Danielson on July 4, 1889, he states that "[s]ince this final volume is such a great and completely unassailable work, I consider it my duty to release it in a form in which the general line of argument is presented clearly and graphically. In the state of this manuscript - an initial, often interrupted and incomplete sketch - this task is not so easy." (MEW 37: 244). On the one hand, Engels did not want to conceal the unfinished nature of Marx's manuscripts, but rather wanted to provide as authentic a text as possible. On the other hand, especially when considering the political meaning of *Capital*, he tried to improve its comprehensibility and present it as a largely complete work. Nevertheless, it should be ascertained that these two goals are mutually exclusive.

Thanks to the MEGA, a comparison between Marx's manuscripts and Engels' edition is now possible - and it turns out that Engels intervened in the manuscripts to a significant degree. Much of the interventions indeed improved the readability of the text, without necessarily changing the content. Nonetheless, a few of the changes made by Engels were based on errors, deciphering issues³⁵ or incorrect text classification.³⁶ Indeed, Engels made a number of changes based on his understandings of what Marx had meant. Though the text clarified a number of important points, readers were left unaware that the original text by Marx lacked clarity in these specific places. One example,

34 See Hecker (1999) and Marxhausen (2008) on the history of the editions of *Capital*.

35 From "Eine Beweisform des Credits" [Material evidence of Credit] (MEGA II/4.2: 442). This deals with the derivation of the loan from the cash function of money, and is termed "Eine besondere Form des Kredits" [A special form of credit] by Engels (MEGA II/15 350; MEW 25: 382).

36 Thus, Engels' 48th Chapter "The Trinitarian Formula" is made up of three fragments, which he numbered I., II. and III. I. and II. are obviously removed from the continuous text, as III. shows evidence of a lacuna (Capital III: 956-970). Miskewitsch/Wygodski (1985) were the first to consider that I. and II. are two halves of a folded sheet that had fallen out of the text marked as III. The fragments I and II perfectly fill the lacuna in fragment III.

previously mentioned: In the 15th Chapter of the third volume, Engels structured the text and chapter title so that it closely linked the theory of crisis to the "law of the tendency of the rate of profit to fall," despite this not being the case in the original manuscript.

The differences between Marx's manuscripts and Engels' editing have previously been discussed and debated several times.³⁷ In this context, however, over and above Engels' editing, it is also important to consider the origins of the manuscripts that he used in that such manuscripts resulted from very different stages of *Capital's* preparation. The following overview should illustrate this:

The edition of Capital by Friedrich Engels

| Capital volume in Engels' edition | Manuscripts used | Completion time of the manuscripts | Origin of Manuscript |
|-----------------------------------|--|------------------------------------|----------------------|
| Volume 1 (1890) | 2. German ed. of 1. Volume | 1872-73 | Third draft |
| | French translation | 1872-75 | |
| Volume 2 (1885) | Manuscripts II, IV, Manuscripts V, VI, VII, VIII | 1868-70 | Second draft |
| | | 1876-81 | Third draft |
| Volume 3 (1895) | Main manuscript for Book 3 | 1864-65 | First draft |

That which in Engels' edition appears as not quite finished, but as a reasonably complete and concluded work, was based on manuscripts that emerged at very different times. They come from different drafts of *Capital* and thus represent different levels of analysis. With the view that *Capital* was substantially complete and ready, the respective status of Marx's reflection was in fact finally fixed. The fact that Marx's empirical

37 See, for example, the controversy between Krätke (2007) and Elbe (2008), except for the references indicated in footnote 2.

basis had consistently expanded and that, in Volume III in particular, the development of categories was far from complete, is largely ignored from this perspective. While in several respects the second draft of *Capital* (1866-70) presented a clarification, elaboration, and only limited extension of the first draft from 1863-65, the third draft (1871-1881) showed a new formation period for the entire work, as confirmed by Marx's later remarks. This, despite the manuscripts, excerpts and research interests of this third draft, by no means amount to a nearly finished work. Marx's legacy is not a finished work, but rather a research programme, the vast outline of which are only now becoming visible through MEGA.

Translated by Cindy Zeiher

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How to Read Capital in the Twenty-First Century

Campbell Jones

Abstract: It might well be tempting and indeed even satisfying to think that opposition to capitalism requires taking a position radically outside the world as it is. Speculative leftism opposes the world as it is with the force of a subjective will, which is proved pure by its very externality. But every situation contains within it radically inconsistent elements that threaten to wrench the situation open. For this reason we here offer, beyond the alternatives of immanence and transcendence, an orientation toward capital in the twenty-first century that concretely locates the radical overcoming of capital in the midst of what is. Not alone or standing outside but with Hegel, Badiou and the tradition of the radical critique of capital, we specify elements of a political orientation neither immanent nor transcendent, neither capitulationist nor speculative leftist. The value of such an orientation is demonstrated by recourse to economics, not from the outside in order to demonstrate its grotesque ideological nature but rather to show some of the ways in which the overcoming of capital is there, as elsewhere, already under way.

Keywords: Capital, Immanence, Inequality, Thomas Piketty, Radical Thought, Social Change, Transcendence

Towards the end of the Preface to the *Phenomenology of Spirit*, clearly anticipating the reception of all sizeable books and not only his own, Hegel emphasises the hard work required by thinking. He presents the activity of philosophy as a strenuous exertion, one that struggles against the easy seductions of received wisdom and also against subjectivism, sensualism and romanticism and any empiricism for which understanding can be achieved on the basis of brute sense perception alone. Thus he writes, with biting wit:

No matter how much a man asks for a royal road to science, no more convenient and comfortable way can be suggested to him than to put his trust in healthy common sense, and then for what else remains, to advance simply with the times and with philosophy, to read reviews of philosophical works, and perhaps even to go so far as to read the prefaces and the first paragraphs of the works themselves. After all, the preface provides the general principles on which everything turns, and the reviews provide both the historical memoranda and the critical

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1 An earlier version of this paper was presented as a keynote address at the first Social Movements, Resistance and Social Change in New Zealand conference, Massey University, Palmerston North, 28-29 August 2014. Thanks to the organisers of that conference Ozan Alakavuklar and Andrew Dickson and all participants. Thanks also to Frank Ruda for his incisive reading, and for the many useful suggestions from Jai Bentley-Payne, Andrea Brower, Rowland Curtis, Nathalie Jaques, Finn Morrow, Anna-Maria Murtola and Stephen Turner.

assessment which, because it is a critical assessment, exists on a higher plane than what it assesses. One can of course traverse this ordinary path in one's dressing-gown.²

Consistent with his constant insistence against the presumption that philosophy is a kind of work available only to those afforded a life of leisure, Hegel is dismissive of the shortcuts taken by those who imagine that philosophy might come easily. Thus the parody of the comfortable repose of the figure in dressing gown that appears in the first of Descartes' meditations.³ It is in this context that Hegel writes that 'True thoughts and scientific insight can only be won by the labor of the concept'.⁴

This labour of the concept involves the most patient care and runs against the temptations of the day. Rather than leaping ahead of one's material it involves staying with the matter in hand, the real issue, the 'thing that matters' (*die Sache selbst*). Thus Hegel's apparently paradoxical argument that 'The easiest thing of all is to pass judgment on what is substantial and meaningful. It is much more difficult to get a real grip on it'.⁵

Science for Hegel, 'is something very different from the inspiration which begins immediately, like a shot from a pistol, with absolute knowledge, and which has already finished with all the other standpoints simply by declaring that it will take no notice of them'.⁶ Hegel therefore argues in the *Science of Logic*, in relation to the idea of the refutation of a philosophical system, that 'we must get over the distorted idea that that system has to be represented as if thoroughly *false*, and as if the *true* system stood to the false as *only opposed* to it'.⁷ By contrast, 'Effective refutation must infiltrate the opponent's stronghold and meet him on his own ground; there is no point in attacking him outside his territory and claiming jurisdiction where he is not'.⁸

Such demands have a remarkable durability, no doubt due to the seductions that lie in the ease of speed-reading and the small victories

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2 Hegel 2013, §70.

3 Descartes 2006, p. 13.

4 Hegel 2013, §70.

5 Ibid. §3.

6 Ibid. §27.

7 Hegel 2010a, p. 511.

8 Ibid., p. 512.

that can be seized by focusing on particulars from an abstract outside. Against this, the effort to transcend a system from within marks some of the most productive appropriations of Hegel in radical philosophy and radical politics through the nineteenth and twentieth centuries and retains vital lessons for radical philosophy and politics in the twenty-first.

For now let it be said that the first point of orientation proposed here is to work with the matter in hand rather than to shoot right past it. It is on such grounds that possibilities can arise. The position of the lonely outside is a satisfying delusion but a delusion none the less. Of course at some point we have to decide, but that decision should not be made in advance. As Derrida once put it, 'When I try to decipher a text I do not constantly ask myself if I will finish by answering *yes* or *no*, as happens in France at determined periods of history, and generally on Sundays'.⁹

It is in these terms that I propose here to read the prospects for transcending capital in the twenty-first century. I begin in the first section of the paper by offering a reading of Thomas Piketty's widely discussed and perhaps widely read book *Capital in the Twenty-First Century*.¹⁰ In doing so I seek to clarify some of the philosophical and political stakes of his book and above all the practice of transcendence from within. Such elements are generally overlooked both by economic thinkers unattuned to what might seem to be 'philosophical' notions and also by radical critics keen to rush to outright dismissal of anything dirtied by the economic. Rather than taking a position safely inside or outside his book, I propose to raise the stakes regarding the kind of orientation that one takes to a book such as Piketty's and with this the orientation of radical thought to capital in the twenty-first century.

Maintaining with Piketty that the transcendence of capitalism from within is again on the cards, I turn in the second section of the paper to questions regarding immanence and transcendence in the thought of Hegel and Alain Badiou. I argue against those tendencies in radical thought that, out of a well-intentioned sense of hope for purity, dismiss or underplay that which there is in the situation that can radically open it. With Hegel and Badiou I turn to the question of 'what there is' and with this engage the prospects of transcendence from within what there is. This argument turns on locating or recalling certain radically transformative moments in Hegel's insistence on a close encounter with

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9 Derrida 1981, p. 52. Various versions of this formula appear throughout Derrida's work. Among many possible instances see, for instance, Derrida 1976, p. 62.

10 Piketty 2014. Translated from Piketty 2013. I have not sought to correct all errors of translation, which are to some extent not relevant given the widespread reception of the English language version.

the matter in hand. An engagement not from the safety of outside but from a position that has cut across the very centre of economic thought will be vital if radical thought is to understand, let alone to confront, capital in the twenty-first century.

Capital in the Twenty-First Century

Beyond the plethora of useful summaries and easy opinions circulating in the media, Piketty's book presents obstacles well beyond its sheer size.¹¹ The book might well be taken to have little to say to either the gritty demands of political organisation or the heady heights of radical philosophy. The book can after all be read as a tract of depoliticising policy advice proposing nothing more than a centrally administered tax increase that all well meaning progressives already support and that none in power in any way countenance. Here I will argue against this reading, not so much in order to defend Piketty but rather to propose a relation between philosophy, economics and politics that is not premised on relations of externality, division and separation.

Let us be clear that there are immediate challenges for philosophers and activists reading Piketty's book, not least of which is the utterly improbable way in which Piketty treats Marx. The critique of Piketty's reading of Marx is of course incredibly straightforward, and can be dispensed with so that we can begin with the harder work of understanding Piketty's book and its consequences. In brief then, Piketty conceives 'capital' in a shallow and banal way, equating all forms of wealth with capital and thus depriving himself of any ability to discriminate wealth from, for instance, industrial or financial capital. Marx is travestied in what Piketty calls 'the principle of infinite accumulation', against which Piketty might well have actually consulted what Marx wrote about the general law of capitalist accumulation. Against almost every moment in his writings Marx stands accused of assuming 'zero productivity growth over the long run'.¹² It is claimed that Marx takes a 'rather impressionistic' and 'a fairly anecdotal and unsystematic approach to the available statistics', by an author whose own demonstrated knowledge of Marx's writings is anecdotal at best and seems to have not even the slightest inkling of the meaning of terms such as primitive accumulation.¹³

11 Amongst the summaries, see, for instance, Brief and to the Point Publishing 2014 and Thibeault 2014.

12 Piketty 2014, p. 27

13 Ibid pp. 580n8, 229. On primitive accumulation see p. 575.

I have no interest in defending Piketty here, and indeed much that is critical could be levelled against his book. My goal rather is to invite critics of capitalism out of their hiding behind an abstract model of a mysterious capitalism and to turn instead to the realities of intervention against capitalism that are already under way. Indeed, the critique of Piketty's reading of Marx could easily occupy one so much that this would eclipse everything else in his book and indeed stand in for the critique of capital. The object of historical materialism, though, is not the 'critical criticism' of books and ideas but rather 'the *real* movement which abolishes the present state of things'.¹⁴ So whatever other conclusions we might come to about Piketty, let it not be forgotten for a second what our target of criticism is. Neither should it be forgotten that even beyond the stark reality that Marx is the most regularly cited person in this book, Marx or at least a phantom of Marx is indeed the principal theoretical interlocutor in Piketty's book.

Piketty's book begins and ends with questions regarding the intellectual and political terrain on which debate around the distribution of wealth takes place. He stresses that this debate 'has long been based on an abundance of prejudice and a paucity of fact' and bemoans the 'intellectual laziness' of both sides.¹⁵ His sources are statistical to be sure but are also theoretical and are far from restricted to economics. He argues that 'The problem of inequality is a problem for the social sciences in general, not just for one of its disciplines'.¹⁶ Further:

The truth is that economics should never have sought to divorce itself from the other social sciences and can advance only in conjunction with them. The social sciences collectively know too little to waste time on foolish disciplinary squabbles. If we are to progress in our understanding of the historical dynamics of the wealth distribution and the structure of social classes, we must obviously take a pragmatic approach and avail ourselves of the methods of historians, sociologists, and political scientists as well as economists. Disciplinary disputes and turf wars are of little or no importance.¹⁷

Piketty also challenges the division of intellectual from political life and concludes that 'It is illusory, I believe, to think that the scholar and

14 Marx and Engels 1976, p. 57.

15 Piketty 2014, pp. 2-3.

16 Ibid, p. 333.

17 Ibid., pp. 32-33.

citizen live in separate moral universes'.¹⁸ Further 'it is all too easy for social scientists to remove themselves from public debate and political confrontation and content themselves with the role of commentators on or demolishers of the views and data of others. Social scientists, like all intellectuals and all citizens, ought to participate in public debate'.¹⁹ He calls for the intersection of 'all social scientists, all journalists and commentators, all activists in the unions and in politics of whatever stripe, and especially all citizens'.²⁰

By this it should be clear that Piketty refuses the simple separation of the disciplines from one another and their claimed separation from politics and their own material conditions. In exactly this spirit I am proposing here to read Piketty alongside radical thought and radical politics. Taking radical politics first, this arrives to fill what would otherwise be a glaring gap in his analysis, that is, the question of the effective force towards social change in the absence of mechanical social or economic determination. Attentive readers will surely wonder why capitalists and the systems of global governance that have been oriented toward their interests for many years would acquiesce to the demand for extensive new progressive taxation on a global scale. Piketty's proposal is for a top tax rate on income of more than 80%, a progressive global annual tax on individual wealth of around 5% on the largest fortunes and perhaps 10% or higher on the wealth of billionaires. To which is added an immediate exceptional windfall tax of for example 15% on all private wealth in order to immediately eliminate public debt globally.²¹

Piketty certainly does not see this as an automatic process nor as one that will come about without resistance. Readers of David Harvey will at this point recall the injunction: 'The accumulation of capital will never cease. It will have to be stopped. The capitalist class will never willingly surrender its power. It will have to be dispossessed'.²² Piketty is clear that the countervailing forces against the massive concentration of wealth will be concerted collective action and that the presently constituted state presents serious obstacles. This is in part due to the persistence of the very idea of the nation state and specifically to the functioning of the European Union. Further, Piketty perhaps rather innocently inquires whether 'the US political process has been captured by the 1 percent'.²³

18 Ibid., p. 574.

19 Ibid., p. 574.

20 Ibid., p. 577.

21 Ibid., pp. 512, 529-530, 542.

22 Harvey 2010, p. 260.

23 Piketty 2014, p. 513.

Piketty does not, however, immediately eschew the state nor does he automatically leap to taxation as his solution. He treats in some detail the prospect of deliberately induced inflation in order to eliminate sovereign debt by devaluing privately held wealth. He emphasises the historical novelty of inflation in the twentieth century and the role that inflation played in destroying debt – this is a fact well known to liberal and neoliberal economists and thus Piketty's strategy of presenting the inflation card even if he does not play it is a carefully calculated move.²⁴ Rather than inflation, however, which brings its own dangers and only arbitrarily redistributes wealth, Piketty turns to tax, although not a tax on income so much as an annual tax on wealth, which, as he notes, has always been and increasingly is much more radically unequally distributed than income.

Tax is also preferred to the physical destruction of wealth that equalised fortunes as a result of the two great wars of the first half of the twentieth century. Against images of violence, he calls for the peaceful overcoming of capitalism. Using the language of French Hegelian Marxism, he asks: 'Can we imagine for the twenty-first century an overcoming of capitalism [*dépassement du capitalisme*] which is both more peaceful and more lasting, or must we simply await the next crises or the next wars (this time truly global)?'.²⁵ Elsewhere, he answers this rhetorical question: 'I remain optimistic and dream always of a rational and peaceful overcoming of capitalism [*dépassement rationnel et pacifique du capitalisme*]'.²⁶

He adds, stressing the need for decision between alternatives: 'Many people will reject the global tax on capital as a dangerous illusion, just as the income tax was rejected in its time, a little more than a century ago. When looked at more closely, however, this solution turns out to be far less dangerous than the alternatives'.²⁷ Among the dangerous alternatives is the prospect of doing nothing about the concentration of wealth and the increased and increasing inequality that has expanded globally since the 1970s. Absent forces to the contrary, Piketty demonstrates that these levels of concentration and inequality will soon return to levels present at the beginning of the twentieth century and that these trends will accelerate in the context of continuing returns on established wealth and slowing global growth. Hence the formula *r*

24 Among the many alarmed accounts of the perils of inflation see, for example, chapter 21 of Hayek 1960/2006.

25 Piketty 2014, p. 471. Translation modified. See Piketty 2013, pp. 751-752.

26 Piketty 2011.

27 Piketty 2014, p. 516.

> *g*, which expresses the tendency of the rate of return on capital to be greater than the rate of economic growth, and with this the incremental but exponentially increasing inequality of wealth over time.

For Piketty the thing that is endangered by rampant inequality is democracy. With this the danger of inequality to capital is the prospect of uprising by those affected by it. Democracy, it should be noted, is for Piketty not adequately represented by any regime of technocratic governance or depoliticised administration, which strip out the prospect for collective deliberation and are therefore fundamentally in conflict with democracy. 'Expert analysis will never put an end', he writes, 'to the violent political conflict that inequality inevitably instigates'.²⁸ Efforts to put an end to that political conflict fundamentally pose a threat to democracy, the nature of which is conflictual. Political conflict being on the side of democracy, it follows that for Piketty, 'Democracy will never be supplanted by a republic of experts – and this is a good thing'.²⁹

The Threat

In this light it is perhaps unsurprising that Piketty describes Jacques Rancière's attitude toward democracy as 'indispensable'.³⁰ In a series of works Rancière has argued for the foundational place of disagreement in politics, against the founding act of politics that is depoliticisation and the fundamental 'hatred of democracy' that recoils in horror at the prospect of the expressions of the desires of the people.³¹ It is important to emphasise Rancière's insistence that democracy is an unruly demand but moreover that it is one that has since the Greeks been despised by elites, who have always hated democracy. As Aristotle put it: 'the weaker are always asking for equality and justice, but the stronger care for none of these things'.³² On Piketty's framing, which targets both ideology and ideologists, 'no hypocrisy is too great when economic and financial elites are obliged to defend their interests – and that includes economists, who currently occupy an enviable place in the US income hierarchy'.³³

Piketty's book displays numerous important resonances with Rancière's work both explicitly and implicitly. This is clear in Piketty's

28 Ibid., p. 3.
29 Ibid., p. 2.
30 Ibid., p. 655n59.
31 Rancière 1999, 1995, 2006.
32 Aristotle 1984, p. 1318b2-5.
33 Piketty 2014 p. 514.

challenging of disciplinary boundaries and his frequent evocations of Jane Austen and Honoré de Balzac, which echoes the even more daring movements of Rancière between workers history, philosophy, aesthetics, political theory and literature. Taking a strikingly Hegelian voice, Rancière argues that democracy exists in the very movement of redistribution of objects in which there is an active indifference of form with regard to content.³⁴

Without this Rancièrian backdrop it might be difficult to understand exactly how and why Piketty distances himself from one particular form of Marxism. To some it will come as no surprise that of the major conclusions that arises from Piketty's historical data 'The first is that one should be wary of any economic determinism in regard to inequalities of wealth and income'.³⁵ Such statistical discoveries are of course already made in theory in the critique of that version of Marxism that Rancière associates, fairly or not, with Louis Althusser and Pierre Bourdieu.³⁶ Rancière insists, against an incapacitating Marxism, on the capacity of those considered most incapable, and shows what is possible even when nothing is considered possible. Hence Rancière's argument that the task of criticism is not 'the endless demonstration of the omnipotence of the beast'.³⁷

Piketty sees nothing natural or inevitable about inequality. The demand for equality is a social demand that can be and is made by particular groups in relation to others. For him 'there is no natural, spontaneous process to prevent destabilizing, inegalitarian forces from prevailing permanently'.³⁸ He raises expropriation of wealth as an alternative to taxation and emphasises how, in the US and British cases, higher taxes were historically used in order to curtail the prospect of forceable expropriation.³⁹

As Rancière finds politics in the most seemingly minor acts, Piketty is equally clear about the stakes of taxation. He writes: 'Taxation is not a technical issue. It is preeminently a political and philosophical issue, perhaps the most important of all political issues. Without taxes, society has no common destiny, and collective action is impossible'.⁴⁰

34 See for example, Rancière 2011a, 2011b.
35 Piketty 1014, p. 20.
36 Rancière 2011c 2003.
37 Rancière 2009, p. 49.
38 Piketty 2014, p. 21.
39 Ibid., p. 505.
40 Ibid., p. 493. See also p. 520.

Among the dangers of not elaborating a global tax on capital, Piketty evokes the risks of the formation of a new oligarchy, and with this of new forms of totalitarianism, rising non-democratic forms of capitalism and of capitalist authoritarianism. If these are threats from the perspective of capitalists and also threats to the idea that capitalism is inherently democratic, then these are threats from the other side, threats in the form of revolutionary challenges to capitalism as such. This is not the only time that Piketty uses the language of revolution.⁴¹

If, for example, the top decile appropriates 90 percent of each year's output (and the top centile took 50 percent just for itself, as in the case of wealth) a revolution will likely occur unless some peculiarly effective repressive apparatus exists to keep it from happening. When it comes to the ownership of capital, such a high degree of concentration is already a source of powerful political tensions, which are often difficult to reconcile with universal suffrage.⁴²

Piketty is very clear then about the place of force and consent, on repressive and ideological apparatuses in the maintenance of inequality. It is impossible, he writes, to maintain extreme inequalities 'unless there is a particularly effective system of repression or an extremely powerful apparatus of persuasion, or perhaps both'.⁴³

Indeed, whether such extreme inequality is or is not sustainable depends not only on the effectiveness of the repressive apparatus but also, and perhaps primarily, on the effectiveness of the apparatus of justification. If inequalities are seen as justified, say because they seem to be a consequence of a choice by the rich to work harder or more efficiently than the poor, or because preventing the rich from earning more would inevitably harm the worst-off members of society, then it is perfectly possible for the concentration of income to set new historical records....I want to insist on this point: the key issue is the justification of inequalities rather than their magnitude as such.⁴⁴

Against these justifications of inequality Piketty presents, again and again, the fact of what is possible. Again, the consistency of Piketty

41 Landais, Piketty and Saez 2011.

42 Piketty 2014, p. 263.

43 Ibid., p. 439.

44 Ibid., p. 264.

with Rancière is remarkable. For Rancière, 'This is what a process of political subjectivation consists in: in the action of uncounted capacities that crack open the unity of the given and the obviousness of the visible, in order to sketch a new topography of the possible'.⁴⁵ Rancière stresses the fact of bodies existing in the places they are not supposed to be in processes that actually take place in the midst of what is otherwise taken to be an impossible situation with no room to manoeuvre.⁴⁶ Thus his formulation:

It is possible: the whole ideological struggle between the bourgeoisie and the proletariat is played out there. The only song the bourgeoisie has every sung to the workers is the song of their impotence, of the impossibility for things to be different than they are or – in any case – of the workers' inability to change them.⁴⁷

Tax on wealth is not an abstract idea projected into the future for Piketty, but rather, 'various forms of capital taxation already exist in most countries, especially in North America and Europe, and these could obviously serve as starting points. The capital controls that exist in China and other emerging countries also hold useful lessons for all'.⁴⁸ He again stresses that the obstacles are not technical, even if they may be presented as such. Thus, 'the technical solution is within reach'.⁴⁹ On the gritty details of implementation he writes that: 'the capital tax would work in the same way as the income tax currently does in many countries, where data on income are provided to the tax authorities by employers'.⁵⁰

Piketty evokes the historical example of taxation in the United States, where for many years taxes on incomes were considerably higher than those in Europe. He identifies how these taxes were articulated with ideas of merit and how for many years there was lower inequality in the US than elsewhere and that this did not hinder economic growth. Further, as other critics of austerity politics point out, the issue today is not that there not being enough money. The question is rather *what to do with what there is*. 'The national wealth in Europe has never been so high.... The nations of

45 Rancière 2009, p. 49.

46 For Rancière's documentary work on bodies in places they are not anticipated to be see, for example, Rancière 2011a, 2011b, 2011d and 2012.

47 Rancière 2011c, p. 90.

48 Piketty 2014, p. 516.

49 Ibid., p. 556.

50 Ibid., p. 520.

Europe have never been so rich'.⁵¹ So rather than complaining of a poverty and immiseration in which nothing is possible, we are called instead to recognise our wealth and the possibilities within what is.

Immanent Exception

In his text 'Absolute Immanence' Giorgio Agamben contrasts a 'line of immanence' with a 'line of transcendence'.⁵² On the side of transcendence we find Kant and Husserl and on the side of immanence Spinoza and Nietzsche. These two paths meet in Heidegger and then divide again with Levinas and Derrida on the side of transcendence and Deleuze and Foucault on the side of immanence. Such a categorisation is open to all manner of objections, most obviously in the reductive simplicity with which these thinkers are allocated their places. Moreover, there is the problem of the missing 'third term' that stands beyond this opposition of Kant to Spinoza. This is of course Hegel, that great reader of both who subjected both to immanent critique.⁵³

One of the many reasons for the importance of Hegel for radical philosophy and radical politics today is his refusal of the alternative: immanence or transcendence. His position on this is well known, or at least should be well known. Against the various traditions that have turned difference into separation Hegel insists on the demonstrable reality of the 'unity of opposites' and at the same time he does this in way that equally resists undifferentiated, abstract, flat 'holism'.

Among contemporary thinkers who seek to think transcendence and immanence together perhaps none are as important nor as full of difficulties as Alain Badiou. Of course Badiou's efforts to deal with the problem of immanence is neither complete nor consistent in principle or application. Peter Hallward, among others, has identified serious problems with Badiou's position in this regard and in particular the consequences of this for his conception of politics.⁵⁴ I should stress the fractured character of Badiou's thought on immanence but will argue that there are many resources in Badiou's thought that can offer a remedy for these problems, for example in his critique of 'speculative leftism'. But my interest is not with the integrity or purity of the thought of Badiou or anyone else but rather what it can offer in terms of an orientation toward capital in the twenty-first century.

51 Ibid., p. 567.

52 Agamben 1999

53 For one instance of Hegel's immanent critique of both Spinoza and Kant, a task which is foundational to his project see for instance Hegel 2010a, pp. 511-525. Among the many commentaries on this moment in Hegel see, for example, Johnston 2014.

54 Hallward 2003. See also, for example, Bensaïd 2004; Johnston 2009 2013.

The question of immanence occupies a central place in Badiou's most recent work, no doubt in response to critical questions raised about the seemingly transcendent character of truths in his early and above all middle period. Immanence takes centre stage in his forthcoming *Immanence of Truths*, the third and final instalment of the *Being and Event* series, and has been at the heart of his seminars since at least 2012.⁵⁵ Nevertheless, the question of transcendence from within the situation, which is most recently cast as 'immanent exception', has occupied Badiou throughout his work.

At his best Badiou maintains an internal relation between being and event. The classic formulation of this appears in *Being and Event*, where Badiou seeks to grasp what needs to be thought of the nature of being for there to be the possibility of something genuinely new arising out of an existing situation. On the conception defended there, there is no pure event and change always takes place at the undecidable border of the situation. This is a recurrent reminder in Badiou's thinking, to which he opposes the thematics of absolute commencement. 'A change can not be absolute change. This is a very important point. A change is always a change somewhere, it is a change in a situation'.⁵⁶

In *Being and Event* Badiou names the tendency to think that change could arise from the purity of an outside 'speculative leftism', and he importantly connects this tendency with the pure willing for things to be other than they are. As he writes:

We can term speculative leftism any thought of being which bases itself upon the theme of an absolute commencement. Speculative leftism imagines that intervention authorizes itself on the basis of itself alone; that it breaks with the situation without any other support than its own negative will.⁵⁷

To the extent that Badiou avoids the temptation of speculative leftism himself, he finds that real change comes not purely from willing it but from an encounter with the situation which is not reducible to the situation.⁵⁸ In this ongoing dialectic, which has been creatively defended

55 Seminars at the Ecole Normale Supérieure on the Immanence of Truths I (2012-13), II (2013-14) and III (2014-15).

56 Badiou 2013a, pp. 23-24.

57 Badiou 2005, p. 210.

58 Cf. the critique of this by Hallward: 'It is as if Badiou's recent work positively embraces a version of what Hegel dubbed the unhappy consciousness – the stoical affirmation of a worthy ideal or subjective principle, but as divorced from any substantial relation to the material organization of the situation'. Hallward 2003 pp. 241-242.

by Bruno Bosteels, this is 'precisely a mode of thinking that does not seek to distinguish being on the one hand from the event on the other hand but rather to articulate them together within one and same plane'.⁵⁹

For being and event to coexist involves positing the existence of elements taken not to exist. Further, it involves calling into question the presupposed stability and consistency of the situation. Thus the idea of the existence of the inexistent and with this Badiou's pivotal axiom of the 'non-being of the one'.⁶⁰ This apparently abstract and metaphysical axiom is for Badiou the grounds for the refutation of metaphysics, given his early definition of metaphysics as 'the commandeering of being by the one'.⁶¹

Badiou does not conjure these ideas from nothing, but constructs them in active dialogue with that vast void of negativity that is Hegel's logic. In the *Science of Logic* we find the infamous equation of being and nothing and moreover the immanence of the other to any determinate being. Badiou is clear about this lineage: 'With Hegel, for example, the negation of a thing is immanent to that thing but at the same time exceeds [dépasse] it. The kernel of the dialectic is the status of negation as an operator which separates as it includes'.⁶² Elsewhere, discussing the core of the dialectic: 'In Hegel, for example, the negation of a thing is immanent to this thing but, at the same time, it goes beyond this thing'.⁶³

That negation exists on the inside is precisely why Hegel argues against an abstract ought that would impose itself from the outside. He argues against simply willing that things be different, because this ends up positioning the possible in the otherworldly and putting everything on the side of the subjective will. He rails against 'that kind of understanding which takes the dreams of its abstractions for something true, and which insists pretentiously on the "ought" which it likes to prescribe especially in the sphere of politics – as if the world had been waiting for this to learn how it ought to be, but is not'.⁶⁴ In the *Lectures on Logic* this argument is formalised in these terms: 'It is far easier to say what ought to be than to say what is'.⁶⁵

59 Bosteels 2011, p. 4.

60 Badiou 2005, p. 31.

61 Badiou, 2004, p. 42. Cf book one of Badiou 2009b, pp. 43-107.

62 Badiou 2011, p. 22.

63 Badiou 2013b, p. 127.

64 Hegel 2010b, p. 34.

65 Hegel 2008, p. 27.

Although there is little of value in the idea of immediate knowledge of things via unmediated sense perception, Hegel praises the 'great principle' of empiricism: 'Like empiricism, philosophy too knows only what *is*; it does not know what only *ought* to be and thus *is not there*'.⁶⁶ Throughout his work Hegel returns again and again to this problem. This generally appears in the form of a rejection of the moralism of the 'ought' that is opposed to the actual. This is given a new twist in the *Science of Logic* as the divided nature of the ought becomes clear. There he stresses: 'What ought to be *is*, and at the same time *is not*. If it *were*, it would not be what merely *ought to be*'.⁶⁷ The pure willing that things be different thus desires not actual change in real conditions in the world, but rather that the world remain other than it ought to be, thus preserving the purity of the willing. In such a situation, 'the will in itself requires that its purpose also not be realized'.⁶⁸

In the *Phenomenology* Hegel characterises this ultimately moral point of view that seeks a pure outside from which to criticise the corrupt nature of the world in terms of the 'unhappy consciousness' of the Stoics. As he explains the principle of the Stoics in his *Lectures on the History of Philosophy* 'its implication is not that the condition of the world should be rational and just, but only that the subject should maintain its inner freedom. Hence everything that takes place outside, all that is in the world, every circumstance of the sort, takes on a merely negative status as an *adiaphoron*, which I must relinquish'.⁶⁹ This unhappy consciousness returns in refined form in modern moral criticism of the impurity of the world on the basis that it fails to live up to how it ought to be. This moral criticism, which Hegel associates above all with Kant and Fichte and is again widespread today in the light of a renewed moralism, divides itself from the world for the reason of the world's corruption. Thought then remains on the side of this perfectly moral 'beautiful soul', while actuality and worldliness appear only negatively. This moral consciousness:

lacks the force to relinquish itself, that is, lacks the force to make itself into a thing and to suffer the burden of being. It lives with the anxiety that it will stain the glory of its inwardness by means of action and existence. Thus, to preserve the purity of its heart, it flees from contact with actuality [*Wirklichkeit*], and it steadfastly perseveres in its obstinate powerlessness to renounce its own self, a self which has been intensified to the final

66 Hegel 2010b, p. 79.

67 Hegel 2010a, p. 104.

68 Hegel 2010b, p. 298.

69 Hegel 2006, pp. 276-277.

point of abstraction. It persists in its powerlessness to give itself substantiality [*Substantialität*], that is, to transform its thought into being and to commit itself to absolute distinction [of thought and being].⁷⁰

This is precisely the position that Badiou criticises in *Being and Event* as 'speculative leftism'. Similarly, earlier in the *Theory of the Subject* he identified the prospect of the position of 'withdrawing from it completely' because 'we are in a ruinous and thoughtless epoch' one might take.⁷¹ This is an ethics grounded in neither praise of the situation nor resignation to it, but is rather what Badiou calls an 'ethics of discordance'. Such a position recognises that the situation is not-all but takes a negative or nihilistic stance, and thus 'touches on anxiety, which knows that it touches upon the real only through the inconsolable loss of the dead world'.⁷² Beyond this 'ethics of discordance' Badiou defends a 'Promethean ethics' grounded in confidence in and affirmation of what there is in the world.

What There Is

If Badiou defends a politics of the impossible then it is a politics that demonstrates that the impossible is in fact quite possible, it is already taking place. In this context it is crucial to grasp the status of the 'there is', which Badiou asserts regarding the status of something taken to not exist. This 'there is' of the apparently absent runs through Badiou's work, sometimes but not always schematised as the inexistent. In *Logics of Worlds* this is the 'except that there are [*il y a*] truths' that threatens to interrupt any world.⁷³ It is also clearly the motif of a practical politics that starts from the *there is* of present living and working bodies, of which Badiou stresses that 'There exist in our midst women and men who, although they live and work here like anyone else, are considered all the same to have come from another world'.⁷⁴

Again, this 'there is' in Badiou does not come out of thin air. In *Can Politics Be Thought?* Badiou presents the there is as the ground of Marx's politics. For Marx, Badiou writes: 'The point of departure is "there is the revolutionary workers movement"'. That is, a subject presents as obstacle where it unbinds itself. It is a pure "there is [*il y a*]", a Real. It is with respect to this "there is [*il y a*]" that Marx advances this or that

70 Hegel 2013, §658.

71 Badiou 2009a, p. 319.

72 Ibid., p. 320.

73 Badiou 2009b, p. 4.

74 Badiou 2008a, p. 57.

thesis'.⁷⁵ Thus Badiou divides Marx from Hegel and then splits Hegel from within in order that he might return, arguing that for Marx 'Hegel was an obligatory reference point which surely did not by itself furnish either the principle of the formulation of the "there is [*il y a*]" nor the rule of political engagement'.⁷⁶ Advocating a rereading of Hegel, he argues that

The referent for Marxism's acquisitions must be dismembered, disarticulated, reestablished, so as to participate, in his way, in the contemporary designation of the "there is [*il y a*]", which is at its starting point, because brought back to the foundational hypothesis: "There is [*il y a*] an ordered political capacity to non-domination".⁷⁷

Readers of Badiou will be well aware that this foundational hypothesis will appear repeatedly through his work. Later it will be formulated as the generic version of the communist hypothesis: 'that the logic of class – the fundamental subordination of labour to a dominant class, the arrangement that has persisted since Antiquity – is not inevitable; it can be overcome'.⁷⁸

This 'there is' that is irreducible to Hegel finds echoes across the record of the French revolution and it is here that other reference points impress themselves. In the pamphlet of Emmanuel Sieyès of January 1789, we read: 'What is the Third Estate? – *Everything*. What, until now, has it been in the existing political order? – *Nothing*. What does it want to be? *Something*'.⁷⁹ It is no coincidence that Piketty cites this slogan, nor that he draws attention to the continuity between this slogan of 1789 and Occupy.⁸⁰ It is also no coincidence that this slogan will reappear in the first stanza of the *Internationale*, first written in 1871, 'We are nothing, let us be all [*Nous ne sommes rien, soyons tout*]', nor that this motif will recur throughout Badiou's work. For example, in *Logics of Worlds* we learn of 'the inexistent projected into existence, the inapparent that shines within appearing. Let me propose another formulation: a body is composed of all the elements of the site (here, all the maritime motifs) that subordinate themselves, with maximal intensity, to that which was nothing and becomes all'.⁸¹

75 Badiou 1985, p. 57.

76 Ibid., p. 61.

77 Ibid., p. 61.

78 Badiou 2008b, pp. 34-35.

79 Sieyès 2003, p. 94.

80 Piketty 2014, pp. 254, 602n8.

81 Badiou 2009b, p. 468.

Badiou is certainly right that these acquisitions do not come from Hegel alone. In the introduction to his *Critique of Hegel's Philosophy of Right* of 1843-1844 Marx explicitly introduces this motif of the French revolution as the counterpoint which will rub up against Hegel and moreover the situation of thought in the Germany of the years following the French revolution. Marx paraphrases Sieyès and praises him as 'that genius which can raise material force to the level of political power, that revolutionary boldness which flings into the face of its adversary the defiant words: *I am nothing and I should be everything*'.⁸²

This demand for the right to exist of what already exists is of course not foreign to Hegel, and remains central to Marx throughout. In his youth Marx wrote:

we do not anticipate the world with our dogmas but instead attempt to discover the new world through the critique of the old. Hitherto philosophers have left the keys to all riddles lying in their desks, and the stupid, uninitiated world had only to wait around for the roasted pigeons of absolute science to fly into its open mouth.⁸³

From this starting point Marx commences to undertake an immanent critique of capital that will run across the three volumes of *Capital* and the voluminous notes that constitute the *Grundrisse* and the *Theories of Surplus-Value*. This strategy of an immanent critique of capital which insists on the fact of an unruly politics at the heart of an only apparently stable regime of bloody expropriation and an ever expanding and deepening exploitation is his starting point across his work. The *Manifesto* commences from the fact that 'Communism is already acknowledged by all European powers to be itself a power'.⁸⁴ The *Inaugural Address* of 1864 starts out from the 'great fact' [*Tatsache*] of the misery of the working masses.⁸⁵ After the Paris Commune he will write in 1871 that 'The great social measure of the Commune was its own working existence [*Dasein*]'.⁸⁶

82 Marx 1992a, p. 254.

83 Marx 1992b, p. 207.

84 See Marx and Engels 2010, p. 67.

85 Marx 2010a, p. 73.

86 Marx 2010b, p. 217.

It is against abstract moralising that Hegel wrote in the *Philosophy of Right*: 'What is rational is actual; and what is actual is rational'.⁸⁷ Domenico Losurdo notes that in his scathing critique of Hegel's *Philosophy of Right* Marx does not even mention this phrase, noting that 'the claim of the rationality of the actual is by no means outside traditional revolutionary thought'.⁸⁸ Thus Losurdo's important argument that 'The assertion of the rationality of the actual is not therefore a rejection of change, but its anchor in the objective dialectic of the actual'.⁸⁹ It is probably useful to recall that in the final version of his *Encyclopedia Logic* Hegel returns to this phrase in the *Philosophy of Right* and adds by way of explanation: 'Who would not have enough good sense to see much around him that is indeed not as it should be?' and concludes that 'Philosophical science deals solely with the idea which is not so impotent that it merely ought to be actual without being so'.⁹⁰

Outside

One of the most simple but also the hardest lessons of Hegel on the universal and Badiou on the generic is way that both call into question the relation to the outside. Refusing the option of immanence versus transcendence means that the outside is no longer safely somewhere else. The generic nature of truth means that a truth is never located or localisable in an particular place, even if a truth always issues from a concrete set of circumstances and connects with definite material bodies. Among the most important elements in the thought of Hegel and Badiou today is precisely in this dislocation and decentering in relation to the outside, a topological torsion in which criticism and politics do not act on or from outside of what is.

In sum, the interventions of radical thought and politics in the twenty-first century must enter directly into the heart of capital. This will not involve exiting philosophy or sacrificing the demand for complete systemic change. Rather, it is to take very seriously the realities of both contemporary capital and how this is understood in the core of capitalist economics. Fortunately perhaps, the most recent crises have not left economics untouched. At this early vantage point in the twenty-first century, alarm bells are ringing in the economics faculty while well dressed assistants scramble to find the off switch. Report after report from the capitalist centre documents the suffering inflicted by capital

87 Hegel 1991, p. 20.

88 Losurdo 2004, p. 34.

89 Ibid., p. 36.

90 Hegel 2010b, p. 34.

both when in crisis and in its normal everyday violence.

The demand of our situation and of the thinkers discussed here is that radical thought and politics need not be afraid of economics. If the cardinal virtue of our age is courage, then we must take the economy, not leave it over there. In short, we want nothing less than to have the economy back. And to achieve this involves more than constantly recalling our great tradition of the nineteenth century, or the more recent critique of political economy, or even the critique of neoliberalism. It also requires entering in massive and painful concrete detail into understanding the realities of contemporary capital and the ways in which this is understood and mystified in capitalist economics. It is far too easy and self-satisfying to fall back on criticism of a vaguely understood 'neoliberalism' in place of the much harder but more important task of grasping the present and also its deep connection with the history of capitalism and liberalism. It is easier to dismiss a global wealth tax as pure reformism than to understand it and to incorporate this as part of political strategy.

To this end some very specific limits will have to be noted regarding Badiou's separation of the economic from the political. Clearly, the economy does at pivotal moments feature as grounds on which a politics can form in Badiou. But, and noting the importance of avoiding any mechanical determinism, to assert as Badiou does that economics is categorically not a terrain of truth procedures, that politics cannot arise from economic life, posits far too sharp a distinction between the economic and the political.⁹¹ It is certainly the case that Badiou drifts into the safety of an outside when he writes, for instance, that:

true critique of the world today cannot boil down to the academic critique of the capitalist economy. Nothing is easier, more abstract and useless than the critique of capitalism itself. Those who make a loud noise in this critique are always led to wise reforms of capitalism. They propose a regulated and comfortable capitalism, a non-pornographic capitalism, an ecological and always more democratic capitalism. They demand a capitalism more comfortable for all. In sum: capitalism with a human face.⁹²

When Badiou concludes that 'The only dangerous and radical critique is the political critique of democracy' he has exited the orbit of

91 On this vexed situation in Badiou of the relation of economics to truth see the hints that are rarely taken up elsewhere in, for instance, Badiou 2006.

92 Badiou 2013c, p. 38.

anything that can reasonably be called materialism. This is not to deny the essential place of a critique of what is called democracy today. But at such moments Badiou, like many other radical philosophers today, too faithfully reproduces the divorce of the political from the economic that was effected in the course of the second half of the nineteenth century in an effort to excise from economics any idea of class antagonism and moreover the agency of anything other than capital. Against this division, and recognising the seductions of the pure outside, the palpable contradictions of capital today call radical philosophers and activists not to play at being beautiful souls. Clearly it is very easy to criticise capitalism and economics from outside. The more challenging and infinitely more valuable project is to claim the economy back.

Entering the belly of the beast and actually reading capitalist economics should clearly be distinguished from 'reforming', 'saving' or 'humanising' capitalism. This particular form of inhumanity cannot be humanised. Capitalism is not salvageable. The point here is quite different though. As that other great immanent critic of culture, once put it, although he was only speaking of culture and we here are speaking of the entirety of capital: 'Repudiation of the present cultural morass presupposes sufficient involvement in it to feel it itching in one's fingertips, so to speak, but at the same time the strength, drawn from this involvement, to dismiss it'.⁹³ To know capital and capitalist economics does not imply by any law-like necessity that our economics will be at best Keynesian and our politics will be nothing more than social democratic.

An annual global wealth tax is an interim measure that does not stop with the ambition of a modest redistribution of wealth. It is important as a first step to alleviate avoidable suffering, but beyond this promises much deeper interventions against capital. First of all this involves securing information about the nature of how and where wealth is distributed today. Piketty's first principle is to know inequality: 'the capital tax must first promote democratic and financial transparency: there should be clarity about who owns what assets around the world'.⁹⁴ Such knowledge is clearly a necessary precondition for intervention, and producing a global wealth register to administer even a minimal wealth tax has the advantage of actually knowing how capital is distributed.

93 Adorno 1974, p. 29.

94 Piketty 2014, p. 518.

Knowledge, however, is a necessary but not a sufficient condition for truth and for politics.⁹⁵ Knowing the nature of the world accounts for and describes a situation, which is well and good. But knowledge by itself is not only insufficient but can become an alibi for action. There are already more than enough sociologists and economists content with doing nothing more than documenting inequality, creating a vast encyclopedia of the violence of capital, as if this would automatically lead to its unravelling. While knowledge can point to what is, truth is always exceptional, producing something that exceeds the situation.

For us an annual global wealth tax is but a moment in the dispossession of capital, or better, in the repossession of what capital has taken without return. Recent years have certainly seen a massive redistribution in favour of the capitalist class, and as Piketty again shows this concentration is the normal tendency of capital accumulation and the tendency that the twenty-first century will follow, absent forces to the contrary. For those of us that are on the side of the forces to the contrary, the question of tax might help us to clarify and to announce openly and publicly that yes, we do intend to dispossess the capitalist class of their wealth. We propose measures that are not be in everyone's benefit, and indeed capital has a great deal to lose. We intend to dispossess the most wealthy of significant parts of their wealth, and to come back again and again for more. Most, but certainly not all, will benefit from massive confiscatory taxes on wealth. There will be winners and there will be losers. We are not all in this together.

In a certain sense tax is not the 'thing that matters'. As Piketty puts it: 'Taxation is neither good nor bad in itself. Everything depends on how taxes are collected and what they are used for'.⁹⁶ In the same way, Piketty is certainly not economics, but rather one of the opportunities to clarifying how to read capital and intervene against it in the twenty-first century. Of course a policing operation chases bodies back to their places, in an operation to which Rancière gives the classic formula: 'Move along! There is nothing to see here!'.⁹⁷ In the best of the radical tradition, and regarding the reception of large books, we might recall the very real concern on the part of Marx and Engels on the publication of *Capital*, which was not so much that the book would be subject to criticism and elaboration but rather that it would be received variously with idle chatter and silence.⁹⁸ This is an operation that always seeks to

95 Jones 2017.

96 Piketty 2014, p. 481.

97 Rancière 2010, p. 37.

98 See for instance Engels 1956.

put radical thought, and that which is radical in thought, back in its place. But capital in the twenty-first century faces bodies, as it always has, that are not in the places where it is thought they ought to be. Thomas Piketty is one of those bodies. And there are others.

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Capital as Spirit

Kojin Karatani

Abstract: In his postscript to *Capital*, Marx praised Hegel and expressed his plan to turn the idealist aspects of Hegel's dialectics on its head. This famous utterance is misleading, as he had been turning Hegelian logic on its head since he was young. Self-alienation theory and historical materialism are examples of such instances. However, the former was based on Feuerbach and the latter was led by Engels. Overturning of Hegelian dialectics in *Capital* is decisively different from any of these previous attempts and is truly unique and original. Here, Marx was faithful to the system of Hegelian dialectics, which captures self-realization of the Spirit, except for the following point; he started his exposition from the fetish of the commodity (a spirit attached to the thing) and delineated the process of it morphing into the fetish of capital (the absolute fetish).

Marx's notion of fetish is commonly taken to be a kind of metaphor or irony, but it is something real that enables credit. When commodity fetish grows into capital fetish, it dominates human society. This is especially explicit in the third volume, where along with credit's development capital becomes a commodity: that is the joint-stock capital. While faithfully following Hegel's thesis "beginning must be mediated by the end", Marx turns Hegel's logic on its head by replacing Hegel's "Spirit" with "Fetish".

Keywords: Marx, Hegel, Historical materialism, credit, fetish, joint-stock-capitalism

1

In his postscript to the Second Edition of *Capital* (1873), Marx praises Hegel. This was a time when people treated Hegel as a "dead dog." About thirty years before this, Marx had vehemently criticized Hegel. He writes in the postscript: "{I} criticized the mystificatory side {of Hegel} nearly thirty years ago when it was still the fashion." But now he declares: "I therefore openly avowed myself the pupil of that mighty thinker, and even, here and there in the chapter on the theory of value, coquetted with the mode of expression peculiar to him. The mystification which the dialectic suffers in Hegel's hands by no means prevent him from being the first to present its general forms of motion in a comprehensive and conscious manner. With him it is standing on its head. It must be inverted, in order to discover the rational kernel within the mystical shell."

This famous utterance might be misleading, because we know that Marx had been turning Hegelian logic on its head since he was young. But the overturning of Hegel in *Capital* was decisively different, and this alone is unique to Marx.

Young Marx criticized Hegel's idealist view in such works as *On Hegel's Logic* (1843) and *Economic and Philosophical Manuscripts* (1844). The criticisms in those works, however, were basically indebted to Feuerbach. But Feuerbach's theory, as Marx himself admits, lacked "sensuous activity," which Hegel successfully grasped, albeit idealistically. Soon after writing those works, Marx claimed as follows: The chief defect of all hitherto materialism (that of Feuerbach included) is that the thing, reality, sensuousness, is conceived only in the form of the object or of contemplation, but not as sensuous human activity, practice, not subjectively. Hence, in contradistinction to materialism, the active side was developed by idealism---which, of course, does not know real, sensuous activity as such. (Theses on Feuerbach, 1845)

In *German Ideology* (1846), which was written after "Theses on Feuerbach," Marx and Engels presented historical materialism against Hegel's idealist view, where history is grasped as the process of the spirit or the Idea realizing itself. They saw history in terms of human "sensuous activity" and as a product of class struggle arising from relations of production. But this view was initiated by Engels. Overall, Marx did embrace historical materialism, but his position was subtly different, as can be seen in *The Eighteenth Brumaire of Louis Bonaparte* (1852). Here, Marx tried to explicate what made it possible for a man, who was nobody except that he was a nephew of Napoleon before the 1848 revolution, to become president, and later emperor. This riddle cannot be solved by the usual rationale of mode of production and class struggle. Nor was it able to explain the riddle of capitalism. There is another thing; historical materialism appears materialistic on its face but in fact clearly rests on Hegel's idealism.

By the time he turned to a critique of political economy, historical materialism for Marx was nothing more than a useful "guiding thread." Meanwhile, as I pointed out, Marx's critique of Hegel in *Capital* marks a radical departure from any of his preceding critiques of Hegel, and it is unique to Marx. At the same time, he never before was such a faithful follower of Hegel. It is not confined to "here and there in the chapter on the theory of value" that he "coquetted with the mode of expression peculiar to him Hegel." He faithfully adheres to Hegel all the way through.

In the preface to the second edition to *Capital* that I quoted at the opening of this paper, Marx stated further; "In its mystified form, the dialectic became the fashion in Germany, because it seemed to transfigure and glorify what exists. In its rational form it is a scandal and an abomination to the bourgeoisie and its doctrinaire spokesmen, because it includes in its positive understanding of what exists a simultaneous recognition of its negation, its inevitable destruction; because it regards every historically developed form as being in a fluid state, in motion, and therefore grasps its transient aspect as well; and because it does not let itself be impressed by anything, being in its very

essence critical and revolutionary." In short, *Capital* is an attempt to grasp the "inevitable destruction" of capitalism through the "positive understanding" of capitalism itself.

If we are to see a materialist overturning of Hegelian logic here, it rests on the point that the subject of dialectic development is changed from "spirit" to "capital." In other words, *Capital* grasps the dialectical development from the fetish of the commodity to the fetish of capital. I will elaborate this in later sections, but for now just point out that Marx shed light on how an "idealist perversity" called "capitalism" was formed by faithfully following Hegel's perverse idealism.

More concretely, Marx tried to elucidate the ideal power of money and credit, and for this purpose he took exchange instead of production as the threshold of his enquiry into capitalism, although in historical materialism the latter outweighs the former. In *Capital*, Marx did not begin with the relations of production, such as the one between capitalists and workers, but rather with commodity exchange and he showed how relations of production in capitalist society were formed through the relation of exchange between money and commodity.

In standard historical materialism, the political and ideological superstructure is overdetermined by the economic base or infrastructure. But in this view, it is impossible to show why the capitalist economy is dominated by the idealist and religious power of money and credit. That is why Marx started with exchange in place of production. But the same thing applies to pre-capitalistic societies, where, however, different modes of exchange are prevalent. For instance, in primitive society the mode of reciprocal exchange is primary. In this sense, it may be said that the ideological superstructure in primitive society is directly determined by the mode of exchange as economic base. ¹

2

In reality, however, *Capital* mixes the views of preceding historical materialism and classical economics. As a result, the singularity of its position is obscured. For instance, Marx opens the book by presenting the labor value theory derived from classical economics, but promptly shifts to a different approach. It is to consider the value of commodity from exchange and value form. In other words, he explains money and capital independently of labor value theory. Yet putting labor value theory at the opening created various misunderstandings and made people overlook

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1 I proposed to view the history of social formations from the perspective of modes of exchange in Karatani 2010/2014. That was an attempt to extend Marx's approach to capitalist society to the entirety of history, namely viewing it from commodity exchange (mode of exchange C in my terminology). In the book, I argued that there are four modes of exchange; A is gift and return, B is submission and protection, C is commodity exchange, and D beyond the former three. In this article, I revisited my exchange theory focusing on mode C.

why starting with the commodity was indispensable for the system of *Capital*.

Classical economists since Adam Smith found the value of the commodity in the labor invested to produce it, and they considered money simply as the denotation of such labor value. In so doing, they expunged the mystery of money. They did so to deny the preceding ruling dogma such as mercantilism and bullionism. Classical economists tried to enlighten people to deliver them from religious illusion in economics. For that matter, when young Marx applied Feuerbach's critique of religion to economics, he was simply following the line of thought of classical economists. The same is true of contemporary socialists, such as, Robert Owen, Proudhon, and the Ricardian socialists. They believed that capitalism could be superseded if only money were replaced by labor vouchers.

By contrast, Marx in *Capital* did not dismiss the question of money so readily, even while valuing the labor theory of classical economy. He believed that the secret of capitalism lies in the mystery of money. In this regard, it may be said that Marx returned to mercantilism and bullionism, which Adam Smith had rejected with mere ridicule. Bullionists are grounded in the recognition that money has power in its own right; the right to obtain other goods with it. The drive to accumulate this power propels capital's movement (metamorphosis). But why is it that money has such a power?

In his youth, Marx discussed money, quoting Shakespeare's "Timon of Athens" as follows.

Shakespeare stresses especially two properties of money:

1. It is the visible divinity – the transformation of all human and natural properties into their contraries, the universal confounding and distorting of things: impossibilities are soldered together by it.
2. It is the common whore, the common procurer of people and nations.

The distorting and confounding of all human and natural qualities, the fraternization of impossibilities – the divine power of money – lies in its character as men's estranged, alienating and self-disposing species-nature. Money is the alienated ability of mankind.

This is clearly Marx's application of the Feuerbachian critique of religion to money. And just as Feuerbach's materialist inversion of Hegel remained within the framework of Hegel's thought, Marx also remained here within the framework of classical economics, even as he criticized it with great fanfare.

However, Marx in *Capital* is different. There were quite a few thinkers who pondered the riddle of money. But Marx was the first to trace it to the commodity, which appears so "obvious" and "trivial" that

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nobody had really paid attention to it. "A commodity appears at first sight an extremely obvious, trivial thing. But its analysis brings out that it is a very strange thing, abounding in metaphysical subtleties and theological niceties" (*Capital 1*, p163).

A commodity is not a mere object. It is a form that a thing takes when exchanged. The thing is a "sensuous matter," but "as soon as it changes into commodity, it changes into a thing which transcends sensuousness." Something like a spirit attaches to the thing. "I call this the fetishism which attaches itself to the products of labor as soon as they are produced as commodities, and is therefore inseparable from the production of commodities." (p165). "The riddle of the money fetish is the riddle of the commodity fetish, now become visible and dazzling to our eyes" (p187).

Needless to say, examining commodity fetishism means scrutinizing commodity exchange. It appears that Marx gives priority to production. But when he does so, he focuses on "commodity production," which is executed for the purpose of being exchanged. Marx writes: "The use-value of a thing is realized without exchange, i.e. in the direct relation between the thing and man, while, inversely, its value is realized only in exchange, i.e. in a social process." (p 177) The riddle of the commodity is sought in exchange, not in production. We who live in modern societies are so used to the market economy that we take for granted that money came into existence through the process of commodity exchange. But we should question how the exchange of things was made possible in society in the first place.

Marx stressed that commodity exchange takes place between communities. "The exchange of commodities begins where communities have their boundaries, at the points of contact with other communities." (p182) However, this is not confined to commodity exchange. Such is also the case with gift and return (reciprocity). Exchange of any kind is not conducted within a hunter-gatherer community, where the products are pooled and equally distributed. Such community remains today as families. So it should be noted that the exchange of any kind begins between different communities, in other words, with unfamiliar, uncanny others. How is this sort of exchange possible, then?

The anthropologist Marcel Mauss identified the primordial exchange in gift-return exchange, and explained it in terms of animism; a spirit attaches itself to the gifted thing and compels people to accept and return the gift. He named this spirit *Hau* following the customs of the Māori. *Hau* gives the gifted thing a right or power to demand a return and a closing of an exchange. We could say that Marx returned to this kind of instance, when he called exchange value a "fetish".

It is quite curious to think that during the time Marx devoted himself to writing *Capital*, the following two books were published; one is *Origin of Species* (1859) by Charles Darwin, which Marx saw as reinforcing his

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understanding of economic formation of society as “a process of natural history” (Preface to the First Edition, 1867). It is well-known that Marx dedicated *Capital* to Darwin. The other book is *The Primitive Culture* (1871) by Edward Burnet Tylor. Tylor found that the belief in spiritual beings or “anima” is the earliest form of religion. His idea of animism subsequently underwent various criticisms and revisions, but it consistently drew the attention of anthropologists. Needless to say, what Mauss called *Hau* is kind of an anima. Interestingly, Marx’s idea of fetishism resonates with Tylor’s animism.² It would be useful for us to examine what Marx called a fetish from an anthropological viewpoint, instead of treating it as a mere metaphor.

We should take heed that Marx was thinking of a kind of animism when he was writing about the commodity fetish in *Capital*. Fetish is not a mere metaphor here but an anima-like force. Nor is fetishism of commodities just a by-product of commodity exchange. In fact, when we think of exchange, we inevitably encounter the question of anima, because exchange with unfamiliar others require some power to ensure it. In times when there was no law nor state, such spiritual power or fetish attached to things guaranteed exchanges. Credit too derives from this fetish. Mauss says: Now, the gift necessarily entails the notion of credit. The evolution in economic law has not been from barter to sale, and from cash sale to credit sale. On the one hand, barter has arisen through a system of presents given and reciprocated according to a time limit. This was through a process of simplification, by reductions in periods of time formerly arbitrary. On the other hand, buying and selling arose in the same way, with the latter according to a fixed time limit, or by cash, as well as by lending.

Credit did not grow out of barter, but the reverse. Also buying and selling stems from credit. It follows that money stems from credit. Therefore, gift exchange precedes barter on the level of logic. This seems to stand true even historically. As an example, as Malinowski showed, the Kula ring in the Trobriand Islands is a gift-exchange but is accompanied by barter or trade. In this case, the preceding gift exchange paves the way for barter, by bringing about friendly relations among different communities. Since exchange in general is carried out between communities, it requires something to guarantee it. This is provided by a spiritual power attached to the things exchanged. That is what Marx called the fetish.

² Robert Marret criticized his teacher Tylor’s notion of animism: Tylor’s spiritual beings are personal and intelligible, but there is a kind of power that is impersonal and unintelligible. Marret named this power “mana”. In this regard, “hau” of Mauss, or the power which works in gift exchange is pre-animistic just as mana. Meanwhile, Marx’s fetishism of commodity corresponds to Marret’s spiritual beings. It was that power, which developed into money and capital.

Next, let us consider where exchange among communities was practiced. What we call the market traces its origins to this. One example of early forms of the market is silent trade: one group leaves some trading goods at a particular location and withdraws, and the other group comes out to examine the goods. If they like the goods, they take them and leave their own goods in return and leave. Philip James Hamilton Grierson, who researched silent trading around the world in his classical work *The Silent Trade* (1903), concluded as follows; places chosen for silent trade need to retain neutrality. Holy places, for instance, are suitable. These places grew into markets. The market welcomes and protects outsiders or foreigners, connects diverse individuals and communities, and as a result creates a special social space.

It is generally said that money appeared out of commodity exchanges in the markets. It is not wrong. However, we should bear in mind that the market was a very distinctive space, a “holy neutral social space”, which precludes plunder or invasion by any tribe or state. The idea of supremacy of market today originates here. The market was not formed with protection by the state or law. On the contrary, it was originally a sanctified space, where the state could not exercise its authority. For instance, free cities in the medieval Europe were formed first and foremost due to this power of market.

Various people with various goods come to the market. But it is very rare for them to find a chance for barter. Their demands and supplies do not match easily, for reasons such as that products vary depending on the season. This situation requires a “credit” to postpone the closing of exchange. So the receiver of goods gives the giver some sign to signify the right to obtain a return. The sign can be transferred to other people to receive goods of their choice. This sign became money. In this sense, money is as old as credit.

3

The exchange value (the right to buy some commodity) of money comes from the fetish it has. But the fetish of money is different from the fetish of the commodity; through a certain process, the commodity fetish becomes the money fetish. The fetishism of commodities means that the commodity has the power or right to be exchanged with other communities. Marx explained the process of money fetish in terms of value-form theory; each commodity claims the right to be exchanged with other commodities, which however is difficult to realize in reality. Therefore, commodities align to solve this problem and jointly exclude one commodity as “their universal equivalent.” This commodity is money. “The money-form is merely the reflection thrown upon a single commodity by relations between all other commodities.” (p184) Money, which was just another commodity, came to be seen as something special. “What appears to happen is not that a particular commodity becomes money

because all other commodities universally express their values in it, but on the contrary, that all other commodities universally express their values in a particular commodity because it is money. (p187)

Marx approached the origin of money a-historically and located it in a kind of “social contract” among commodities. This resembles the Hobbesian explanation of the sovereign more than anything else. Both are ahistorical thought experiments. “In the analysis of economic forms neither microscopes nor chemical reagents are of assistance. The power of abstraction must replace both.” (*Capital 1*, p90)

Hobbes's theory in *Leviathan* for that matter may be more useful. In his view, in “the state of nature,” each person has “free equal natural rights,” but this necessarily invites “the war of all against all.” The state of peace is created by each person jointly ceding the natural right to one person, who is a sovereign. Hobbes also called the sovereign “Leviathan,” that is, as it were, the “beast.” To explain this process, Marx quoted the following passage from the Bible: These have one mind, and shall give their power and strength unto the beast. (Revelation17:13). And that no man might buy or sell, save that he had the mark, or the name of the beast, or the number of his name” (Revelation13:17).

As much as Hobbes and Marx are parallel in this regard, there are some crucial differences. For one, Hobbes' social contract deals with a society where the mode B is dominant, whereas Marx's social contract deals with a society where the mode C is dominant. In the former case, the power (right) to be ceded by individuals is that of subjecting others to his will, while in the latter case, the power to be ceded is the power (right) to exchange. In the former case, the person who monopolizes the power becomes a sovereign, namely Leviathan, while in the latter case, the commodity which monopolizes the power to exchange becomes money. We may look at it from a different angle: money is a developed form of the spirit attached to each commodity. That is why Marx wrote: “The riddle of the money fetish is therefore the riddle of the commodity fetish, now become visible and dazzling to our eyes”. (p187)

There is another crucial difference between their “social contracts.” While humans are the subjects for Hobbes, commodities are the subjects for Marx. In *Capital*, humans cannot possibly become subjects. Marx says: “The value character of the products of labor becomes firmly established only when they act as magnitude of value. These magnitudes vary continually, independently of the products of the will, foreknowledge and actions of the exchangers. Their own movement within society has for them the form of a movement made by things, and these things, far from being under their control, in fact control them. “(p166). But what is the mechanism of this? In usual social relations, the human being is the conscious subject of action and thought. But in commodity exchange, the subject is the fetish attached to the commodity, to which human beings have no choice but to submit. This inversion reaches its culmination in

the movement of capital's accumulation, but at the same time it becomes invisible. Marx aimed to debunk this perversity.

4

It must be clear by now that Marx tried to find the key to solve the riddle of capital in commodity exchange. It is, in my words, to focus on the mode of exchange rather than the mode of production. For classical economists, exchange was a secondary matter. Such was also the case with historical materialists. But Marx found a key in exchange. *Capital* is faithful to its subtitle “the critique of political economy” when it opens with the riddle latent in the exchange which political economists ignored. From a different viewpoint, it means that Marx took bullionism and mercantilism seriously, which classical economists dismissed. For them, the fallacy of bullionism and mercantilism comes from seeing economy not in the light of production, but exchange (circulation). Hence the perversity of desiring money (gold) arose. It was precisely in this perversity of mercantilism and bullionism where Marx located the secret of capitalism. It was to recognize the perverse desire (drive) at the root of capitalism.

Marx found the prototype of capital in the money hoarder. They desire not for use-value, but for exchange-value, in other words, the right or power to gain use-value at any time. There is a limit to the accumulation of use-value (products), but accumulating exchange value can go on endlessly. In this regard, we could say that accumulation essentially begins with money, or begins as accumulation of money. But how is accumulating money possible? It is only possible by not spending it. Marx writes; “The hoarder therefore sacrifices the lusts of his flesh to the fetish of gold. He takes the gospel of abstinence very seriously” (ep231)

After discussing hoarders, Marx moves on to merchant capital. While hoarders save up abstemiously, merchants invest their money to buy something cheaply and sell it at a higher price, thereby making money. To borrow Marx's words, merchant capitalists are “rational hoarders” and hoarders are “mad capitalists.” For that matter, industrial capitalists too should be called “rational hoarders.” When Max Weber pointed out the connection between protestant ethics and the “spirit” of capitalism, he thought that he was disclosing the semi-autonomous dimension of the ideological superstructure, which cannot be explained by historical materialism. But he failed to see that industrial capitalism is by nature perverse, that it is a developed form of hoarding, and that its “spirit” is a developed form of the “commodity fetish.” And above all, he overlooked that all this was already pointed out by Marx in *Capital*.

Marx's use of religious metaphors in this way was not for mere mockery; rather, it was because the problem he was analyzing was fundamentally analogous to religion. The following remark indicates this.

It is part of the discussion of the “*metamorphosis*” from commodity to money; *C-M*. First metamorphosis of the *commodity*, or *sale*. The leap taken by value from the body of the commodity into the body for the gold is the commodity’s *salto mortale*, as I have called it elsewhere. If the leap falls short, it is not the commodity which is defrauded but rather its owner.” (p200)

But it is rather commodities that are truly “defrauded” because they are discarded if not sold. In the past, I connected the commodity’s “*salto morale*” to Kierkegaard’s “fatal leap” in religious faith. (Transcritique, Kant and Marx, MIT). If the commodity’s leap falls short, it is contracted with a “sickness unto death” (Kierkegaard). This sickness continually pesters capital, although it is not apparent from the surface. Buying and selling are conducted via credit. That is, things proceed as if commodities are already sold. But in the end, there must be a settlement of accounts, when judgment is meted out. It is at this moment that the “sickness” surfaces. Marx located the possibility of crisis in such credit-based exchanges. “These forms therefore imply the possibility, though not more than the possibility.” (p209)

Such an understanding was totally alien to Adam Smith. He just assumed that equivalent exchange is normal and desirable. Based on this view, he criticized merchants for gaining profit by buying low and selling high, and justified industrial capitalists for gaining profit by equivalent exchange. Needless to say, this was a classical economist/liberalist criticism of mercantilism; industrial capital gains profit not in the process of exchange, but in the process of production. More precisely, profit is gained from the rise of productivity due to the division of labor and cooperation. It is natural and fair that the gain goes to the capitalist, who provided the means of production and raw materials and organized workers. This explanation was met with the criticism that industrial capitalists deprive the worker their due. The criticism came from the Ricardian socialists.

In a sense, the germ of such ideas were in Ricardo’s theory, and were brought to the surface by the impoverishment of the working class. It was the Ricardian socialists who first introduced ideas such as “surplus value” and “exploitation.” Influenced by them, Robert Owen and Proudhon started socialist movements. They expected capitalism to be superseded if only they could successfully re-organize the production process. They did not consider capitalism in its totality. It may be said that they essentially belonged to the school of political economy (classical economics), no matter how critical they were of them. From a different viewpoint, they did not see “the fatal leap”, that is innate in “exchange.” It is also to ignore that “exchange” requires a kind of faith (fetishism).

Marx is generally believed to have propagated the idea that capital exploits workers in the production process. He may well have,

but the idea was not at all original to him. His originality rests on his turning to the process of exchange in *Capital*. He elucidated that capital is fundamentally merchant capital. Capital multiplies only by gaining surplus value through exchange. This stands the same with industrial capitalism. Thus, the mode of capital accumulation is generally formalized as *M-C-M'*.

Marx presented the following antinomy: “Capital cannot therefore arise from circulation, and it is equally impossible for it to arise apart from circulation. It must have its origin both in circulation and not in circulation. (E268) *Hic Rhodus, hic Salta!*” But this antinomy can be solved when we suppose the circulation (exchange) takes place between the different synchronic systems commodities’ relational value system.³

It is true that a merchant gains surplus value from buying low and selling high. But he is not a crafty swindler, who conducts unequal exchanges. The value of a thing is determined within a commodity’s relational value system, in which it is located. So a thing can be cheap in one place and expensive in another. Capital’s accumulation, i.e. acquisition of surplus value is made possible by buying a thing at one place, where its price is low, and selling it at another place, where its price is high. Both are fair trades based upon mutual agreement. By and large, it may be said that merchant capital gains surplus from the spatial difference between value systems. Long-distance trades are typical of merchant capitalism, because generally speaking, the larger the distance, the larger the gap between the value systems becomes.⁴

Industrial capital is essentially the same as merchant capital. We should not think that merchant capital gains difference simply through exchanges. To find differences between different systems, one needs to be informed, insightful, creative, and adventurous. It is possible to say that merchants deserve to receive profit as the reward for such “labor” and “merits.” The difference between merchant capital and industrial capital lies in the fact that the latter found a new kind of commodity, that is, labor-commodity: wage-workers.

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3 After advocating the labor value theory in the beginning of *Capital*, Marx moved on to discuss how value-form commodities turn to money-form. In doing so, he bracketed the labor value theory. What does that entail? Classical economists’ concept of labor value is nothing other than rephrasing the value of commodities in terms of labor instead of money. They think that money simply represents the inherent labor value of each commodity, and that money as such has no mystery. In contrast, Marx showed that the value of each commodity is determined within the relational system of all commodities, including money-commodity (or the general equivalent).

4 Fernand Braudel distinguished capitalism and the market in his book *The Structures of Everyday Life: Civilization and Capitalism, 15th-18th Century*. The market is a space of trade, which consists of local citizens, farmers, and retail dealers. Deals conducted here are virtually all equivalent exchanges. It is impossible for the merchants to gain profit beyond the commissions. Meanwhile, capitalism is generated from long-distance trading, which bears a large profit.

Wage workers differ from slaves or serfs. In Marx's words, they are doubly "free," that is, they are free from both feudal bonds and the means of production. Wage workers sell their labor power as a commodity and receive wages based upon agreements with their employer. In this sense, they are not forced like slaves or serfs. Also, because they are free from the means of production such as land, they must buy back what they produced with their wages.

This point is important for the following reasons. While merchant capital deals mainly with luxuries, industrial capital deals with staples for wage workers. In addition to this, capital no longer needs to travel to distant places. Industrial capital accumulates itself by mediating the process whereby workers themselves buy back, as consumers, the things that they produced, and gaining the differential value from it. In *Grundrisse*, Marx emphasized that for capital, surplus value is finally realized when workers buy back their products as consumers. In *Capital*, however, he dropped this point. Instead, Marx explains as if surplus value is created through "unequal exchange" or "exploitation" at the point of production through the extension of working hours and so on. He called this "absolute surplus value," which, however, does not go beyond the viewpoint of Ricardian socialists.

The original concept Marx provided in *Capital* was "relative surplus value," which is unique to industrial capital. It is the difference that capital gains by raising productivity through technological innovation, thereby relatively lowering the wages of workers. To elaborate, the wage of workers is decided in the labor market based on agreements between capital and workers or labor unions. However, it is fundamentally determined by the labor productivity corresponding to a certain technological standard. Capital tries to raise labor productivity, i.e. the rate of surplus value in Marxian terms, by adopting various kinds of technological innovations. As a result, workers come to produce more than the wage they receive according to their agreements. That is "relative surplus value." In this case, workers are not aware of being "exploited."

Accumulation of industrial capital is made possible mainly by acquiring this relative surplus value. It is enabled by changing the value system of commodities-- labor power as commodity is included here--by means of technological innovation. By contrast, merchant capital gained surplus value from spatial differences between value systems back in the times when there was little room for technological development and hence depended on long-distance trade.

On the other hand, industrial capital can gain surplus value by bringing in new laborers-consumers and by raising labor productivity, in other words, by differentiating the value system "temporally."⁵ Industrial

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At the stage of industrial capitalism, capital gains surplus-value not just through temporal

capital, placed in competition with other capital, has no choice but to try to gain surplus value by means of technological innovation. This motivates capital to bring about incessant technological innovation. But by the same token, capital is destined to come to an end, because capital cannot accumulate itself without constant technological progress and the advent of new laborers-consumers.

In short, my point is that the secret of the capitalist economy ought to be seen in the process of exchange instead of production. That is the gist of Marx's critique of political economy. That is why he traced back to commodity exchange to dissect the capitalist economy. We need to reconfirm the significance of Marx's understanding of commodity as a fetish.

5

The drive for accumulating money underlies capital's movement. It is commonly considered that in capitalist society, people are driven by material desire. But what drives capitalists is not the desire for material things, but rather the desire for the right or power to obtain material things. In other words, this desire is not sensuous but super-sensuous. (extrasensory). This takes an overtly perverse form in the case of the hoarder, as Marx indicated. "The hoarder therefore sacrifices the lusts of his flesh to the fetish of gold. He takes the gospel of abstinence very seriously."

Note here that capital's desire is not the individual's desire. Capital is by nature destined to accumulate itself. And its drive is beyond the will of individuals as the bearer of capital. A particular individual may refuse that drive, but that one will merely be replaced by another. That is why Marx said in the preface to *Capital*. "To prevent possible misunderstandings, let me say this. I do not by any means depict the capitalist and the landowner in rosy colors. But individuals are dealt with here only in so far as they are the personifications of economic categories, the bearers (Träger) of particular class relations and interests. My standpoint from which the development of the economic formation of society is viewed as a process of natural history, can less than any other make the individual responsible for relations whose creature he remains, socially speaking, however much he may subjectively raise himself above them." (Preface to the First edition, p92)

Hence capital's movement for accumulation does not come from human will or desire. It is driven by fetishism, that is, the "spirit" attached to commodities. Capitalist society is a society organized by

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differences but from spatial differences as well. In other words, there are elements of merchant capital and money-lending capital in industrial capital. Still, it is true that industrial capital stands at a superior position, for it obtains surplus-value from temporal differentiation. In this sense, industrial capital is based on exploitation in a dual sense (taking advantage of /developing).

the most developed form of fetishism. Marx needed to faithfully follow Hegel's logic in writing *Capital* in order to show how capital-as-spirit was realized.

However, as I have pointed out, significant parts of *Capital* are inconsistent with Hegel's logic. One of its most salient examples is presenting of labor value theory as part of the opening statement. This is not appropriate because labor value did not exist in the beginning. It only comes into existence as late as at the stage of industrial capitalism. Another example can be found in relation to the end of capitalism. Marx wrote toward the end of the first volume that along with the development and concentration of capital, "the revolt of the working class, a class constantly increasing in numbers, and trained, united and organized by the very mechanism of the capitalist mode of production." "The centralization of the means of production and the socialization of labour reach a point at which they become compatible with the capitalist integument. This integument is burst asunder. The Knell of capitalist private property sounds. The expropriators are expropriated." (e1: p929)

This logic is more in line with the historical materialist formula than Hegel, and therefore does not elucidate the necessity of the ruin of capitalist economy.⁶ Here, I would like to revisit and clarify Marx's declaration to turn Hegel's logic on his head. Hegel wrote in the preface to *Philosophy of Right*; "The owl of Minerva spreads its wings only with the falling of the dusk." This means that philosophical cognition is possible only after historical reality has been fully developed and consumed.

Marx's intention in *Capital* was to turn this thought on its head; if some historical reality is understood in toto, it is terminated. "It includes in its positive understanding of what exists a simultaneous recognition of its negation, its destruction". (e1, p103). This is why he did not need to condemn capitalism or agitate workers in *Capital*, although he did so in other places. What he thought indispensable was a thorough clarification of capitalism in its totality historically and logically.

Having said that, the "positive understanding" of capitalist economy is not fully explored in the first volume. This is possible only on the level where capitalist economy is thoroughly organized by the credit system.

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6 It was not that Marx denied class struggle as a driving force of history. But in *Capital* he did not see class struggle from the usual view of relations of "production." Class struggle, for instance, does not emerge out of production relations as such but out of an "exchange" relationship between creditors and debtors. "The class struggle in the ancient world, for instance, took the form mainly of a contest between debtors and creditors and ended in Rome with the ruin of the plebeian debtors, who were replaced by slaves. In the Middle Ages the contest ended with the ruin of the feudal debtors, who lost their political power together with its economic basis. Here, indeed, the money-form? And the relation of between creditor and debtor does have the form of a money-relation? Was only the reflection of an antagonism which lay deeper, at the level of the economic conditions of existence." (*Capital* , p233)

In truth, we see a most developed understanding of capital in the third volume, that is to say, when Marx is dealing with the stage where capital takes a form of share capital (joint-stock company). He had this in mind when he wrote about "the centralization of the means of production and socialization of labor".

Despite this, the discussion of share capital is not really conspicuous at all. It is because the third volume culminates with the description of "classes" and ends there (chapter 52). In my understanding, *Capital* is fit to end with share capital for the following reason. Marx wrote at the very beginning of it: "The wealth of societies in which the capitalist mode of production prevails appear as an "immense collection of commodities: the individual commodity appears as its elementary form. Our investigation therefore begins with the analysis of the commodity." The commodities here are not mere things, but rather the spirits attached to things (fetishes). They are to be morphed first into money and then into capital, and finally into a commodity called share capital. In shared capital, capital becomes a commodity.

In the quotation I presented at the beginning of this paper, Marx talks about an "immense collection of commodities." This includes commodified capital, i.e. share capital. In this sense, as Hegel puts it, the beginning is mediated by the end. To put it differently, development ends when the primal commodity grows to be the final commodity, namely share capital. Here, we see simple spirits attached to things grow to be the absolute spirit. If *Capital* had made this clear, it truly would have become both faithful to Hegel and a overturning of Hegel. In this sense, *Capital* should have closed with share capital.

Share capital is the last form of capital which emerged with the development of credit, but it is not entirely novel. It is a recurrence of the earliest form of capital. Now let us look back at the three forms of capital accumulation Marx presented in *Capital*.

- (I) Merchant capital: M-C-M'
- (II) Money-lending capital: M-M'
- (III) Industrial capital: M-C----P----C-M'

Money-lending capital has no need to make a *salto mortale* of buying and selling commodities like merchant capital. The invested capital comes back with interest. Needless to say, money-lending capital cannot subsist without merchant capital, which provides interest. However, we see here a dream come true of the money hoarder, who desires to accumulate money without trade.

In Marx's words, merchant capital and money-lending capital are "antediluvian" forms of capitalism. They were surpassed by modern industrial capital and absorbed as its partial moments. For instance, merchant capital became commercial capital, which executes a part

of industrial capital's accumulation process, and money-lending capital became interest-bearing capital like banks. Therefore, classical economists, whose thoughts were based on industrial capital, rebuffed mercantilism and bullionism, which are based on merchant capital and money-lending capital. But the formula (III) is not the final form of capital accumulation. It is followed by the resurgence of (I) and (II). And finally (II) will absorb all other forms of capital accumulation. This takes a form of share capital or financial capital.

Joint-stock companies were founded to collect investment. They existed in Italy as early as in the 13th century, and grew large some centuries later; the Dutch East India Company and the British East India Company were representatives of such large scale institutions, which were found in the 17th and 18th century respectively. Their capital was exclusively merchant capital. Joint-stock companies multiplied along with the advent of industrial capital in Britain. In the age of industrial revolution, the kind of enterprise that requires a large sum of money to start business, multiplied. It prospered especially after the limited liabilities of shareholder was legalized in Britain. As a result, share capital became transferable and came to be traded as commodities.

With joint-stock capital, the profit of industrial capital takes the form of interest; namely is taken over by . From a different perspective, with the joint-stock capital, capital is treated as commodity. Thus capital, which started with commodity fetishism, fully realizes itself as joint-stock capital. It means that the fetishism came to rule all productions. So Marx says.: "The fetish character of capital and the representation of this capital fetish is complete. In M-M' we have the irrational form of capital, in which it is taken as logically anterior to its own reproduction process; the ability of money or a commodity to valorize its own value independent of reproduction—the capital mystification in the most flagrant form". In the case of joint-stock capital or financial capital, unlike industrial capital, accumulation is realized not through exploiting workers directly. It is realized through speculative trades. But in this process, capital indirectly sucks up the surplus value from industrial capital of the lower level. This is why accumulation of financial capital creates class disparities, without people's awareness. That is currently happening with the spread of neo-liberalism on the global scale.

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To repeat, with joint-stock capital, fetishism takes its highest form. For Hegel, the absolute spirit embraces the all processes and moments that have ever existed. Likewise, the joint-stock is the "absolute fetish," which embraces the whole process and moment of capital accumulation. But how does this understanding come to "include in its positive understanding of what exists a simultaneous recognition of its negation"? (Postscript to the Second Edition, 1873)

In the third volume, Marx located the reason for the "inevitable destruction" of the capitalist mode of production in "the law of the tendential fall of the rate of profit." Capital is constantly compelled to accumulate or self-propagate; "It is the rate of profit that is the driving force in capitalist production, and nothing is produced save what can be produced at a profit" (p368). So if the rate of profit falls, the capitalist mode of production ends. "Production comes to a standstill not at the point where needs are satisfied, but rather where the production and the realization of profit impose this" (p367).

For that reason, the capitalist mode of production is compelled to make "the constant revolutions in methods of production themselves, the devaluation of the existing capital which is always associated with this, and the general competitive struggle and the need to improve production and extend its scale" (p353). However, "simultaneously with the development of productivity, the composition of capital becomes higher, there is a relative decline in the variable portion as against the constant" (p357). Which means that the development of productivity increases the profit but diminishes the rate of profit because the portion of fixed capital increases. Thus the tendential fall of the rate of profit or the limit of capital is not caused by anything but capital itself. In Marx's words, "the true barrier to capitalist production is capital itself." (p358)

In connection to this, the following remarks of Marx are very important. "The barriers to the capitalist mode of production shows themselves as follows: in the way that the development of labor productivity involves a law, in the form of the falling rate of profit, that at a certain point confronts this development itself in a most hostile way and has constantly to be overcome by way of crises." Marx fully elaborates crises following the discussion of the credit system, including joint-stock capital. Here he recognizes crises not as a threat to the continuation of the capitalist mode of production but rather a symptom that entails the process of capital trying to "overcome" the plight of capitalism.

Marx had a strong interest in crisis since the 1840s. He anticipated that the world crises would lead to a world revolution. For him it seemed clear that the revolution throughout Europe in 1848 was triggered by the world crisis. But when the next world crisis struck in 1857, against his expectations, a revolution did not happen. It was thereafter that Marx began to delve into the question of crisis, or rather set about a full-scale study of the capitalist economy. In his previous view, crisis is caused by overproduction or excess of commodities due to anarchic production. He maintained this view in *Grundrisse (Outlines of the Critique of Political Economy, 1858)*. It was in the 1860s that he revised this view when he started to tackle the question of periodic crises in the draft of volume 3 of *Capital*.

There had been many crises such as the famous Tulip Crisis in Holland (1634-7) in the past, but they were all caused by speculation. A

series of crises in Britain that started in 1825 were different in nature. It began when industrial capitalism reached a certain kind of perfection and kept happening every ten years. The periodic occurrence of a crisis invalidated the idea of ascribing crisis to the failure of economic policy or anarchic production. Neither was it an indication of the collapse of capitalism. Conversely, it only shows that capital has to accumulate itself through business cycles, which necessarily entail crisis. Furthermore, it means that capital has no means to solve its own contradictions other than through crisis. "Crises are never more than momentary, violent solutions for the existing contradictions, violent eruptions that re-establish the disturbed balance for the time being." (*Capital*, p 357). Crisis in this regard is not something that breaks down capitalism, but necessary for its survival.

As I stated before, Marx discussed crises after elaborating on the credit system. The crisis peculiar to industrial capitalism arose as the credit system matured and reached a certain perfection. The credit system as joint-stock company and bank are such examples. In *Capital*, Marx explained crisis as follows. In boom periods, the labor force runs short and wages rise, so the profit rate goes down, but this is obscured under heated credit. And it suddenly turns into a crisis. The crisis happens first as a credit crisis, which discloses the overproduction. As a result, the fixed capital (manufacturing facilities) is scrapped. Depression continues on. But the accompanied fall in interest rates and wages prompts new investment in production facilities and the labor force. That brings the increase of organic composition of capital. This way the period of depression prepares for the coming boom. Then the boom is followed by another crisis. This alternation takes place nearly every ten years.⁷

The above process signifies the following things. Firstly, periodical crisis takes place under the well-developed credit system, although not due to speculation. Secondly, the cause of credit crisis is a contradiction peculiar to industrial capitalism. At the root of this contradiction there is industrial capital's dependency on a peculiar commodity--labor commodity--which both produces and buys back commodities. Capital cannot produce this commodity. This is "nature," which remains outside capital and out of capital's control. Just as capital fetishism appeared to have completed itself as joint-stock capital, "nature" emerged as crisis to uncover its delusion.

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 7 To be more specific, the periodic crises which Marx deals with in *Capital* occurred in 1825, 1836, 1847, 1857, 1866, and 1873. He may have experienced the crisis in 1866, while he was writing the manuscript of the third volume, but as for the crisis in 1873 he was not aware that it was the last of the periodic crises, because he died in 1883. It means that *Capital* only targeted capitalism of a certain historical period. Nevertheless, it could be said that the periodic crises of Marx's time allowed him such a scientific consideration of crisis.

7

Interestingly, the business cycle that Marx took up disappeared after 1873. It does not mean that difficulties intrinsic to the capitalist mode of production disappeared. It only resulted in chronic depression. The reason is that capital gave up its usual way of raising the organic composition of capital through crisis; capital investment in manufacturing gave way to overseas investment. Namely the merchant capital and moneylending capital ways of accumulation took the place of those of industrial capital.

We should acknowledge that all these were phenomenon seen above all in Britain. British supremacy in the textile industry kept Britain the hegemon of world capitalism for a long time, but the rapid development of heavy industry in Germany and America destabilized Britain's position. In a sense, the periodic crises were peculiar to British capitalism centering around the cotton industry, although its effects were felt world-wide. Crises forced capital to scrap the machines, which was not really a problem, because either way machines only endure nearly ten years. That is why it makes sense to raise the organic composition of capital through crisis.

But along with the shift to heavy industry and with the corpulence of fixed capital, such a solution became impossible. In Britain, capital abandoned the shift to heavy industry. Or rather it gave up industrial capital's formula of accumulation and returned to merchant capital's formula of accumulation. This was why Britain declined in the field of industrial capital, while maintaining hegemony in the domain of commerce and finance.

The disappearance of periodical crises and the radical change of joint stock capital are correlated. The joint-stock company became particularly significant when it turned from mere joint investments to a form of amalgamating existing fixed capital without scrapping it. But this happened in Germany and America rather than in Britain. Engels added to the third volume of *Capital*, which he edited; "Since Marx wrote the above passage, new forms of industrial organization have been developed, as it well-known, representing the second and third degree of joint-stock capital." (e3, p566). As a matter of fact, he explained this taking Germany and America as examples.

It is related to the fact that since the 1860s, heavy industry developed rapidly in Germany and America. In Britain where the textile industry was predominant, there were many individual capitalists, and the joint-stock capital was only supplementary. But in underdeveloped Germany and America, heavy industry was aimed at from the start with the support of the state, which brought about gigantic enterprises. It was at this point that joint-stock companies played an indispensable role. Hilferding noted this phenomenon and reemphasized what Marx remarked

on the joint-stock company. "This is the abolition of the capitalist mode of production within the capitalist mode of production itself." (volume3, p569)

Hilferding named the mixture of bank capital and joint-stock capital "financial capital" and regarded it as "the highest stage of capitalism," for at the stage of financial capital, production is highly integrated and socialized. He found there the real basis for the coming socialism. But in my view, the financial capital that emerged in Germany and America is characteristic of developing nations. They intended to develop heavy industry and needed share capital and megabanks under the state's support. So financial capital may be positively evaluated. But it cannot be called the highest stage of capitalism, which should rather be found in Britain.

Of course, there is no finding positive meaning there, but seen from today's perspective, it is more suggestive for showing the path taken by global capitalism. Lenin, who inherited the Austrian Marxist Hilferding's view on financial capital, criticized it for lacking consideration into parasitism and the decay of capitalism, which he found instead in the book "Imperialism" (1902) by J.A. Hobson, a British social reformist. The reason is that Hobson explained imperialism from late nineteenth-century British capitalism. It is in Britain that parasitism and the decay of capitalism of financial capitalism became prominent.⁸

When it was a hegemon of world capitalism, Britain took a free trade policy, but domestically, it followed a policy of welfare and protection of the working class, because trade unions were legalized and reinforced since the revolution of 1848. However, British capital deserted domestic manufacturing and the working class to turn to foreign investment and finance. Until then, Britain was a marine empire with many colonies, which, however, were more like states without tariff autonomy. For example, Britain exported their commodities to Mughal India through the East India Company, but did not intervene in its affairs. They turned "imperialist" when they began exporting "capital" to India. The incident that indicates this change literally is that the East India Company dethroned the emperor of Mughal and enthroned Queen Victoria as the empress of India in 1876.

Hannah Arendt's following view of imperialism is more suggestive than Hilferding's because she observed imperialism centering on Britain: "Imperialism must be considered the first stage in political rule of the

8 In *Imperialism, a Study* (1902), John Atkinson Hobson insisted that the plethora of capital and its resultant exportation caused unemployment and class disparities, so that in place of overseas investment and financial speculation a policy of egalitarian redistribution of wealth within the nation should be taken. This is similar to the present Keynesian critique of "neoliberalism." But like the preceding imperialism, neo-liberalism is not a type of policy that the state can freely adopt or abandon. It should be regarded as a historical stage of capitalism.

bourgeoisie rather than the last stage of capitalism." (*The Origins of Totalitarianism*, Penguin, p138).

In her view, the "political emancipation of the bourgeoisie" took place at the stage of imperialism; in other words, political rule or the dictatorship of the bourgeoisie began then. Marxists called the society after bourgeois revolution the dictatorship of the bourgeoisie. But it was far from the dictatorship of capital. What bourgeois revolutions brought about in France in 1789 and in 1848 was rather the system to protect the nation (people) from capitalist tyranny. The modern capitalist state lies in the combination of three different elements: capital, nation, and state. Simply put, the capital-nation-state is a mechanism where the nation as imagined community compels the state to solve the class disparity and antagonism caused by capitalism by way of taxation and redistribution of wealth.

Nevertheless, this trinity system worked well only at the liberalist stage of capitalism, as seen in the case of Britain. It does not work at the imperialist stage. Capital goes abroad, deserting the working class, and the state underpins such a policy militarily. At that point, the nation as imagined community is sacrificed and transformed into chauvinist nationalism. What Arendt called the "political emancipation of the bourgeoisie" is such a process, whereby capital is freed from concern for the nation. This may have been the first such attempt after the bourgeois revolution, however, but it was not the last. For it is being repeated by the neo-liberalism that penetrated the world around the end of the 20th century. It should if anything be called "neo-imperialism."⁹

Looking back from the state of things after 1873, it becomes quite clear that *Capital* was written when Britain was a hegemon maintaining a liberalist policy. That enabled Marx to observe the capitalist economy while bracketing the state and to observe world capitalism through the lens of a single nation. Such conditions rapidly disappeared after the 1870s. But *Capital* gives enough clues to understand the world after it.

If anything, Marx's understanding that "the true barrier is capital itself" applies to the capitalist economy after *Capital*. What he said about the fall of the profit rate or excess of capital implied that capitalism cannot exist but globally. Within a single nation, the fall of the profit rate takes place in no time. The accumulation of capital is possible only by

9 As I stated in *The Structure of World History*, I follow the ideas of liberalism and imperialism suggested by Immanuel Wallerstein in *The Modern World-System*. In his view, liberalism is a policy taken by a hegemon, while imperialism indicates the stage where a hegemon is absent, and many states fight in competition for the next hegemony. And Wallerstein noted that there were only three hegemons in the history of the modern world system; Holland, Britain, and the United States of America. From this we may presume the following; firstly, the liberalistic stage and imperialistic stage alternate, which is the reason for my persistent claim that neo-liberalism should be called "neo-imperialism." Secondly, today's neo-imperialism began with the decline of the United States and will last until the next hegemon is established, if that is even possible, and given that capitalism survives until then.

globally creating labor-force commodities, i.e. commodities that produce commodities and buy them back.

Hence the necessity for the globalization of capitalism, which, however, results in the fall of the profit rate sooner or later. And in this process, the human lives and natural environment that existed throughout the world prior to capitalism are destroyed. But if it ceases, capital cannot survive. The accumulation of capital will no doubt become more and more difficult from now on. Nevertheless, capital will not stop accumulation. Whatever humans may think, the drive of capital to propagate itself never disappears. That is the power of the fetish of capital. That is why *Capital*, which grasped this power, is still important.

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Creativity vs. Unskilled Labour: Kant on Class Struggle

Ognian Kassabov

Abstract: I explore what I argue is a formative theory of class struggle in Kant, placing it in the context of his view of antagonism as a driving force of historical progress. I relate Kant's positions on those issues to the politico-economic theoretical environment in which they unfolded as well as to Marx's subsequent critique. I suggest that something much like the division between creative and unskilled labour drawn by Kant has continued to inform our thinking about the intertwining between the political and the economic.

Keywords: *Kant, class struggle, Marx, labour, creativity*

Lenin famously identified three major sources of Marxism: German philosophy, British political economy, and French socialism, three broad thought currents that – thus Lenin's argument – gave Marx the starting points for developing, respectively, historical materialism, a new labour theory of value, and the idea of class struggle.¹ Of course, this neat stylization does not imply that the three components of Marxism bear no intrinsic ties or were developed independently of each other. In particular, the idea of class struggle is pivotal for the transformation Marx imposed on classical political economy in arguing that value is produced by the creative power of labour – a fact that, he argued, prior economists obfuscated, thus in effect rendering a service to capital. Marx's critique itself constitutes an ideological dimension of class struggle, but there is also a sense in which it is critique in Kant's vein. In questioning the claims of former systems, Marx was exposing the grounds for their illusions – which, it turned out, were rooted in the very dialectic of the subject matter – and, based on that, he was exploring the conditions for gaining an adequate view. These involved the articulation of historical materialism, the study of how class struggles throughout history have shaped and have been shaped by different modes of production.

It goes without saying that before Marx, the three sources of Marxism identified by Lenin did not develop in isolation, either. In particular, research has established how British political economy was instrumental for Hegel, having influenced him not only in matters socio-politic.² In the present article, I will explore *Kant's* take on political economy, prospectively relating this reading to Marx's critique of preceding economic thought. Although Kant never explicitly developed a political economy at any length, he has left a number of systematically related remarks on the tense interrelations that bind the political and

1 Lenin 1963 (first published 1913).

2 The groundbreaking work here is of course Lukács 1975 (first published 1938). For more recent studies from other perspectives, see Dickey 1987 and Herzog 2013.

the economic. In doing so, as we shall see, he articulated contested conceptual determinations that continue to shape our thinking about economic productivity to this day.

Putting Kant into dialogue with Marxist thought is no news after Karatani's important book, which placed Marx's critical analysis of capital in the light of Kant's transcendental inquiry into the structure of experience.³ As Žižek has admitted in spite of his criticism, in doing so Karatani has helped revive interest in the sphere of the economy among contemporary Marxists, arguing for the irreducibility of either politics or economics to the other.⁴

To Kant scholars, the Kant-Marx connection should be even less disconcerting, albeit being somewhat relegated to the outskirts of research. In the recent decades, important studies have argued that Kant's often neglected philosophy of history is in important respects materialistic,⁵ while others have drawn attention to the underappreciated degree to which Kant embraced the French Revolution.⁶ In both cases, authors have carefully traced important continuities and discontinuities with Marx's positions on those points. The link goes at least as far back as Marburg neo-Kantianism, key representatives of which explored the socialist potential of Kant's thought and even dubbed Kant "the veritable and actual originator of German socialism".⁷

The main focus of this article is an astounding passage that occurs towards the end of the *Third Critique* (§83):

Skill cannot very well be developed in the human race except by means of inequality among people; for the majority provides the necessities of life as it were mechanically, without requiring any special art for that, for the comfort and ease of others, who cultivate the less necessary elements of culture, science and art, and are maintained by the latter in a state of oppression, bitter work and little enjoyment, although much of the culture of the higher class gradually spreads to this class. But with the progress of this culture (the height of which, when the tendency to what is dispensable begins to destroy what is indispensable, is called luxury) calamities grow equally great on both sides, on the one

3 Karatani 2003.

4 Žižek 2006, p. 55-56.

5 Wood 1998, 2006.

6 Especially Ypi 2014, but also Kouvelakis 2003.

7 Cohen 1914, p. 112 (first published 1896).

side because of violence imposed from without, on the other because of dissatisfaction from within; yet this splendid misery is bound up with the development of the natural predispositions in the human race, and the end of nature itself, even if it is not our end, is hereby attained.⁸

Is Kant, in those two sentences, formulating the groundwork for a theory of history as driven by the class struggle between unskilled labour and an exploitative class enjoying leisure and engaged in creativity, a struggle fraught with increasing suffering, but bearing the potential for the actualization of freedom? Several authors have briefly glossed over the passage, but it is yet to receive the attention it merits.⁹ Kant's words are dense and seem to stand solitary in his textual corpus with the claims they make. Nonetheless, I believe that we can start making sense of them if we extract them from the "Methodology of Teleological Judgment", where they are but a fleeting remark, and if we put them in their proper conceptual context: Kant's philosophy of history and his scattered remarks on labour.

Kant not only recognized that history is pivotal to what humans are and that it needs manifold material preconditions: he saw history as driven by struggle.¹⁰ Using the very term *Antagonism*, he argued that much of whatever progress we have witnessed in the past and we can hope for in the future is due to an oftentimes violent clash of divergent interests. This view stands in striking tension with the usual legalist and reformist views imputed to his political philosophy. In the first part of the present article, I will lay out this important strand of Kant's thought and relate it to Kant's position on the French Revolution. This will set the backdrop against which, in the second part of the article, I will analyse the 'class struggle' passage from the *Critique of Judgment*.

The allusion Kant makes to the mechanical labour of the working class summons the concept of mechanism – a key determination that he sought to overcome in both the "Critique of Aesthetic Judgment" (with his notion of taste) and the "Critique of Teleological Judgment" (with his notion of the organism). Marx's *Capital* is on its turn replete with the imagery of the mechanical and machine-like employed to put

8 Kant 2000, p. 299. I shall be using the Cambridge Kant edition, at times emending the translations.

9 Major neo-Kantian scholar Vorländer 1911, p. 12 has tellingly remained the most explicit among them.

10 By far not too much attention has been given to the fact that the last section of the *Critique of Pure Reason* is entitled "The History of Pure Reason". That in the first introduction Kant calls metaphysics a *Kampflplatz* is more familiar.

into relief the nature of industrial labour. As it has turned out, a post-Kantian revival of the notion of creativity permeates an important part of current neoliberal discourse on the rejuvenation and reimagining of post-industrial capitalism into something like a creative economy.¹¹ In the third part of the article, I will discuss how, when defining creativity in the *Third Critique*, Kant both drew and made problematic a distinction among different categories of human productivity. As Marx has shown, the conditions for the possibility of a political economy include claims as to just who is productive, and a critique premised on class struggle involves, among other things, a struggle on this issue.

Looking back, it is easy to appreciate that turning to Kant has – for different reasons – been expressly used to undermine the Marx-Hegel connection. What might be even more vexing for some is that the neo-Kantians’ move, in particular, was part of and influenced the wide current of German social-democratic reformism.¹² In full acknowledgement of this fact, this article takes up the opposite task: to contribute to uncovering a not-so-reformist Kant open to what might be viewed as radical politics. In its turn, an either/or stance on Kant and Hegel has, it is hoped, long become as outdated as it is unproductive.

The background aim of this piece is thus twofold: (1) To wrest away Kant from the hands of newer liberal theorists, in this way reclaiming the progressive potential of a figure appropriated as canonical for liberalism.¹³ (2) To retrace part of the story as to how creativity came to feature in economic thinking, together with the conceptual tensions involved and the material contradictions implied.

I. Kant on Social Antagonism and Revolution

Kant articulated his view of social antagonism as a driving force for historical progress in his *Idea for a Universal History with a Cosmopolitan Aim* (1784), a short study in which he explored the justification we have for thinking that human history is going in the direction of improvement, taken to mean a condition of greater justice. What strikes the reader from the outset in Kant’s overall strategy is its apparently amoralist bent: more or less, it consists in attempting to show how unjust actions, taken *en masse*, lead to justice in the long run.

11 Literature in the field – both academic and popular – is burgeoning and concepts are yet fluid.

12 Bernstein 1899 raised a self-styled „Kant wider cant“ slogan, which was however turned around against him by Plekhanov 1901, who argued that Kant was in fact much more progressive than Bernstein ever was.

13 For a brief (and somewhat paradoxical) remark on Kant as anti-liberal, see Losurdo 2011, p. 178-9.

To do this, Kant employs the language of ‘aims or ends of nature’ within human history, a precursor to his more developed teleology in the *Critique of Judgment* (of which §83 is part). Since Kant’s natural teleology is notoriously controversial as regards to its contemporary relevance, its exact standing in his thought, and its very content, I shall keep my discussion of it to a minimum.¹⁴ Nevertheless, I shall suggest that it is crucially important that Kant sets his discussion in the language of ‘nature’.¹⁵ Kant’s philosophy is of course notorious for its extreme anti-naturalism. However, with the introduction of ‘nature’ in his philosophy of history, Kant is already setting the stage for a materialist move: a redirecting of his analytical focus to the issue of how historical change involves something different from the unfolding of pure principles attainable by a priori reasoning.¹⁶ What is more, one of the most challenging and under-studied claims of Kant’s philosophy, one looming especially large in his thinking on history, is that whatever pure faculties human beings possess need to be developed or cultivated through historical experience. In this way, Kant’s philosophy of history comes strikingly close to Hegel’s – and to some extent Marx’s – master problem of actualizing freedom.¹⁷

The first sections of the *Idea for a Universal History* demonstrate some of those points. Kant argues that humans bear the potentials [*Anlagen*] for rational thought and free action, though far from being completely formed, these capacities need to be developed in the course of practice.¹⁸ The term *Anlage* is significant in that Kant will later often use it to imply a theory of what he called “epigenesis”, or development contingent on interaction with surrounding material, in contrast with a theory of preformation or pure actualization from within of a pre-existing telos.¹⁹ It is significant that here Kant does not say much more about the content of the named *Anlagen* than they constitute the remarkably non-essentialist capacity of humans to be the authors of what they genuinely are. He moreover stresses that this is a task not to be achieved by single individuals but rather one pursued by all of humanity collectively.²⁰

14 Hegel, for one, famously praised it and made ample use thereof, not only in his philosophy of nature.

15 Compare Marx’s invocation of ‘natural history’ and Darwin at key places in *Capital I*: Marx 1976, p. 92, 101, 461, 493.

16 Cf. the introduction to the *Idea*: Kant 2007, p. 108-109.

17 For a similar diagnosis, see Yovel 1980, p. 6-7, 23-32, 74, 140 ff., 300-306.

18 Kant 2007, p. 109-110.

19 I am here simplifying for the sake of the argument a matter that is notoriously obscure; see Huneman 2007, p. 13-14, 51-74.

20 Kant 2007, p. 109-111

Kant is then swift to point to antagonism as the chief motor to this progressive movement in history:

The means nature employs in order to bring about the development of all its predispositions is their antagonism in society, insofar as the latter is in the end the cause of their lawful order. Here I understand by 'antagonism' the *unsociable sociability* of human beings, i.e. their propensity to enter into society, which, however, is combined with a thoroughgoing resistance that constantly threatens to break up this society.²¹

Although far from being arcane, this passage may in its turn sound alarming, if we are accustomed to Rawlsian, Habermassian, or Arendtian readings of Kant's political thought.²² Combining Hobbes' and the Scottish Enlightenment thinkers' views on human interaction, Kant includes in his definition of antagonism not only unsociability, but also sociability itself. Thus his concept is not merely a stepping stone to a (liberal) theory imputing progress to something like competition, but rather signifies a force holding together a society's internal dynamics.

Kant's strategy is then to show how this struggle tends towards articulating ever higher levels of political organization. From the individual antagonism described above, Kant passes, in a move familiar from Hobbes and others, to antagonism between states. Kant's particular description is striking: states are in constant (preparation for) war, in a situation of ever increasing economic interdependence and spiralling financial debt.²³ Far from being ahistorical, the argument is thus informed by what Kant takes to be the defining features of his time, which as it turns out, lie to a large degree in the sphere of an antagonistic international economy. In this situation, he argues, no country can achieve a stable just constitution without all the rest achieving the same, uniting in a global ("cosmopolitan") whole that, in this way, will actualize justice and freedom much more fully than any separate nation is capable of doing.

A methodological note: the quoted passage, among other things, suggests how we can partially deflate or re-interpret the language of 'nature' in the *Idea*. Kant is not attempting to naturalize either antagonism or lawful order: his words can be read as just claiming that although

.....
21 *Ibid.*, 111.

22 Yovel 1980, p. 146-153 gives a fine, if brief, discussion of historical antagonism in Kant. The work is also one of the very few to take seriously the historical dimension in Kant's view of reason itself.

23 Kant 2007, 114, 117-118.

social antagonism is not a product of people's free choice ('nature' as contrastive to freedom in typical Kantian parlance) and although not intended as such, it is in fact conducive (a 'means') to attaining a state of lawful freedom ('end of nature').²⁴ In a way, Kant is delineating a precursor to the idea of the non-intentional self-organization of living things from §64-65 of the *Third Critique*. But he is also making an initial formulation of a big problem that stands behind so much of the *Critique of Judgment*: the issue of how what he called the "kingdom of ends" is capable of being actualized in the material world, or the territory of experience, "nature".

When envisioning the solution of this problem as a historical process in the *Idea*, as well as in the class struggle section of the *Third Critique*, Kant is writing from a practical viewpoint, or with regard to human agency. This brings a second respect in which the course of history for him is open-ended, and doubly so. Recognizing historical potential depends on the decision of the philosophical historian – actualizing the potential depends on the decisions of historical agents. However, for Kant those decisions can never be in any way voluntaristic: they are to be guided by what one envisions as constituting the universal interest of humanity.

We should remark that although the economy plays such central role in his argument, in the *Idea* Kant refers only to individual and international antagonism, and does not raise the issue of class division. As Allen Wood has noted, in a slightly later (and somewhat humorously allegorical) article on the "Conjectural Beginning of Human History" (1786), Kant gives even more attention to the historical role of what can be termed different modes of production, presenting political progress as rooted in changing economic relations.²⁵ Something that strikes the reader is that in both texts Kant describes history as imprinted by *labour* and thinks labour as an integral part of history's antagonistic aspect. Moreover, he takes labour to denote not only human struggle to assimilate or subject nature in securing a living and in cultivating humanity, but also the struggle of human beings against other human beings. Thus in "Conjectural Beginning", Kant writes about a historical stage of "*labour and discord* [Zwietracht], as the prelude to the unification in society".²⁶ Here he should be taken to refer not only to a supposed

.....
24 The analogies between Kant's natural teleology and Hegel's cunning of reason made in the literature are too numerous to list here.

25 Wood 1998: 21-7. Wood further draws attention to similarities between Kant's sketch of the different modes of production and Marx's much more developed analysis. I shall touch briefly on just one aspect, which will be important in the subsequent sections. Even though Wood has later added social antagonism as part of the story (Wood 2006: 251-2), he has explicitly denied that Kant recognizes the importance of class struggle.

26 Kant 2007, p. 171.

archaic period of feuds prior to the transition to ancient organized society (which is the literal meaning of his text), but also to be alluding to the discord and antagonism within capitalist societies prior to the unification in a worldwide free and just condition, which he analysed in the *Idea*.²⁷

As we have seen, Kant viewed the actualization of the emancipatory potential in history as being far from pre-determined. After publishing the *Third Critique* (1790), *Perpetual Peace* (1795), and the *Doctrine of Right* (1797), he once again explored this issue in the *Conflict of Faculties* (1798), in a section entitled “Is the Human Race Constantly Progressing?”. It is here that he made his famous bold move of singling out the French Revolution and especially outside spectators’ “wishful *participation* that borders closely on enthusiasm” as a sign demonstrating that a free condition is indeed to be eventually achieved.²⁸ It has been shown that Kant himself was vividly interested and strongly supportive of the Revolution.²⁹ It is impressive that in the “Progress” essay, Kant explicitly writes that Terror is not to detract from this involvement, and that the Revolution is “a phenomenon in human history [that] *will not be forgotten*” – precisely because of being deeply “interwoven with the interest of humanity”, because of expressing something truly universal.³⁰ Underscoring that here the Revolution obtains the status of an event, Foucault has noted that Kant is now using a strategy inverse to teleological explanation.³¹ To draw consequences for the future, Kant does not pretend to reconstruct the past as oriented towards a certain putative goal, but rather makes a prediction based on a singular occurrence in the present.³²

Although Kant’s full assessment of the French Revolution is notoriously difficult to sort out, it is merits attention that his words in the *Conflict of Faculties* come in fluid continuity with the central driving role he attributed to antagonism in history. In the *Idea*, he insists it is to be expected that progress will be achieved through a series of violent and

27 Cf. *ibid.*, p. 115, 173.

28 Kant 1996b, p. 302.

29 Ypi 2014.

30 Kant 1996b, p. 302, 304

31 Foucault 2008: 16-21. This can make Kant’s position more attractive for those who have long been rejecting both historical teleology and the historical determinism inherent in older ‘orthodox’ Marxism.

32 It is nevertheless significant that, in doing so, Kant again repeatedly uses the term *Anlage*, most importantly when arguing that enthusiasm for the Revolution demonstrates “a potential and faculty in human nature for something better” (Kant 1996b, p. 304). As I mentioned, this should be no problem, if an *Anlage* is an open-ended predisposition.

radically transformative upheavals or “revolutions”.³³ Thus, although Kant consistently casts his view of historical progress in ‘moral’ terms, his philosophy of history stands in a tension with the legalistic bent of the received version of his political philosophy, as articulated in the *Doctrine of Right* or *Perpetual Peace*.³⁴ The same can be said of the dilemma between revolution and reform: although the aforementioned texts have a distinctly reformist flavour, Kant’s philosophy of history is much more open to the possibility of violent progressive change.³⁵

Of course, Kant envisioned no abolishing of private property and state, even in the future cosmopolitan whole. As Vorländer soberly remarked, Kant was no socialist³⁶ (and, we might add, still less communist). Nevertheless, his antagonistic philosophy of history is such that it envisions abolishing (at least violent) antagonism. This is something that leaves its mark on Kant’s assessment of the progressive potential of the French Revolution, too. Kant saw the Revolution as a huge step forward to both peace and rule based on the people’s will, which for him were interrelated: a constitution approved by citizens, he thought, would be built on principles forbidding aggressive war. We should stress that Kant named the agent of this change “the people”, a figure featured prominently in the “Progress” essay.³⁷ We further find him accusing rulers of treating humanity at large as beasts of burden (again, the issue of labour) or as a mere tools³⁸ (a phrase echoing the admonition to rulers from the conclusion of “What is Enlightenment?” not to treat humans as machines). Even though Kant argues against subjection in general (and even though the French Revolution was in an important part a revolt against feudal subjection, something that Kant was aware of), the specific issue of machine-like work suggests Kant also has something to say about the subjection of society’s lowest members. To see what this might be, let us turn to the *Third Critique*, which intervenes between the essays on history and the *Conflict of Faculties*.

33 Kant 2007, p. 115, 118-9

34 On the other hand, van der Linden 1994 has re-affirmed Cohen’s merit of showing how Kant’s moral theory is not bourgeois but rather harmonious with Marxist teaching.

35 In largely not taking into account the antagonistic moment in Kant’s philosophy of history, the analysis in Kouvelakis 2003, p. 17-23, while acknowledging Kant’s strong sympathies with the French Revolution, leaves Kant with the usual moralist-reformist diagnosis; see esp. *ibid.*, p. 19.

36 Vorländer 1911, p. 32-34.

37 This observation belongs to Macarena Marey and was argued for in a yet unpublished conference talk of hers on Kant’s revolutionary populism.

38 Kant 1996b, p. 305.

II. Is Class Struggle a Driving Force of History, for Kant

Hanna Arendt has famously instructed us to look in the *Critique of Judgment* for clues to a political philosophy divergent from Kant's allegedly official position, articulated in the *Doctrine of Right*.³⁹ While Arendt argued that key structures of Kant's theory of aesthetic judging lie at what she took to be the heart of the political, I will draw attention to several passages in which Kant makes fleeting remarks on topics directly or implicitly related to political economy. These will help fleshing out Kant's view on society and history as antagonistic. The central passage for my argument, which I quoted at the beginning of the essay,⁴⁰ comes at a stage where Kant brings to the discussion of the *Third Critique* the topics of embodied freedom, historical progress, social antagonism and war, as well as the achievement of a world political union – all issues central to his writings on history.⁴¹ It is within that context that he raises the observation on the importance of inequality, the two main categories of labour, and the oppressive relations between them.

Let us first look at the character of the class division drawn by Kant. Kant himself uses the term *Classe*, though in his vocabulary it by no means possesses the social determinateness present in authors such as Marx. The distinction he makes is not precisely that between proletarians and capitalists, but it definitely is one between people of lowly hired labour, of “bitter work and little enjoyment”, on the one hand, and people who to a much greater degree can enjoy “comfort and ease”, from which they can take up creative pursuits. What is more, Kant stresses that the leisure of the upper class is made possible by the toil of workers, who, for that end, “are maintained [...] in a state of oppression”. The relation between the two classes is not only antagonistic, but, we might say, organically so: much as in Marx, the working class produces the upper class by supplying it with goods and relieving it from the need to labour, while the latter produces the working class by means of subjection. What is missing is capital as a universal system producing both. But in Kant, as in Marx, neither class is possible outside this asymmetric power relation, which constitutes each as a class.

Thus, second, the antagonistic *Zwietracht* we encountered in Kant's earlier writings on history is now explicitly described as class inequality.⁴² Social antagonism in the *Idea for a Universal History* appears to be

39 Arendt 1992.

40 See n. 8.

41 Kant's overall goal in those sections is the apparently hopelessly outdated issue of whether humans can be considered as the “final end of nature”. Discussing that topic is not in order for the present paper.

42 There is a precursor to this in “Conjectural Beginning”: Kant 2007, p. 170-173.

premised on the strife between more or less equally placed individuals, and thus can be read in line with classical liberal views. But here, Kant is speaking of a division in two vast groups based on structurally different levels of (dis)advantage stemming from the nature of their work and its political underpinnings, i.e. by relations of production. Social inequality is explicitly described not only as legal or political, but also, first and foremost, as relating to type and content of labour and access to free time. Political and economic arrangements here serve to reinforce each other. Although he might be remembered for arguing in support of formal equality, which seems to classify him as a liberal,⁴³ Kant here shows that he was far from being insensitive to the preconditions and effects of material inequality. In addition, he had his own sarcastic (and on their turn largely neglected) points to make about the illusory character of formal rights.⁴⁴

In a move that, as we have seen, is typical for his thinking on history, Kant presents material inequality as necessary for progress, for the development of what he calls *Geschicklichkeit*. Readers of Marx and students of classical political economy are well aware that 18th and 19th century texts in the subject are replete with arguments seeking to justify social and economic inequality as an instrument necessary to economic progress. In fact, Marx singled them out among the defining features of the practical working and ideological defence of capitalism. Yet, Kant on his part suggests that inequality is merely a (deplorable) means that ultimately ought to be abolished – much as violent antagonism in general is to be abolished in the condition of perpetual peace.

Kant's deep commitment to egalitarianism in his later years is well-attested, but a note on Rousseau waking him from a certain elitist slumber puts into sharp relief his stance – in particular, on the rightful relation between menial and ‘intellectual’ labour:

I am an inquirer by inclination. I feel a consuming thirst for knowledge, the unrest which goes with the desire to progress in it, and satisfaction at every advance in it. There was a time when I believed this constituted the honor of humanity, and I despised the

43 For a clear-cut argument directed specifically against hereditary privilege and claiming that equality in law is consistent with inequality in possession – an argument pleasing to the bourgeois, see Kant's article ‘On the Common Saying: That May be Correct in Theory, but It is of No Use in Practice’ (1793): Kant 1996a, p. 292-4.

44 E.g. the following passage from the *Anthropology*: “a political artist, just as well as an aesthetic one, can guide and rule the world by deluding it through images in place of reality; for example, *freedom* of the people (as in the English Parliament), or their rank and *equality* (as in the French Assembly), which consist of mere formalities. However, it is still better to have only the illusion of possessing this good that ennobles humanity than to feel manifestly deprived of it”: Kant 2007, p. 291.

people, who know nothing. Rousseau set me right about this. This blinding prejudice disappeared. I learned to honor humanity, and I would find myself more useless than the common laborer if I did not believe that my investigations can give worth to all others in establishing the rights of humanity.⁴⁵

The presumed splendour of the most subtle knowledge – so Kant – is worthless if it cannot make a contribution to the emancipation of other types of labour, usually considered lowly. The rights of – again – “the people” are to be upheld by the scholar, not just on the side, but as part and parcel of her very work. In a way, the researcher (a member of the upper class free from hard labour) emerges as a potential ideological ally of workers.

But here comes my third point, which refers to what I think is both the most interesting and most problematic moment in Kant’s *CJ* §83 observation on class. Although he admits to some degree a version of the trickle-down argument (“much of the culture of the higher class gradually spreads to [the lower] class”), Kant insists that, after all, not only is inequality inevitable as an instrument for progress, but also progress itself in turn reinforces and deepens inequality. To quote again: “with the progress of this culture [...] calamities grow equally great on both sides, on the one side because of violence imposed from without, on the other because of dissatisfaction from within”. Ignoring for a moment the worries of the allegedly dissatisfied upper class, we should observe that Kant’s diagnosis expressly states that with the unfolding of this politico-economic set-up, oppression for the working class is likely to increase. Having opened his *Wealth of Nations* with an analysis of the effects of the division of labour, including the creation of a class of “working poor”, or “common labourers”, when he studied wage dynamics Adam Smith remained optimistic that overall, given economic progress, the condition of that working class will improve.⁴⁶ In stark contrast, what Kant paints here is hardly a stable, sustainable direction for development; it much more appears to be setting in store one of those eruptions that Kant saw as endemic throughout history.

Another note on the broader politico-economic context. Whereas Kant’s diagnosis on inequality is easy to make sense of given the influence of Rousseau, themes from whom pop up so often in the *Third Critique*, I suggest that it should also be read in the light of seminal politico-economic observations from the Scottish Enlightenment. Here, in addition to Smith, I mean foremost his friend Adam Ferguson, who in

45 Kant 1996a: xvii.

46 Smith 1976, p. 96-100.

his *Essay on the History of Civil Society* was among the first to analyse in detail the social processes peculiar for the emerging capitalist mode of production. Ferguson was greatly impressed by the effects of the deepening division of labour, which for him included the creation of a business and intellectual elite and a mass of mechanical workers. While he saw this result as the condition for progress of what he called “commercial societies”, he was worried about the elite’s propensity to wanton luxury and the mental and physical destitution threatening workers.⁴⁷ When tracing the generation of the working class as he encountered it in the England of his day in *Capital I*, Marx repeatedly referred to Ferguson, especially with respect to the production of an unskilled labour force.⁴⁸ As we saw, this is a point also explicitly made by Kant: the working class is not only toiling and oppressed – its work consists of almost mechanical operations that need no special skills. This remark on the dehumanizing aspect of common labour of course resonates strongly with subsequent Marxist thought.

If Ferguson, alike Smith, was in the end optimistic, arguing that a vigorous social sentiment is bound to perdure even in a mercantile epoch, Kant, as we have seen, was much more uncertain about a progressive outcome, at best giving only hints as to how it is even possible to think that the given circumstances might lead to emancipation and a state of equality and justice. In *CJ* §83 he leaves readers at a loss to wonder how an increasing “culture of skill” can obtain without an ever deepening inequality. He only alludes to his already familiar threat of all-out war and the possibility for establishing perpetual peace, the only hope for an eventual “happiness for the people”.⁴⁹

With all their inconclusiveness and lack of elaboration, Kant’s cursory remarks on class, read in the light of his philosophy of history, can thus be seen as both rooted in and transforming the politico-economic theoretical environment in which he was working. They not only add a class dimension to his theory of social antagonism, but also shed light on his later radical pronouncement on the French Revolution. The subjection which, he thought, the Revolution gave a promise to overcome was not only one of political privilege, but also one of economic oppression.

As we have seen, Kant’s cosmopolitan idea of perpetual peace, from its outset in the *Universal History*, was drawn to a great extent from materialistic grounds relating to the emerging economic and financial

47 For key sections of his analysis, see Ferguson 1995, p. 172-83, 235-248.

48 Marx 1976, p. 219-220, 474, 482-4.

49 Kant 2000, p. 300. (The Cambridge translation reads “happiness among nations.”)

interconnection of countries throughout the world. In the classic text formulating the idea, when discussing the outrages of colonialism, Kant claims that, given this situation, “a violation of right on *one* place of the earth is felt in *all*”.⁵⁰ In his Smith-influenced theory of money in the legalistic *Doctrine of Right*, when discussing the conditions of labour in colonies and metropolises, Kant remarks that “toil always comes into competition with toil”.⁵¹ Thus for him the increasing oppression of workers in a single country cannot fail to have effects in others. We have underscored how in the *Conflict of Faculties* Kant recognizes the French Revolution as expressing the interests of all of humanity; he further adds that “its influence [is] widely propagated in all areas of the world” and that it thus constitutes a promise not only for a specific country, but for all peoples.⁵²

III. A Political Economy of Productivity

We have so far been able to see that Kant deeply appreciated that inequality is not merely a matter of abstract right but also of economic relations, which, for him, actually work to entrench that inequality. In what remains, I will explore the meaning and implications of Kant's description of the lower class's “bitter work” as conducted “as it were mechanically, without requiring any special art”.

Kant uses the term *Kunst* in its older meaning (much broader than the aesthetic one, which became current only in the 19th century) as referring to any skilled practice intentionally aimed at producing something. When he gives his famous definition of the narrower aesthetic term (*schöne Kunst*) in §43 of the first part of the *Critique of Judgment*, Kant makes use of a contrast between the specific practice that term denotes, on the one hand, and craft and industry (also ‘arts’ in the older meaning), on the other. The passage is useful here not only because for Kant craft is an instance of mechanical work, but also for the economic language it employs, including a passing definition of labour. We will leave its purely aesthetic implications on the side, using it as a gateway for elucidating the two types of work referred to in the class struggle passage.

Art is also distinguished from handicraft: the first is called liberal [*freie*], the second can also be called remunerative art [*Lohnkunst*]. The first is regarded as if it could turn out purposively (be successful) only as play, i.e., an occupation that is agreeable

50 Kant 1996a, p. 330.

51 Kant 1996a, p. 435. (The Cambridge edition presents a strikingly different choice of translation.)

52 Kant 1996b, p. 304.

in itself; the second is regarded as labor, i.e., an occupation that is disagreeable (burdensome) in itself and is attractive only because of its effect (e.g., the remuneration), and hence as something that can be compulsorily imposed.⁵³

Kant's usual theory of *Kunst* in its non-aesthetic meaning is that of an activity whose proper end is not itself, but rather its product or outcome. In the case of what he calls *Lohnkunst* (wage-craft), he adds two further specifications. As labour, it is not only not an end in itself, but is furthermore inherently unpleasant and burdensome. What is more, the external end that makes it rational to engage in such activity is not its product (e.g. a chair), but rather a remuneration for that labour. The product is not even mentioned in the definition. Thus, although Kant is ostensibly talking about *Handwerk*, his discussion can easily assimilate manufacture and industrial labour, or wage labour in general. Although not a piece of political economy, the passage is spectacular in the entanglement between the key political (‘freedom’) and economic (‘labour’, ‘wage’) concepts it deploys. What distinguishes this wage-craft from fine art is not that the artist cannot make money from her product, but rather that the artist (if she is to produce ‘genuine’ art, it is assumed) cannot take orders to produce such-and-such a thing. In contrast, wage labour is such that it can be imposed on the worker by someone else and is thus unfree. Furthermore, not only does the worker not choose what she will produce – her disagreeable work makes sense for her only because it has a certain exchange value she gets in return. In contrast, fine art is also free in the sense that it is meaningful as an activity in itself and thus (allegedly) transcends the relations of exchange value.

It is significant that Kant uses here the term ‘play’, mirroring his famous definition of aesthetic experience as free play between the imagination and the understanding in the judgment of taste.⁵⁴ The economic and political references in Kant's aesthetic theory might be so fleeting as to be easily overlooked, but the same cannot be said of Friedrich Schiller's *Letters on Aesthetic Education* (1795), published several years after the *Third Critique*. Schiller famously built on Kant's aesthetic play, making it the object of a *Spieltrieb* central to human experience, and in doing so, he articulated the play/labour distinction in an explicitly socio-historical context with its own materialistic component,⁵⁵ laying the groundwork for a theory of modern alienation that

53 Kant 2000, p. 183.

54 *Ibid.*, p. 102-104.

55 I have explored the politico-economic implications of the play/labour distinction in Kant, Schiller, and onwards, in my article Kassabov (2016).

was to influence Hegel:⁵⁶

we see not merely individual persons but whole classes of human beings developing only a part of their capacities, while the rest of them, like a stunted plant, shew only a feeble vestige of their nature [...] enjoyment was separated from labour, means from ends, effort from reward. Eternally chained to only one single little fragment of the whole, Man himself grew to be only a fragment; with the monotonous noise of the wheel he drives everlastingly in his ears, he never develops the harmony of his being.⁵⁷

Even more ostensibly than by the issues of abstract wage labour, the aesthetic utopia of the *Letters* was conceived and motivated as an answer to the French Revolution and the Terror.⁵⁸ Schiller's peculiar reformist move was to demand a "total revolution [...] in the whole mode of perception" before any intervention in the outside world.⁵⁹ This internal revolution, he argued, is to be achieved through the play-drive's re-integrating free activity in what he called "beautiful appearance" (the realm of the aesthetic).⁶⁰ But in coupling play and appearance, he conversely bonded labour and reality, suggesting that alienating labour and political subjection might never reach an actual *Aufhebung*. Nevertheless, Schiller's ideal of harmonious, non-alienated human productivity transcending the labour/play distinction and freely actualizing the human creative potential – not reducing the worker to any particular type of work – can be heard to resonate in Marx's notes on the possible future transformation of work. This is true not only as relates to, e.g., the famous passage on communism from the *German Ideology*, but also of the recurring, if tamer, references to the future universal development of individuals in *Capital I*.⁶¹ While in *Capital III* we get the following Kantian-sounding formulation:

56 For a fine account of part of the story, contextualizing Schiller against British political economy, see Dickey 1987, p. 254-263.

57 Schiller 2004, p. 38-40.

58 On the contrast between Schiller's aesthetic reformism and Kant's support for the Revolution, see Losurdo 1983, 191-194 and Kouvelakis 2003, 16.

59 Schiller 2004, p. 132.

60 *Ibid.*, p. 75 ff., 125 ff.

61 Marx 1976, p. 447, 635, and especially p. 614-618, concluding with the following remarkable words: "That monstrosity, the disposable working population held in reserve, in misery, for the changing requirements of capitalist exploitation, must be replaced by the individual man who is absolutely available for the different kinds of labour required of him; the partially developed individual, who is merely the bearer of one specialized social function, must be replaced by the totally developed individual, for whom the different social functions are different modes of activity he takes up in turn."

The kingdom of freedom really begins only where labour determined by necessity and external purposefulness ends; it lies by its very nature beyond the sphere of material production proper. [...] The true kingdom of freedom, the development of human powers as an end in itself, begins beyond [the realm of necessity], though it can only flourish with this realm of necessity as its basis.⁶²

On his part, after introducing the notion of fine art as free, Kant made a special point of upholding to some measure the dignity of mechanical work vis-à-vis the productive claims of artistic creativity, even arguing for the indispensability of some mechanism in the very production of artworks.⁶³ If we return to the class struggle passage, the free artist of §43 can be comfortably placed within the upper class, "who cultivate the less necessary elements of culture, science and art". The putative craftsman however stands in some contrast to the unskilled, artless lower class. So it turns out that in §83 Kant is alluding to a special type of mechanical burdensome work devoid not only of creative freedom, but also of the craftiness of mercenary artisans. Whereas the latter may possess a certain degree of productive autonomy insofar as their activity is a skill they cultivated, the former are almost literally reduced to the mere machine-like work Kant abhorred.⁶⁴ Their labour is even more unfree and for it to be carried out, they have to be held "in a state of oppression".

Distinguishing between different types of productivity was an important feature for traditional political economy, especially for systems upholding a labour theory of value. Adam Smith paid special attention to the differing roles of different types of labour in producing wealth, but made the interesting suggestion that the distinction between skilled and unskilled labour is actually relative to the specific context of production in which they are employed.⁶⁵ Marx, on his part, traced the increasing degradation of industrial workers to machines to parts of machines⁶⁶ and from there even to mere material for machines.⁶⁷ Marx's analysis depends not only on incisive empirical observations on the changing conditions of work, but also on conceptual commitments regarding just what agency is

62 Marx 1981, p. 958-959.

63 Kant 2000, p. 183; see also p. 189, 197.

64 For an extensive discussion of the converse deprecation of common labour as machine-like in some currents of classical liberalism, see Losurdo 2011, p. 83-122, 181-187, 243 ff.,

65 Smith 1976, p. 118 ff.

66 E.g. Marx 1976, p. 457 (where he even employs a hidden quote from Ferguson 1995, p. 174), also p. 469.

67 Marx 1976, p. 517-527.

and who or what constitutes the focal point of the process of production. The conclusion is to be understood as expressing the continuation of the process of working skills relativization Smith had observed. Labour is now reduced to bare labour.

Thus we find Marx arguing, in *Capital IV*, that in the capitalist mode of production, the productivity of labour no longer depends on its specific content. As it turns out, Kant's strange choice to define artistic freedom by distinguishing it from wage labour stands in a fine theoretically productive contrast with Marx's famous recap of that argument:

*The same kind of labour may be productive or unproductive. For example Milton, who wrote Paradise Lost for five pounds, was an unproductive labourer. On the other hand, the writer who turns out stuff for his publisher in factory style is a productive labourer. Milton produced Paradise Lost for the same reason that a silk worm produces silk. It was an activity of his nature. Later he sold the product for £5. But the literary proletarian of Leipzig, who fabricates books (for example, Compendia of Economics) under the direction of his publisher, is a productive labourer; for his product is from the outset subsumed under capital, and comes into being only for the purpose of increasing that capital.*⁶⁸

Marx's Milton is a Kantian 'free artist' who composed a great epic poem as "an activity of his nature", in contrast with the literary proletarian, a Kantian 'mercenary artist' writing "under the direction" of someone else for a wage. But whereas Kant draws his distinction based on the experience of the producer, the distinction Marx is aiming at is one defined by the turnover of the product. With the emancipation of exchange value as universal equivalent, the point of view of capital has now taken the lead in determining just what productivity is. One and the same activity can be (un)productive depending on the degree it contributes to making profit for the one who commissioned it.⁶⁹ But the rhetorical force of Marx's argument contains more than that. By choosing to give the example he does, he is playing on the (post-Kantian) intuition that the products of artistic creativity are not something to be reduced to exchange value.

We need not inquire whether Marx's theory subscribes to that specific intuition; nonetheless, among its central commitments is

68 Marx 1968, <<https://www.marxists.org/archive/marx/works/1863/theories-surplus-value/add1.htm#s12d>>

69 So, given a favourable market, Marx's literary proletarian need not be confined to churning out compendia of economics and might be ordered instead to produce epics of man's first disobedience.

the view that the use value of human labour power as such – not only artistic creativity – cannot be reduced to its exchange value. It is the latter view that in *Capital I* often supports the key claim of the class struggle component of Marx's critique of political economy: that it is not capitalists, machines, not capital itself, but rather workers who ultimately produce value.⁷⁰ What is more, labour on his analysis seems to stem from a human power that is not merely productive, but *creative* in a stronger sense. Labour thus obtains the status of something alike an originary life-force – in contrast with capital, rhetorically painted as dead, or worse, as an undead preying on human energy. Lest this quasi-vitalist terminology sound alarming, we should attend to a typical sample of Marx's own words:

The property therefore which labour-power in action, living labour, possesses of preserving value, at the same time that it adds it, is a gift of nature which costs the worker nothing, but is very advantageous to the capitalist [...]

Capital is dead labour which, vampire-like, lives only by sucking living labour, and lives the more, the more labour it sucks. [...] Suddenly, however, there arises the voice of the worker [...]: 'The commodity I have sold you differs from the ordinary crowd of commodities in that its use creates value, a greater value than it costs. That is why you bought it.'⁷¹

My concluding suggestion is that might be worthwhile to think in this light the ongoing interest in the broader role of creativity in the economy – in topics such as innovation, entrepreneurship, start-ups, creative industries, classes and cities, the creative economy, and so on. Of course, all of this has not remained confined to the realm of the rhetorical: it has produced palpable economic value and has begun to shape in new ways the categories in which we think about productivity. It has pushed towards short-circuiting the intuitive contrast between, on the one hand, the putative value of creative work as fulfilling for the worker and, on the other, the exchange value of her product: for we are made to believe that it is precisely the innovation of creative businesses that is most effective in increasing capital. And whereas Marx argued for the creativity of bare unskilled labour, recent theories of economic creativity are in effect returning the notion to its older elitist significance, relegating it to the activity of the capitalist.

70 See e.g. Marx 1976, p. 425-426, 508 ff., and especially the crucial passage at p. 677-679.

71 Marx 1976, p. 315, 342, respectively; cf. 323, 755.

Marx and, subsequently, critical theorists have shown how art production can be subsumed by capital. The recent insistence on the role of creativity as a driver for growth has opened up an uncanny affinity between capital as self-perpetuating drive and aesthetic experience in a Kantian-Schillerian vein: a self-inducing play with no end external to itself.⁷² What is missing from the story is the lingering indispensability of mechanical, 'non-creative' labour for the whole process, something that even Kant was apparently aware of.

IV. Conclusion

In sum, I hope to have shown that Kant's view of historical progress as driven by social antagonism can be upgraded by a latent theory of class struggle in his texts, including a sensibility to the interests of the emerging proletarian class. The issues of (1) how this can be reconciled with the mainstream reformist and legalist bent of Kant's political thought, (2) how it can contribute to current Marxist theory, and (3) how it can uncover in more detail the contradictions of creativity talk in present neoliberal political economy are the matter for further research.⁷³

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⁷² This aesthetic link may throw more light on the Lacanian interpretation of capital as 'fiction': Žižek 2006, 57-60.

⁷³ An early version of this paper was presented at a Sofia University philosophy conference meeting in 2015; I thank participants for the heated discussion. Further gratitude goes to Christo Stoev and Macarena Marey for the impetus they've given to my work on the problem.

How Not to Evaluate the Relevance of Marx's Capital

Andrew Kliman

Abstract: Critics frequently claim that important aspects of Marx's *Capital* have been rendered irrelevant by changes in capitalism that have subsequently taken place. The present essay argues that these allegations of irrelevance are often based on misunderstandings or misrepresentations of the book's genre. For example, it is evaluated as if it were a descriptive work rather than a theoretical one, or as if it were about capitalism as a whole rather than the capitalist mode of production. The essay then turns to specific arguments put forward by Silvia Federici, Jonathan Sperber, and Paul A. Baran and Paul Sweezy in their efforts to impugn the relevance of Marx's theories of the reproduction of labor-power and the tendential fall in the rate of profit. It argues that these efforts fail, partly because the critics do not fully appreciate *Capital's* genre.

Keywords: Karl Marx, *Capital*, critique of political economy, Marx's method, relevance of Marx

As Terry Eagleton (2011) has noted, Marx's critics argue that the capitalist system "has altered almost unrecognizably since the days of Marx, and that this is why his ideas are no longer relevant." It would be hard to challenge the first half of this argument. In contrast to Marx's day, capitalism is now a system that engulfs almost the entire globe. Competitive capitalism has given way to monopoly- and state-capitalism. The role of finance has greatly increased during the last few decades. In technologically advanced countries, the workforce has become increasingly female and "smokestack industries" are no longer pre-eminent. And so on. The world, and so much that matters to us, seem to bear little resemblance to the world discussed in *Capital*, especially the stripped-down situation on which volume 1 dwells: the expansion of capital by means of extraction of workers' surplus labor in the direct process of production.

I shall therefore not challenge the first half of the argument. Nor shall I challenge the second half (the notion that Marx's ideas are no longer relevant) in the typical way—that is, by discussing particular ideas of his that I think remain relevant.¹ I shall instead challenge the argument in a more fundamental way, by calling into question the link it presumes between changes in capitalism and the irrelevance of Marx.²

1 I have done a bit of that in Kliman (2013), an essay on which the present one is partly based.

2 Eagleton (2011) adopts this strategy, too, but his argument is perplexing: "Marx himself was perfectly aware of the ever-changing nature of the system he challenged. ... So why should the fact that capitalism has changed its shape in recent decades discredit a theory that sees change as being of its very essence?" Yet surely Marx's recognition of the fact that capitalism changes does not eliminate the possibility that certain changes to the system might indeed render his theory irrelevant. Everything depends on whether the changes under consideration are of that type, not on whether

In the simple form in which Eagleton expresses it, the argument passes immediately and facilely from the fact that capitalism has changed to the conclusion that Marx's ideas are *therefore* no longer relevant, as if the validity of this transition were self-evident. It is not. Clearly, it isn't true that *every* change in capitalism renders *every* idea of Marx's irrelevant. The issue must therefore be addressed, not in this simple form, but on a case-by-case basis. And some intermediate argument is needed, in every case, to link some specific change in capitalism to some specific idea that has supposedly become irrelevant.

Because the simple form of the argument is hopeless, this essay will focus on a few prominent arguments of the latter form, those that do attempt to link specific ideas of Marx's to specific conditions that no longer exist. I shall take up Silvia Federici's (2012) claims that Marx ignored "women's reproductive work," and that he did so partly because he was concerned with the particular conditions of his own time, in which such work was not yet an integral part of capitalist production. I shall then take up two arguments that the development of capitalism has made Marx's falling-rate-of-profit theory irrelevant. One argument, put forward by Jonathan Sperber (2013b) in his recent biography of Marx, is that this theory pertains only to an outdated version of capitalism in which productivity did not increase rapidly. The other, pursued vigorously by the "*Monthly Review* school" (also known as the "monopoly capital" school) throughout the last half-century, is that Marx's theory presupposes competitive capitalism, and has thus become irrelevant as a result of the dominance of monopolies and oligopolies.

Before I undertake these case studies, I shall offer some more general reflections on the kind of book *Capital* is and isn't, because claims that it has become irrelevant often seem to be based on a misunderstanding or misrepresentation of its genre. I shall argue, first, that *Capital* is principally a work of theory rather than of description. Therefore, a mismatch between what it describes (or seems to describe) and what we observe in the real world is not necessarily evidence of its irrelevance. Second, its subject matter is the capitalist mode of production rather than the whole of capitalist society. Therefore, its "failure" to explore some aspect of capitalist society that has become increasingly prominent or important is likewise not necessarily evidence of its increasing irrelevance. It seems to me that the "*Monthly Review* school" tends to make the first error, and that Federici's argument is guilty especially of the second one. (Sperber's error is much less sophisticated.)

Because a case-by-case approach is needed here, as I discussed above, it is not possible to provide an exhaustive refutation of the irrelevance allegations. My hope is that the case studies I shall present,

Marx recognized that capitalism changes.

in conjunction with the general point that the irrelevance allegations are often based on errors regarding *Capital's* genre, will make a plausible case that additional allegations of irrelevance can be refuted in a similar manner, and that this is a fruitful line of inquiry for others to engage in.

Anyone can make an error, but when the same kind of error is made again and again, there is reason to suspect that it has political and/or material bases.³ Exploration of this possibility is beyond the scope of the present paper. I mention it simply in order to make clear that I am not suggesting that the errors in question are purely cognitive ones that will be eliminated by cogent argumentation alone.

A Work of Theory, Not Description

The fact that the world now seems very different from the one we are confronted with in *Capital* simply does not imply that the book has become irrelevant, or even less relevant, than when it was written. The world also seemed very different from the book back when Marx wrote it, and he was acutely aware of the differences. For example, he remarked in volume 2 that "[i]t is typical of the bourgeois horizon, ... where business deals fill the whole of people's minds, to see the foundation of the mode of production in the mode of commerce corresponding to it, rather than the other way around." He nonetheless insisted that the market relationship between the buyer and seller of labor-power (the capitalist and the worker) "rests fundamentally on the social character of production, not on the mode of commerce; the latter rather derives from the former" (Marx 1992, p. 196).

The question is therefore not whether capitalism has changed since Marx's time, or even whether the changes are big and important. The question is: what is the significance of the fact that things look quite different from how *Capital* presents them? Does this *fact* count as a legitimate *criticism* of the book, an indication of theoretical inadequacy?

Marx anticipated this kind of objection, and he repeatedly responded to it by distinguishing between "science" and description of phenomena. In volume 1 of *Capital*, he argued that

a scientific analysis of competition is possible only if we can grasp the inner nature of capital, just as the apparent motions of the heavenly bodies are intelligible only to someone who is acquainted with their real motions, which are not perceptible to the senses. [Marx 1990, p. 433]

In volume 3, he criticized "vulgar economics" —i.e., the school that focused on description of phenomena, in contrast to the "scientific" political economy of theorists like Adam Smith and David Ricardo—by

³ See Kliman (2007, *passim*) and Kliman (2010) for discussions of the political and material bases of the related allegations that Marx's value theory is internally inconsistent.

contrasting appearance and essence once again:

Vulgar economics actually does nothing more than interpret, systematize and turn into apologetics the notions of agents trapped within bourgeois relations of production. ... [But] all science would be superfluous if the form of appearance of things directly coincided with their essence [Marx 1991, p. 956]

And a letter to a friend written several years later makes an almost identical argument:

the vulgar economist thinks he has made a great discovery when, as against the revelation of the inner interconnection, he proudly claims that in appearance things look different. In fact, he boasts that he holds fast to appearance, and takes it for the ultimate. Why, then, have any science at all? [Marx 1868].

Marx was therefore not trying to provide a commentary on capitalist society that “held fast to appearance[s]” by describing its components parts and relationships in the way that these “things look” of the surface of society. He was instead engaged in “science”—“revelation of the inner interconnection[s]” among the parts and their apparent relationships.

In light of this aim, it seems wholly inappropriate to me to evaluate the book in terms of how closely it conforms to how things look—for instance, in terms of whether the business deals and financial markets that dominate the economic news and the minds of the bourgeoisie also dominate the book. It needs to be evaluated instead in terms of how successfully it reveals the inner connections.

The Specificity of Capital

It is frequently asserted that *Capital* “leaves out” or “overlooks” some important aspect of capitalism, or that its treatment of that aspect is “underdeveloped.” For example, *Monthly Review* author Heather Brown (2014) recently complained that “Marx’s theory remains underdeveloped in terms of providing an account that includes gender as important to understanding capitalism.” This presumes that “understanding capitalism” —as such or, perhaps, in its totality—was the aim of *Capital*. Since gender relations are important aspects of capitalism, it then follows that provision of a fuller account of gender relations would help to rescue *Capital* from the “underdeveloped” state in which its author left it.

I think this seriously misconstrues what *Capital* is about. It is entitled *Capital* for a reason. It is not entitled *Everything You Need to Know about What Takes Place within Capitalism*, or even *Everything You Need to Know about Capitalism*. It focuses specifically on capital—the process in and through which value “self-expands,” or becomes a bigger amount of

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value. It is about how that self-expansion is produced, how it is reproduced (renewed and repeated), and how the whole process is reflected, imperfectly, in the conventional thinking and concepts of economists and business people.

This does not mean that *Capital* is reductive. There is a crucial difference between having a specific focus and being reductive. I don’t think Marx wrote or suggested anywhere that the process of value’s self-expansion is the only thing within capitalism that matters or that other processes can be reduced to it. It does affect a lot of other things, sometimes in crucial ways—and this is perhaps the main reason that a book on *Capital* is mistaken for an *Everything About Capitalism* book—but to recognize the interrelationships is not to reduce these other things to the self-expansion of value.

Of course, there is some sense in which any book with a specific focus “leaves out” or “overlooks” other things, but we don’t normally complain that a cookbook leaves out or overlooks instructions for changing the oil in your car or any analysis of international politics. The charge that *Capital* “fails” to discuss many aspects of capitalism and what takes place within it seems to me to be similarly inappropriate and unfair.

Narrowing of Scope

To appreciate how specific *Capital*’s subject matter is, it is helpful to consider the extent to which Marx narrowed it down. He originally intended to publish a very wide-ranging critique that would deal not only with political economy, but also with philosophy, law, ethics, politics, civil life, and perhaps other topics. But he soon concluded—in 1844, 23 years before volume 1 of *Capital* was published—that it would not be fruitful to deal with all these matters in the same work (Marx 1975, pp. 280-82). Therefore, his *Economic and Philosophical Manuscripts* of 1844 dealt with political economy alone, except that a final “chapter” was devoted to a critique of the Hegelian dialectic and Hegel’s philosophy in general (Marx 1975, pp. 281–82).

When Marx returned to his critique of political economy in 1857-8, he envisioned a work consisting of six “books,” plus an introduction that would tie them together. The first book would be on capital; the second, on landed property; the third, on wage-labor; the fourth, on the state; the fifth, on foreign trade; and the final book would take up both the world market and economic crises. This outline also envisioned that the book on capital would consist of four sections: capital in general, competition, the credit system, and share capital (stock ownership). Finally, the “capital in general” section was to include three main topics: the production process of capital; the circulation process of capital; and profit and interest (see Rosdolsky 1977, pp. 11-12).

Thus, by 1857 or 1858, Marx had narrowed down the scope of his intended work even further than he had in 1844. This outline includes only

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economic topics (with the possible partial exception of the book on the state) and, although these topics potentially cover quite a lot of ground, they do not seem to cover the economic dimension of capitalist societies in its entirety. For example, the outline seems not to have a place into which Marx might fit a systematic treatment of consumption, economic aspects of legal relations, or non-capitalist production within capitalist society (e.g., production by self-employed artisans, non-capitalist businesses, and household production).

His only other extant outline, written about eight years later (in 1865 or 1866), envisions a work consisting of four “books”: the production process of capital; the circulation process of capital; forms of the process as a whole; and the “history of theory” (i.e., political-economic theory) (see Rosdolsky 1977, p. 13). The first three of these books are more or less the same as what eventually became the three volumes of *Capital*, while the unedited manuscripts for the fourth were published posthumously as *Theories of Surplus-Value*.

Note that the first three books are the same as or similar to what Marx had envisioned as the “capital in general” section of the book on capital in his much more wide-ranging outline of 1857-8. Thus, in the space of about eight years, Marx drastically narrowed down the scope of the critique of political economy that he intended to publish. Most of the topics dealt with in the three volumes of *Capital* had originally been projected to be covered in just one section of one book—of a work that included three more sections of Book I and five additional books on top of that!

What happened to the remaining sections of Book I, and to the other five books? In the draft manuscript of what became volume 3 of *Capital*, written in 1864-5, Marx (1991, p. 205) stated that “the credit system and competition on the world market” were “outside the scope of this work” and instead “belong to a possible continuation.” Similarly, he indicated there that he was still considering writing a “special study of competition” (Marx 1991, p. 298; cf. p. 426) which suggests that he did not intend for *Capital* to include a comprehensive, systematic treatment of competition. *Capital* also says little about, and certainly contains no systematic treatment of, share capital, the state, or foreign trade. On the other hand, it does discuss all of these topics, here and there, *when and insofar as* Marx regarded them as directly relevant to the main topic under discussion.

Thus, the reason why several whole “books” and “sections” in the 1857-8 outline are not in *Capital* is that Marx intentionally restricted the scope of the work. The omissions are not a result of his failure to produce a publishable draft of the whole of *Capital*.

In contrast, it seems likely that *Capital* came to include at least some of what Marx had intended, in 1857-8, to say in Book II, on landed property, and Book III, on wage-labor. Rent of land is discussed

extensively and systematically in volume 3 of *Capital*. Aspects of wage-labor are discussed at various points in volume 1: chapter 6 is on the sale and purchase of labor-power; the very brief Part 6 is on “Wages”; and fluctuations in employment and wages are discussed within Part 7’s discussion of capital accumulation. On the other hand, Marx (1990, p. 683) intentionally omitted from *Capital* a comprehensive discussion of the various “forms” of wages, stating that this topic “belongs to the special study of wage-labor, and not, therefore, to this work.”

Overall, it remains unclear whether, and to what extent, Marx originally intended to address other aspects of landed property and wage-labor as well. In any case, the inclusion in *Capital* of topics that had originally been assigned to Books II and III does not mitigate the conclusion that the work intentionally omits systematic discussion of a great many things that Marx had once regarded as part of his critique of political economy. Much less does it mitigate the conclusion that what *Capital* deals with is only a tiny fraction of what Marx originally (prior to 1844) intended to deal with.

Why Marx Narrowed the Scope

Why was the scope of his critique of political economy reduced so drastically? I think there are at least two reasons. One is that the critique he originally envisioned was too ambitious. He had originally bitten off a lot more than he could chew and, as he got older and his health problems mounted, his expectations of what he could plausibly accomplish became more modest.

By itself, however, this answer is insufficient. After all, there are a fairly large number of authors who could complete a critique that ranges widely across political economy, philosophy, law, ethics, politics, and civil life, and probably some who could polish off such a critique in the space of a few years. This brings us to the other reason: *Marx was not such an author. Capital is not an Everything About Capitalism book because Marx was not an Everything About thinker.* He was a thinker in the dialectical, methodical, Hegelian tradition, and one who was especially careful, meticulous, and thorough. In particular, he was at pains to avoid beginning with “the real and the concrete” in the forms in which they immediately appear to us, because this would be tantamount to beginning with a “chaotic conception of the whole” (Marx 1973, p. 100).

It is illuminating to consider his explanation for why he jettisoned his original plan to produce a work that would deal with philosophy, law, ethics, politics, and civil life in addition to political economy. As he put it in the preface to his *Economic and Philosophical Manuscripts*, “the wealth and diversity of the subjects to be dealt with would have fitted into a *single* work only if I had written in aphorisms, and an aphoristic presentation, for its part, would have given the *impression* of arbitrary systematization” (Marx 1975, p. 281, emphases in original). Furthermore,

he concluded that his argument flowed better when he did not try to deal with philosophical and other aspects of his subject matter at the same time: “to combine criticism directed only against speculation with criticism of the various subjects themselves was quite unsuitable; it hampered the development of the argument and made it more difficult to follow” (Marx 1975, p. 281).

This does not mean that Marx tried to keep the remaining topics out of these Manuscripts; it rather means that he was not considering them “in and for themselves.” They were not discussed in a systematic way, but only “touche[d] on” at particular points. Marx noted three criteria that guided what additional topics he discussed and where he discussed them. First, they had to “interconnect[]” with political economy. Second, he discussed them at the point of interconnection. Third, he discussed them “only ... in so far as political economy itself particularly touches on these subjects” (Marx 1975, p. 281). “Political economy itself” almost certainly refers here to the writings of the political economists themselves. Thus, when deciding whether and where a topic outside political economy should be “touched on,” Marx followed the practices of the political economists.

The apparent reason for this decision is that here, as in later works, he was engaged in a critique of political economy—specifically, an “immanent” or internal critique. Because this was his genre, *his decisions about what to discuss and where to discuss it were not free, creative choices. Nor were they determined mostly by his own understanding of how the world works or his own views as to what is important.* His decisions were constrained and largely determined by the preceding history of the political economy he was criticizing.

As I read the textual evidence, Marx continued to adhere to these practices in his subsequent development of his critique of political economy. That is especially true regarding the works he prepared for publication—his 1859 *Contribution to the Critique of Political Economy* and volume 1 of *Capital: A Critique of Political Economy*, the first edition of which appeared in 1867. (As compared to his unpublished texts, these works contain relatively few asides and digressions, less stream-of-consciousness writing, and much more attention to methodical structuring of the argument.) Once again, what he takes up, and where and why he takes it up, is constrained and largely determined by the fact that he is, engaged in an immanent critique of political-economic thought, not putting forward a free-standing commentary on capitalist society or even on the capitalist economy.

Of course, Marx’s critique is not limited to criticism of economic thought in the narrow sense. He does discuss, at great length, the specific character of the capitalist mode of production and how it functions and malfunctions. But the point is that these discussions are not free-standing. If they are construed as “the world according to Marx,” they

are misconstrued. They are elements of his critique of political economy. Marx’s “choices” of what to take up, how to take it up, and at what point and in what context, are largely dictated by the pre-existing political-economic thought he is subjecting to criticism.

Unfortunately, even though production of commentaries on Marx’s method in *Capital* has become something of a cottage industry, it remains poorly appreciated that there are important respects in which his method is not really “his” and that it is sometimes not even a method in the proper sense of the term, but instead a response constrained by his subject matter. It would perhaps be better to refer, not to “Marx’s method,” but to his following-out the dialectic of the object of his criticism.⁴

Federici

Silvia Federici (2012, p. 91) puts forward “a feminist critique of Marx that... has been developing since the 1970s.” Its central argument is that

Marx’s analysis of capitalism has been hampered by his inability to conceive of value-producing work other than in the form of commodity production and his consequent blindness to the significance of women’s unpaid reproductive work in the process of capitalist accumulation. ... Had Marx recognized that capitalism must rely on both an immense amount of unpaid domestic labor for the reproduction of the workforce, and the devaluation of these reproductive activities in order to cut the cost of labor power, he may have been less inclined to consider capitalist development as inevitable and progressive. [Federici 2012, p. 92]

Federici (2012, p. 94) goes on to ask, “Why did Marx so persistently ignore women’s reproductive work?” Part of her answer is that “Marx described the condition of the industrial proletariat of his time as he saw it, and women’s domestic labor was hardly part of it.” The focus on description rather than theory and the words “of his time” suggest that Marx’s analysis of capitalism is less relevant, if not quite irrelevant, to our own time.

What is wrong with this account? In the first place, Federici’s claim that Marx regarded “capitalist development as inevitable and

4 This is why I think attempts to squeeze *Capital* into one or another framework of “systematic dialectics” are forced and will prove to be dead ends. They seem to me insufficiently attentive to the ways in which polemical considerations influence the structure of *Capital*, because they are insufficiently attentive to the fact that its subject matter isn’t just the capitalist mode of production, but also the political economy it criticizes. I fully agree that Marx was a dialectical thinker and (within reason) a systematic one, but I don’t think he regarded it as either scientific or dialectical to impose a *priori* schemata on one’s subject matter, as if one possessed a master key. As he suggested in the postface to the second German edition of *Capital* (Marx 1990, p. 102), an “appropriate[]” presentation of “the life of the subject-matter” differs from an “*a priori* construction” in that it is based on and acquires its structure from a prior empirical and conceptual investigation of the details of the specific subject matter.

progressive” is, at the very minimum, extremely misleading because it is overly broad and unqualified. Far from arguing that capitalist development is “progressive” in all important respects, Marx actually argued, in a well-known passage in *Capital*, that it leads to worsening conditions in the labor process, the transformation of the workers’ lifetime into working time, and increased exploitation by capital of the labor of women and children. Thus, “in proportion as capital accumulates, the situation of the worker, be his payment high or low, must grow worse” (Marx 1990, p. 799).

As for the claim that Marx regarded capitalist development as inevitable, he never held that every country must pass through a capitalist phase. And he eventually concluded that, if revolutionary in technologically advanced countries accompany revolutions in less-developed countries, the latter can indeed avoid having to go through a capitalist phase (see Shanin (ed.), 1983).

But let us turn to the main issue with which Federici is concerned here—the labor, mainly of women, that is devoted to the reproduction of workers’ labor-power (ability to work). She suggests, correctly, that capitalist accumulation is significantly affected by such labor. She also claims that Marx suffered from “blindness” to its significance, and claims further that this hampered his “analysis of capitalism.”

Yet it just isn’t plausible that Marx failed to recognize that the reproduction of workers’ labor-power involves “an immense amount of unpaid domestic labor.” This is an obvious fact; it’s hard to believe that anyone has failed to recognize it, especially anyone writing 150 years ago, before the commodification of a large share of food services, laundry services, childcare, and so on.

Furthermore, Federici’s comment about Marx’s “inability to conceive of value-producing work other than in the form of commodity production” is misleading at best. The fact is rather that, in his value theory, commodity production and value-producing work are synonymous. Among all products of labor, only commodities have value, not only use-value. Consequently, among all kinds of labor, only commodity-producing labor creates value, not only useful objects and effects.⁵ Hence, Federici’s argument reduces to the tautology that Marx was unable to conceive of commodity production other than in the form of commodity production!

She is, of course, entitled to disagree with Marx, but the point is that she is not disagreeing with a particular “inability to conceive” that stems from his supposed focus on describing conditions “of his time.” Instead of rejecting something *particular*, Federici is instead implicitly

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5 Because the term *value* is being used here in a technical sense in which it is distinct from use-value (or usefulness), the issue under discussion has *nothing* to do with whether women’s reproductive work is “valuable” in the sense of being useful or esteemed. Nor does the issue under discussion have anything to do with whether people who perform reproductive functions are directly remunerated. In Marx’s theory, the labor of many kinds of workers who are directly remunerated does not create value.

rejecting the conceptual structure of Marx’s value theory in *general*. That structure collapses, totally and immediately, the moment any kind of non-commodity production is said to be value-creating. And since the conceptual structure of *Capital* as a whole rests on its value theory, it too collapses.

It is true that a theory’s general conceptual structure might be traceable to the theorist’s inability to conceive something particular. But that is extremely implausible in this case, since (as I discussed above), *Capital* is a critique of political economy, and its conceptual structure is largely determined by the object of its critique. In particular, elemental categories in the book like *commodity* and *value* derive from the classical political economy that it criticizes. Marx used these terms in accepted or minimally-modified ways. He could not have done otherwise while still providing an immanent critique of political economy.

Federici’s comment that Marx ignored women’s reproductive work is an instance of the tendency to misconstrue *Capital* as an *Everything About Capitalism* book. In order to understand why it is a misconstrual, we first have to understand what she means by “ignored.” On the preceding page, Federici (2012, p. 93) writes,

Marx ignored the existence of women’s reproductive work. ... [W]hile he meticulously explored the dynamics of yarn production and capitalist valorization, he was succinct when tackling the question of reproductive work, reducing it to the workers’ consumption of the commodities their wages can buy and the work the production of these commodities requires. In other words, as in the neoliberal scheme, in Marx’s account too, all that is needed to (re)produce labor power is commodity production and the market. No other work intervenes to prepare the goods the workers consume or to restore physically and emotionally their capacity to work. No difference is made between commodity production and the production of the workforce. One assembly line produces both.

Thus, “ignored” doesn’t simply mean that women’s reproductive work is not among the topics that Marx discussed in *Capital*. It means that he *should* have discussed it. It is directly relevant to what he did discuss, and his discussion is distorted and incorrect because it wrongly treats reproductive work as unimportant, even unnecessary, for the reproduction of workers’ labor-power.

However, everything from “reducing it to the workers’ consumption” to the end of the passage is simply incorrect. Marx did not “reduce” the work that reproduces labor-power to the work of consuming commodities (see note 7, below).⁶ He did not state or suggest that the production and

.....
6 I shall leave aside the point about work that produces commodities that workers consume.

sale of commodities are “all that is needed to (re)produce labor power,” or that “no other work”—i.e., work that directly reproduces labor-power—is needed. And he certainly did distinguish between the work processes that reproduce labor-power and those that produce (other) commodities.

The easiest way to see that Federici has constructed a straw man is to take note of a passage in *Capital* that she herself quotes on the next page:

Not surprisingly, while acknowledging that “the maintenance and reproduction of the working class remains a necessary condition for the reproduction of capital,” Marx could immediately add: “But the capitalist may safely leave this to the worker’s drives for self-preservation and propagation. All the capitalist cares for is to reduce the worker’s individual consumption to the necessary minimum.” [Federici 2012, pp. 94-95]⁷

Marx therefore did not say that “one assembly line produces both” commodities and workers’ labor-power. On the contrary, he said that the reproduction of labor-power is a process in which “the capitalist” has no direct involvement. It follows from this, first, that the reproduction of labor-power is distinct from capitalist commodity production. And, second, it follows that something more than the production and sale of commodities is needed in order to reproduce labor-power—something more than “the capitalist may safely leave ... to the worker’s drives for self-preservation and propagation.”

In other words, there are distinct processes of production within capitalist society. In one process, capitalist production, the labor of wage-workers, in combination with means of production, produces commodities. In another process, which takes place “in the home,” outside the sphere of capitalist production, the labor of household residents, in combination with means of production (consumer goods and equipment), reproduces the household residents’ labor-power.

In light of this distinction, we can identify a novel twist in the

Pace Federici, it clearly is not work that reproduces labor-power, for the same reason that auto production is not taxi driving. The fact that a product (commodities for workers’ consumption, autos) of one work process becomes an input into a different work process (reproduction of labor-power, taxi-driving) does not prevent us from identifying two distinct work processes.

⁷ The quotes from Marx are on p. 718 of Marx (1990). That passage seems to be the source of Federici’s charge that Marx reduced reproductive work to “the workers’ consumption of the commodities their wages can buy and the work the production of these commodities requires.” Consumption of commodities is the only aspect of the reproduction of labor-power discussed in the passage. However, the passage is not intended as a description or explanation of how labor-power is reproduced. Its purpose is to argue that “[t]he individual consumption of the worker ... [is] an aspect of the production and reproduction of capital” (Marx 1990, p. 718). In other words, Marx singled out one aspect of the reproduction of labor-power, consumption, in order to make a point about consumption. That is different from reducing the whole process of reproduction of labor-power to consumption.

manner in which Federici tries to turn *Capital* into an *Everything About Capitalism* book. She not only suggests, in the usual manner, that an issue of concern to her is properly part of the subject matter of *Capital*. She also argues that Marx himself made the reproduction of labor-power part of the subject matter of *Capital*, but in an improper manner. That is, he conflated the two distinct processes of production into one in a way that wrongly occluded household production and made it seem unnecessary: “No difference is made between commodity production and the production of the workforce. One assembly line produces both.”

I think the preceding discussion has made clear that this argument is incorrect. *Capital* does not “ignore” the existence of women’s reproductive work by pretending that capitalist production itself supposedly reproduces labor-power and that reproductive work is therefore unnecessary.

Yet might the charge that *Capital* “ignores” the existence of reproductive work be correct for a different reason? The book certainly says very little about such work. The question is whether it needs to (or at least should) say more than it does. I do not think so, because it is not an *Everything About Capitalism* book. It isn’t even an *Everything About Production Within Capitalism* book. It is a book about capital, and its discussion of production (apart from side comments and historical contrasts) is solely a discussion of the first of the two processes distinguished above, *capitalist* production—or, even more clearly, “the process of production of capital.”

Of course, capitalist production cannot continue without the continual reproduction of labor-power. The workers must be able to return to work week after week, year after year, and new generations of workers who will replace them must be given birth to and raised. The reproduction of labor-power is absolutely a necessary condition for the reproduction of capital, i.e., the continuity of the capitalist production process.

The question is whether this is sufficient justification for the claim that *Capital* needed to, or should have, discussed household production. I do not think it is. There are many, many necessary conditions for the reproduction of capital. For instance, the existence of the state is one of them. So is the existence of a contractual legal system. So is the existence of oxygen, and thus the existence of plants. Why should a work about capitalist production have to talk about everything under the sun ... and talk about the sun as well, since its existence is another necessary condition? The result would be a pedantic, unwieldy, unfocused, and mostly unnecessary mess—a “chaotic conception of the whole” of the sort that Marx (1973, p. 100) was at pains to avoid. There may perhaps be legitimate arguments that he ignored something he should not have ignored, but appeals to necessary conditions are not among those arguments.

A similar response may be given to the idea (which Federici does

not put forward in her essay) that labor which reproduces workers' labor-power—and, indeed, other kinds of labor performed outside of capitalist production—should be regarded as “productive labor” for capital, since they contribute indirectly to the creation of value and surplus-value. This idea was, for example, the basis on which Pellegrino Rossi objected to Adam Smith's classification of magistrates' labor as unproductive.

Because other acts of production are almost impossible without the labor of magistrates, Rossi argued that their labor “contributes to [other acts of production], if not by direct and material co-operation, at least by an indirect action which cannot be left out of account” (quoted in Marx 1989, p. 190). Marx did not dispute the indirect contribution made by magistrates' labor, but he nonetheless rejected Rossi's attempt to efface the distinction between productive and unproductive labour:

It is precisely this labour which participates indirectly in production ... that we call unproductive labour. Otherwise we would have to say that since the magistrate is absolutely unable to live without the peasant, therefore the peasant is an indirect producer of justice. And so on. Utter nonsense! [Marx 1989, p. 190]

The point, once again, is that even though everything might be related to everything, it is generally a good idea to refrain from discussing everything at once.

Marx's Falling-Rate-of-Profit Theory

Marx's “law of the tendential fall in the rate of profit” is one of the most, if not the most, controversial aspects of his critique of political economy. The law directly runs counter to the very common intuition that a more productive capitalism is a more profitable capitalism. It also has revolutionary political implications that many, even on the left, recoil from. While other theories trace capitalism's economic crises to particular, correctable problems (low productivity, sluggish demand, the anarchy of the market, state intervention, high wages, low wages, etc.), Marx's law suggests that recurrent economic crises are due to capitalism itself and are unavoidable under it. Only a different economic system in which value and surplus-value no longer exist, not reform of the existing system, can abolish its tendency to succumb to economic crises.

It is therefore not surprising that critics have attempted to prove, against Marx, that technological advances cannot cause the rate of profit to fall, and that the law is invalid because he failed to prove that labor-saving technical change *must* cause the rate of profit to fall in the long run. I have dealt with these criticisms elsewhere.⁸ Here, I wish to take

8 Okishio's (1961) alleged theorem is the classic statement of the first line of attack. A response appears in Kliman (2007, chap. 7). Heinrich (2013) contains a recent example of the second

up a third criticism of Marx's law that is more pertinent to this paper, the claim that changes in capitalism have made the law irrelevant.

Sperber

One recent example of this criticism appears in the recent celebrated biography, *Karl Marx: A Nineteenth-Century Life*, written by Jonathan Sperber (2013b), a professor of history at the University of Missouri. In keeping with his overarching thesis that Marx was a man mired in his own time—and a man whose thought looked backward, not forward—Sperber (2013b, pp. 443-44) suggests that Marx's law is no longer relevant, since it belongs to an era prior to rapid technological advance:⁹

In postulating a falling rate of profit, Marx was not developing a new idea, but repeating what had been a truism of political economy since the publication of Smith's *Wealth of Nations* This idea had emerged and gained widespread assent in the late eighteenth- and early nineteenth-century British scene of rapid population growth pressing on limited resources, of halting and limited increases in labor productivity, and of a disruptive introduction of early industrial technology Marx's vision of capitalism's future was this transcribed version of capitalism's past, a backward look shared by many political economists of his day.

In a *Guardian* essay that appeared around the same time, Sperber (2013a) made the point even more clearly:

A consideration of the relevance of Marx's ideas in the early 21st century might start with separating their outdated elements from those capable of development in the present.

Among the former are concepts such as ... the tendency of the rate of profit to fall, ... deriving from the economic theories of Adam Smith and David Ricardo, and pertaining to a now very outdated version of capitalism, characterised by low rates of productivity increase and a large agricultural sector, under pressure from population growth.

line of attack. Kliman, Freeman, Potts, Gusev, and Cooney (2013) respond to it. It should be noted that this response does not defend the claim that labor-saving technical change *must* cause the rate of profit to fall in the long run. It argues that Marx's law does not make that claim but, instead, explains why the rate of profit *does* tend to fall.

9 Sperber also repeats the claim that Marx's law fails because Marx did not prove that labor-saving technical change *must* cause the rate of profit to fall in the long run, which I have addressed elsewhere (see note 8, above).

There is merit to Sperber's criticism of David Ricardo's explanation of the tendency of the rate of profit to fall, which was rooted in his assumption that the average productivity of the agricultural sector declines as more land is brought under cultivation to feed a growing population. Ricardo obviously failed to foresee the substantial technological progress that would take place in agriculture.

Yet Sperber errs when he claims that Marx's explanation of why the rate of profit tends to fall is "deriv[ed] from" and a "transcribed version" of Ricardo's. To the contrary, Marx (1973, p. 754) quipped that Ricardo's explanation "flees from economics to seek refuge in organic chemistry," and his own explanation is the diametrical opposite. It identifies increasing, not decreasing, productivity as the root cause of the fall in the rate of profit:

The progressive tendency for the rate of profit to fall is thus simply *the expression, peculiar to the capitalist mode of production, of the progressive development of the social productivity of labour.*

The profit rate does not fall because labour becomes less productive but rather because it becomes more productive. [Marx 1991, p. 319, emphasis in original; p. 347]

The peculiar aspect of Sperber's discussion of the law of the tendential rate of profit is that his summary conclusion—that the law fits neatly into his narrative of Marx as a backward-looking, nineteenth-century figure of spotty relevance to today—contradicts his detailed account of Marx's law. In his detailed account, Sperber (2013b, p. 438) quotes the former of the two passages I have just cited. He also writes that, for Marx, "[c]apitalism was all about producing more and producing more productively," and that "increasing productivity of labor across the entire capitalist economy was a central feature of Marx's analysis" (Sperber 2013b, p. 432, p. 440).

Because of this apparent self-contradiction, as well as a certain vagueness to the way that Sperber links Marx to Ricardo, I am less than fully certain that he actually intended to claim that Marx's law rests on an outdated assumption that agricultural productivity will decline or stagnate. Yet whatever his intentions may have been, Sperber's argument that the law is no longer relevant absolutely depends on the claim that Marx did, in fact, assume declining or stagnating agricultural productivity. Since Marx actually assumed the opposite, Sperber is wrong to conclude that continuing growth of productivity has rendered the law irrelevant.

The "Monopoly Capital" School

Another argument that changes in capitalism have rendered Marx's law irrelevant concerns the emergence of monopolies and oligopolies as

the dominant types of capitalist firms. This argument has been a crucial component of the influential "monopoly capital" theory of the *Monthly Review* school."

A half-century ago, Paul A. Baran and Paul Marlor Sweezy, leading members of this school, put forward their "law of monopoly capitalism that the surplus tends to rise" (Baran and Sweezy 1966, p. 72) in their book *Monopoly Capital*. They argued that the various versions of "the classical-Marxian law of the falling tendency of the rate of profit ... all presuppose a competitive system" instead of a system dominated by monopolies and oligopolies, and that Marx's law needs to be replaced by their own law because the system has changed:

By substituting the law of rising surplus for the law of falling profit, we are therefore not rejecting or revising a time-honored theorem of political economy: we are simply taking account of the undoubted fact that the structure of the capitalist economy has undergone a fundamental change since that theorem was formulated. [Baran and Sweezy 1966, p. 72]

Although Baran and Sweezy asserted that Marx's law "presuppose[s] a competitive system," they made no real effort to substantiate this claim. Implicitly if not explicitly, they treated *Capital* as a work of description rather than of theory. That is, their claim that Marx's law is no longer relevant was based on the simple fact that the capitalist system has changed, not on any real effort to demonstrate that it is impossible to apply Marx's arguments to this changed system. As we shall see, they failed to take note of Marx's theorization of monopoly. In particular, they failed to deal with his argument that monopoly *does not* produce a tendency for "the surplus" to rise.

Inasmuch as Marx's law is of central importance to his theory of capitalist economic crisis, the *Monthly Review* school substitutes its own theory for the latter as well. Its theory is underconsumptionist. That is, it holds that insufficient consumer demand is a chronic tendency; that productive investment demand (for machines, construction of buildings, etc.) cannot grow more rapidly than consumer demand in the long run; and, therefore, that there is a chronic tendency for total demand for goods and services to fall short of supply. The inevitable result is either that the economy stagnates as the growth of supply (production) slows down to the pace set by demand, or that there are recurrent downturns that temporarily re-equilibrate supply with demand.¹⁰

The fundamental building blocks of this theory have nothing to do with the rise of monopolies and oligopolies. As two *Monthly Review*

.....
10 Chapter 8 of Kliman (2012) criticizes this theory on empirical as well as theoretical grounds.

authors (Foster and McChesney 2012, pp. 33–4, emphasis added) have recently written,

Capitalism, *throughout its history*, is characterized by an incessant drive to accumulate But this *inevitably* runs up against the relative deprivation of the underlying population Hence, the system is confronted with insufficient effective demand—with barriers to consumption leading eventually to barriers to investment.

However, the allegedly chronic tendency for demand to fall short of supply is said to be exacerbated by the tendency for “the surplus” to rise under monopoly capitalism. As the relative size of the surplus grows, the alleged underconsumption problem worsens—the share of output that consumers do not buy grows as well—and it supposedly becomes increasing difficult for other sources of demand to “absorb” the surplus.

But why should the growth of monopolies and oligopolies cause the surplus to rise? This is the key question that must be answered when assessing whether the law of the tendential fall in the rate of profit has been made irrelevant by the emergence of “monopoly capitalism.”

Baran and Sweezy were remarkably terse about this critical question. They noted that, in oligopolistic industries (those in which a few large firms are dominant), reduced costs of production are not accompanied by reduced prices for the firms’ products. Thus, “under monopoly capitalism, declining costs imply continuously widening profit margins. And continuously widening profit margins in turn imply aggregate profits which rise not only absolutely but as a share of national product.” Thus, “the surplus tends to rise both absolutely and relatively as the system develops” (Baran and Sweezy 1966, pp. 71-72). This is the entirety of their answer.

Unfortunately, it contains a glaring *fallacy of composition*—the fallacy of incorrectly assuming that what is true in individual cases must be true for the whole. It is called a fallacy because it is a logical error that makes the argument that contains it invalid. Baran and Sweezy start with the idea that profits rise as a share of the value of the product of *individual* oligopolistic firms and industries. They then pass blithely—by means of a fallacy of composition—to the conclusion that *aggregate* profits have to rise as a share of the value of the *aggregate, national* product.

This conclusion is false. Even if all oligopolistic firms enjoy above-average profit margins and the oligopolistic sectors grow in relation to the total economy, aggregate profit does not have to rise as a share of the value of the aggregate product. Instead, it is possible that the excess profits of the oligopolists come at the expense of—and are fully offset by—lower profits for firms in the non-oligopolistic sectors of the economy.

This latter possibility is the one that Marx subscribed to, and the one on which his law of the tendential fall in the rate of profit is based. In his theory, the extraction of surplus labor from workers in capitalist production is the sole source of surplus-value, and the surplus-value is the sole source of the various kinds of incomes that accrue to property owners. “The capitalist who produces surplus-value, i.e. who extracts unpaid labour directly from the workers ... has to share it afterwards with capitalists who fulfill other functions in social production taken as a whole, with the owner of the land, and with yet other people” (Marx 1990, p. 709). Because the total amount of surplus-value is determined by what occurs in capitalist production, it is not affected by changes in the way in which it is divided among property owners. Thus, if some of them manage to get hold of a larger portion of the total surplus-value, the portion that the others receive is reduced to the same extent.

Furthermore, although Baran and Sweezy, and other members of their school, portray the growth of monopolies and oligopolies as a recent phenomenon that Marx’s theory failed to come to grips with, he discussed the centralization of capital and theorized why it would continue (Marx vol. 1, pp. 777-81). He discussed the emergence of joint-stock companies, which he noted “gives rise to monopolies in certain spheres” (Marx 1991, p. 569). And he discussed monopoly pricing and its effects in detail. Two hundred pages of *Capital* are devoted to a particular instance of monopoly pricing: land rent and agricultural prices that include rent as a component. This is not what we usually think of when we hear the word *monopoly*, but since arable land is scarce and not easily reproducible, “agricultural products are always sold at a monopoly price” (Marx 1991, p. 897).

In this case and in general, Marx explicitly denied that monopoly pricing has any bearing on the magnitude of total surplus-value. His argument employs the same “zero-sum game” reasoning that I sketched above:

[If] the equalization of surplus-value to average profit ... comes upon obstacles in the form of artificial or natural monopolies, and particularly the monopoly of landed property, so that a monopoly price becomes possible, ... this does not mean that the limits fixed by commodity value are abolished. *A monopoly price for certain products simply transfers a portion of the profit made by other commodity producers to the commodities with the monopoly price.* Indirectly, there is a local disturbance in the distribution of surplus-value among the various spheres of production, but this leaves unaffected the limit of the surplus-value itself. [Marx 1991, p. 1001, emphasis added]

Thus, according to his theory, the ability of monopolies and

oligopolies to obtain higher profit margins *does not* cause “the surplus” to rise as “monopoly capitalism” advances. It leaves total surplus-value unaffected. Hence, Marx’s law of the tendential fall in the rate of profit—which is a law concerning the relation of total surplus-value to the total capital-value invested—*does not* “presuppose a competitive system.” If this law was relevant to the more competitive capitalism of Marx’s time, it remains relevant to the more monopolistic capitalism of our own time.

In *Monopoly Capital*, Baran and Sweezy (1966, pp. 73-78) responded to objections to their “law of monopoly capitalism that the surplus tends to rise.” Yet Marx’s objection was not among those they responded to. They did not mention it.

Conclusion

It is frequently claimed that developments in capitalism since Marx’s time have made important aspects of Marx’s *Capital* irrelevant. This essay has argued that such claims are often based on misunderstandings or misrepresentations of the book’s genre. It has also criticized in detail some specific arguments that prominent thinkers—Silvia Federici, Jonathan Sperber, and Paul A. Baran and Paul Sweezy—have employed in their attempts to impugn the relevance of Marx’s theories of the reproduction of labor-power and the tendential fall in the rate of profit.

My purpose here has not been to convince these (or other) critics that Marx was right. They are entitled to their own theories. But in the absence of airtight arguments, I don’t think they are entitled to claim that key aspects of *Capital* have become irrelevant; and the arguments put forward by Federici, Sperber, and Baran & Sweezy seem to me to be the very opposite of airtight.

There are undoubtedly many readers who would like it to be shown that “capitalism has changed and no longer conforms to Marx’s analysis of it,” since that would provide them with a justification for treating *Capital* as “a discourse which can be raided for insights as to how we should confront capitalism *now*,” rather than as “a rational totality” (Sim 2000, p. 56, emphasis in original). However, some of us prefer to treat the work in the latter manner, and it is important for us to resist the raiders’ incursions—unless, again, they come up with airtight arguments that key aspects of *Capital* have become irrelevant. In the absence of such arguments, we must insist that, while they are entitled to their own theories, Marx is equally entitled to his.

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The Critique of Political Economy and the 'New Dialectic': Marx, Hegel and the Problem of Christopher J. Arthur's 'Homology Thesis

Elena Louisa Lange

Abstract: In recent years, Christopher J. Arthur's 'New Dialectic' has had a strong impact on Marx scholarship in the Anglophone world by highlighting the correlation of Hegel's systematic (non-historical) dialectic with Marx's central oeuvre, *Capital*, and especially Marx's theory of the value form. He claims that the categories of Hegel's *Logic* and those of the beginning of Marx's *Capital* show a 'striking homology... given some minor reconstructive work.' (Arthur 2004, p. 4).

This essay criticises Arthur's reading of Marx and especially Hegel against the background of important contributions to Hegel scholarship in the last decades. This scholarship has been groundbreaking in the theory of dialectic and category-theory, in the systematisation of the antinomical structure of the concept and the problem of the semantic-pragmatic presupposition (*semantisch-pragmatischer Präsuppositions-begriff*) of the scientific exposition. Notwithstanding its foundational character for a scholarly treatment and understanding of Hegel's dialectic, these approaches are missing from Arthur's intervention.

This, as will be shown, has grave consequences for 1) Arthur's reading of Hegel's *Logic*, 2) Arthur's application of Hegel's dialectic to Marx's presentation of the value form and 3) Arthur's 'sublation' of Marx in Hegel.

It will be argued that Arthur's misrecognition of Hegel's dialectical method also negatively affects Arthur's understanding of the scope and intent of Marx's critical project, especially the necessary inner relation between abstract labour, value and money at the beginning of *Capital* vol. 1.

Keywords: Marx, value form theory, Hegelian dialectic, critique of fetishism, antinomical structure, Dieter Wandschneider, Michael Theunissen

1. Introduction

It is the view of the author of the present essay that a sound critique in the philological-hermeneutical sciences can only be justified on the basis that the texts in question have to be measured against their own claims. This is especially important when these claims are low, but requires no less of attention if these claims are high.² To say that the basic categories of Marx's *Capital* as they are unfolded in the first five chapters

1 I would like to thank Riccardo Bellofiore and Raji C. Steineck for their helpful comments. Special thanks to Frederick Young for being a diligent English proof reader.

2 To say a philosophical text's claim is 'low' is not to denounce it. The high/low-distinction merely serves as a rough heuristic to differentiate philosophical texts which argue, criticise, or analyse particular author's or authors' theorems (a 'low' claim) from texts of the much rarer sort that claim to 'identify' two major and arguably different philosophical systems and their categories (a 'high' claim), like the one under discussion.

of volume 1 are 'homologous' to or have to be 'identified' with those of both volumes of Hegel's *Science of Logic* is certainly a claim of the latter kind. Even more so is the claim that Marx's *Capital* in its basic structure follows the same method as the whole textual corpus of Hegel's *Logic*. It therefore remains to be analysed how and in what way these claims are persuasive by always keeping in mind the 'high' or, rather, universal character of this claim: the general applicability of the main work of one of the philosophical tradition's greatest thinkers to Marx's *Capital*, probably the most rigorous and detailed account, but most importantly, *critique* of bourgeois capitalist society that we still have today. In other words, it must be shown if the 'New' or 'Systematic' Dialectic approach that makes this claim, exemplified in the works of Christopher J. Arthur, persuasively lives up to the homology thesis it makes³: 'What we can see ... is a striking homology between the structure of Hegel's *Logic* and Marx's *Capital*, or, at least, a homology given some minor reconstructive work on either or both.'⁴

As one would expect, in this methodological-theoretical approach, a profound knowledge of both Marx's as well as Hegel's central oeuvre and their more recent trajectories and evaluations can be presupposed. What is both surprising and characteristic, however, is that in the 'New Dialectic'-approach that Arthur designates as his own⁵, the understanding of Hegel's method is strikingly perfunctory. This is reflected in both in a superficial, sometimes even banalising reading of

3 Apart from Arthur, there is a similar claim in the Anglophone Uno School who emphasise the parallels between Hegel's *Logic* and 'the dialectic of capital' in the so-called 'homomorphism'-thesis, exemplified in the work of Thomas T. Sekine. See e.g. 'The Dialectic of Capital: An Unoist Interpretation' *Science and Society* vol. 62, no. 3 Fall 1998), p. 445. However, for reasons of space, the present essay will not review Sekine's and other Anglophone Uno School's (e.g. Robert Albritton's) claim separately, even if my criticism could be extended to their approach at some instances. For a closer investigation on the Anglophone Uno School's method, see Ch. 4 of my forthcoming volume *Value without Fetish: Uno's K z 's Theory of Pure Capitalism in Light of The Marxian Critique of Political Economy* (Historical Materialism Book Series/Brill).

4 Arthur 2004, p. 7.

5 As for a discussion of the term or label the 'New Dialectic', see the 'Introduction: The New Turn to Dialectic', in Arthur 2004, pp. 1- 16. 'The term "the New Dialectic" in the title was originally coined by me in a review, and it has since been widely used in the sense I intended, namely to refer to literature sharing certain common themes, but which does not take the form of a definite 'school'. Rather it is a convenient way of grouping together

thinkers of independent spirit, clearly doing something rather distinctive in the present intellectual

conjuncture. It has already been made the occasion of robust criticism from John Rosenthal, who labelled

it 'new Hegelian Marxism'. As we shall see, many of the most active researchers believe they are work-

ing within a new paradigm they call 'Systematic Dialectic', but the tendency I label 'new' is more comprehensive and includes those who still think Hegel's philosophy of history has something to offer (e.g. Joe

McCarney). Arthur 2004, p. 1.

Hegel's text as well as a non-acknowledgement of research that has made outstanding contributions to the difficult topic of Hegel's method in the last decades. This unawareness of past and more recent international research in Hegel studies also affects the main gist of the homology-thesis which, as will be shown, renders the categorial applicability of 'Hegel to Marx' meaningless or evades the actual performance of such an application.⁶

Characteristic of Arthur's 'New Dialectic' approach is the ignorance of the international, but predominantly German Hegel reception of the last 40 years⁷ that has made groundbreaking contributions to a theory of dialectic and to category-theory, to a systematisation of the antinomial structure of the concept and to the problem of the semantic-pragmatic presupposition (*semantisch-pragmatischer Präsuppositionsbegriff*) of the scientific exposition, as discussed in Hegel's programmatic introduction to the *Logic*, 'With what must the beginning of science be made?' ('*Womit muss der Anfang der Wissenschaften gemacht werden?*') and in the Section on 'Quality' in the first part of Volume One of the *Logic*, the Doctrine of Being.⁸ Especially the approaches by Michael Theunissen (1980), Thomas Kesselring (1981), and Dieter Wandschneider (1995) argue from an informed background both in classical epistemological, metaphysical, as well as in logical-mathematical philosophical discourse to which references are astonishingly missing from Arthur's 'New Dialectic', and which thereby also misses to situate Hegel in his own scientific context.⁹

6 I agree here with Jacques Bidet's verdict of the New Dialectic (Arthur) and the (Anglophone) Uno School: ' ... not only do these two interpretations of *Capital* "in the light of Hegel's *Logic*" lack any rigorous connection, but the correspondences they respectively assume are strictly incompatible.' Bidet 2005, 123. I differ however from Bidet's evaluation with regard to the particular way in which Hegel's method influenced Marx's exposition in *Capital*.

7 Important contributions to a theory of dialectic have been made by Dieter Wandschneider (1995), Thomas Kesselring (1984), and Michael Theunissen (1980). The most eminent German Hegel scholar, Dieter Henrich, has also widely contributed to the problem of the negation at the beginning of the *Logic*, as have Klaus Hartmann (Arthur mentions him once), Otto Pöggeler and Hans Friedrich Fulda. Vittorio Hösle has published an influential and original approach to 'Hegel's System' in two volumes. The latter figures, notwithstanding their importance for a philosophical understanding of Hegel's method, cannot be considered here. A survey of the German literature on Hegel's method in the *Logic* is provided in the bibliography, though it is by no means exhaustive.

8 I will use here and throughout the text my own translation of the *Logic*, the *Encyclopedia*, and, where necessary, the *Phenomenology of Spirit*, except where otherwise indicated, referring to the Suhrkamp edition of Hegel's *Werke*, see Hegel 1986.

9 Large parts of the *Logic* were written in direct reference to Kant's *Critique of Pure Reason*, especially the 'Transcendental Dialectic' that Hegel discusses extensively in the second chapter of the Doctrine of Being, 'Quantity'. References to Reinhold, Fichte, Schelling and other lesser known figures of early German Idealism are constantly referred to throughout this work and Hegel derives important insights from his direct predecessors and contemporaries (e.g., Hegel's discussion of the 'I' to form the 'beginning of the sciences' is a direct rejection of Fichte's intellectual intuition (intellektuelle Anschauung)). Notwithstanding the fact that the architecture of the *Logic* is in wide parts directly informed by these debates, this unfortunately does not seem to concern

Indeed, as we will see in a brief sketch of Wandschneider's, Kesselring's and Theunissen's respective contributions that Hegel's method is indeed more complex than Arthur suggests. In this essay therefore, I will undertake an evaluation of mainly Arthur's work *The New Dialectic and Marx's Capital* which addresses its crucial shortcomings not only with regard to Hegel's method in the *Logic*, but also with regard to his understanding of the critical implications of Marx's *Capital*.

Arthur's approach presents us with a veritably ambitious project to demonstrate the conceptual, objective, and methodological correspondences in the conceptual dialectic between Marx's *Capital*, and within it, especially the exposition of the value form, and Hegel's *Science of Logic*. Arthur even believes that the presentation of the value form in *Capital* vol. 1 and Hegel's *Logic* 'are to be identified; we are not simply applying Hegel's logic to an independent content'¹⁰ and goes so far as to claim that the 'forms' of value 'are in effect of such abstract purity as to constitute a real incarnation of the ideas of Hegel's logic.'¹¹ However, just as the presentation is veritably ambitious, it comes with (at least) three veritable problems, which will be hitherto addressed and then specified in each single case. For systematicity, the first problem concerns Arthur's reading of Marx, the second concerns his reading of Hegel, and – dialectically – the third concerns the *sublation of Marx in Hegel* that Arthur in my view undertakes with his research programme. However, the reader should be informed from the outset that no such thing is intended as a standard defense of Marx's 'materialist' standpoint versus Hegel's 'petty idealism' ; nor do I intend to play the card of the offended Hegelian who sees his elevated conceptual purity in danger because of the application of an 'impure' (economy-critical) content. I aim to deliver a defense of Marx's value theory in my understanding of what can be named 'Marx's own terms', and a reading of Hegel that is *also* informed by the German reception, especially with regard to theories of dialectic that have evolved around the scholars mentioned above, and which Arthur unfortunately does not take notice of.

The three problems in Arthur's research programme are, needless to say, closely entwined, but the exposition of each of them will help to analyse the scope of how deeply they penetrate each other.

The first problem concerns Arthur's critique of the methodological setting of abstract labour (or „labour“ in Arthur's diction – he often

Arthur's New Dialectic-approach. I can only briefly point at this gap, yet for systematic reasons (and, obviously, reasons of space) cannot fill it within this essay.

10 Arthur 2004, p. 82.

11 Arthur 2004, p. 82.

omits this important qualifier) as value substance, and of the labour theory of value at the beginning of *Capital*.¹² It will be argued *that Arthur's methodological reconstruction of Capital's architecture, dismissing the labour theory of value as premature within the presentational architecture or as altogether wrong*¹³, *leads to a misrepresentation of both the expositional intent of Capital's beginning, as well as the critical project of Capital as a critique of the fetish-characteristic forms that value takes, and its presentation in classical political economy as a whole. The second problem in Arthur's interpretation, as will be shown, concerns his method of adopting specific terms of Hegel's *Logic of Being* (1812), *Logic of Essence* (1813) and *Logic of the Concept* (1816) to specific theorems in the first five chapters (but not all of them, as will be shown) in *Capital*. The third problem concerns the possibility of a real application of Marx to Hegel, especially a) the question of a counterpart to the conceptual status of Marx's fetish paradigm in Hegel's *Logic*, and the equally important question if b) Marx's *critical* impetus has a complement that can be determined in Hegel's oeuvre.*

2. „Leaving aside...any labour content“ - Arthur's critique of abstract labour as value substance and the labour theory of value in Chapter 1 of Capital

Arthur's claim that 'labour' as value substance is prematurely introduced and not proved in the methodological exposition of the beginning of *Capital* is one of the central paradigms of his reinterpretation:

'... I differ here from Marx in that I refuse to find it necessary to come to labour until after conceptualising capital as a form-determination. Bringing in labour too early risks giving the appearance of model-building and committing the exposition to a stage of simple commodity production.'¹⁴

As I will show however, this claim is difficult to defend precisely from a Hegelian standpoint – a standpoint that Marx, as I will argue, adopts. Let us first give an overview of Hegel's exposition and choice of

12 Here, in the first pages of the first chapter, 'The Commodity', the first definition of the labour theory of value is to be found: 'A use-value, or useful article, therefore, has value only because abstract human labour is objectified [vergegenständlicht] or materialized in it. How, then, is the magnitude of this value to be measured? By means of the quantity of the 'value-forming substance', the labour, contained in the article. This quantity is measured by its duration, and the labour-time is itself measured on the particular scale of hours, days etc.' Marx 1976, p. 129.

13 See Arthur 2004, p. 155: 'The two major schools that claim to be able peremptorily to reduce "value" to a definite content are those adhering to the labour theory of value and to the marginal utility theory.'

14 Arthur 2004, p. 85. This passage will be discussed in more detail below.

thematic structure at the beginning of the *Logic*, an issue we will return to in the later discussion. Hegel has made clear in the introduction to his *Science of Logic* (1812), in which he emphatically discusses the methodological structure and categorial exposition, that there can be no such thing as an ‘unmediated’ beginning.¹⁵ The (im)possibility of a ‘pure beginning’ in the metaphysical science of logic therefore becomes the first theme of Hegel’s exposition. This choice of thematic informs the dialectic (in the precise sense) of the relation between *immediacy* (Unvermitteltheit) and *mediation* (Vermittlung, Vermitteltheit), to become reflected in the first categories of the *Logic*, ‘Being’ and ‘Nothingness’. In other words, for the beginning to be a *real* beginning (ein „wahrer Anfang“), the *dialectic of immediacy and mediation* (or „mediatedness“, „Vermitteltheit“) of the beginning itself becomes thematic as the first dialectical relation. We will come back to this point in more detail. What we can say for now is that with regard to the supposed ‘pure’ and immediate/unmediated beginning of the exposition, Hegel criticises previous methodological attempts that thematise a ‘known’ fact as the immediate, and simultaneously distances himself from hypothesising such an ‘immediacy’ as the beginning.¹⁶ He goes on to argue that the attempt to think the notion of immediacy is necessarily bound to be the result of mediation:

‘Here the beginning is made with being which is represented as having come to be through mediation, a mediation which is also a sublating of itself; and there is presupposed pure knowing as the outcome of finite knowing, of consciousness. But if no presupposition is to be made and the beginning itself is taken immediately, then its only determination is that it is to be the beginning of logic, of thought as such. All that is present is simply the resolve, which can also be regarded as *arbitrary*, that we propose to consider thought as such.’¹⁷

Note that for Hegel, the choice of category for the beginning has an ‘arbitrary’ character: the category of Being cannot by and out of itself deliver its own justification as to *why* it makes the beginning. After all, it *should* be a pure, presupposition-less concept, but this will show to be a fallacy. And yet, this has to be seen in hindsight. For now, we have to make do with dissatisfactory determinations. At the level of method, however, this constellation is rich in information: the dialectical method

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15 It is evident from this alone that Hegel’s *Logic* has a ‘critical function’ (Theunissen), but not in the sense that Arthur thinks. For some preliminary remarks on the *Logic*’s critical function, see the end of this essay.

16 Hegel 1986b, p. 74-5.

17 Hegel 1986b, p. 68. Emphasis EL.

shows *how* and to what extent the *semantic* as well as *pragmatic* cleft is always presupposed in the categories: it shows how the concept of ‘being’ could never *mean* (with regard to its semantic content) what it designates (with regard to the pragmatic object addressed) – though for more clarity, we will return to this point in greater detail. From this generally however follows a specific preference for the categories of Being and Nothingness to make up the beginning of the dialectical movement: in their supposed ‘pure’ immediacy, they show themselves to be mediated, for they are *unthinkable as such* (*immediate*) ‘determinations’. In fact, for Hegel it is fundamental to think determinations of immediacy as a contradiction in terms: if categories are determinable, they have ceased to be ‘immediate’ or ‘pure’, and if they are ‘immediate’ or ‘pure’, we will not be able to think (determine) them. Here is also the reason why the ‘purest’ categories are already categories of reflection: ‘Simple immediacy is itself an expression of reflection and contains a reference to its distinction from what is mediated. This simple immediacy, therefore, in its true expression is pure being.’¹⁸ But from the realisation of this ‘falseness’ of immediacy, the dialectical movement can begin in its precise sense: Being and Nothingness hence cannot remain in their pure state and fall into Becoming, the ‘immediate synthesis of Being and Nothingness’¹⁹ as the next category. How this ‘impossibility’ of Being and Nothingness must be comprehended will be shown in the later discussion, referring to Kesselring and Wandschneider.

At the same time, the whole movement of thought as presented in the *Logic* is bound to culminate in the Idea, resp. the Concept in which ‘uncomprehended’ reality is finally *comprehended* (*begriffen*). In the Idea, the imperfect thought-forms rise to their own reasonability in their truth, moving beyond intelligence (*Verstand*) and reflection (which is always polemically used against Kant’s system). Here is the dialectical nexus between the concept of Being, ‘such a poor and restricted determination’²⁰, and the richest determination of the Idea, while the Idea itself ‘divests’ (*entäußert*) itself back into immediacy:

‘Only the Concept is what is true, and, more precisely, it is the truth of Being and of Essence. So each of these, if they are clung to in their isolation, or by themselves, must be considered at the

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18 Hegel 1986b, p. 68.

19 Hegel 1986b, p. 100.

20 Hegel 2010, p. 699.

same time as untrue – Being because it is still only what is immediate, and Essence because it is still only what is mediated. At this point, we could at once raise the question why, if that is the case, we should begin with what is untrue and why we do not straightaway begin with what is true. The answer is that the truth must, precisely as such, validate itself and here, within logical thinking itself, validation consists in the Concept's showing itself to be what is mediated through and with itself, so that it shows itself to be at the same time the genuinely immediate.²¹

In other words, Hegel shows at the end of his *Logic*, that the Idea, the comprehended and perfectly mediated Truth at the end of the process is to be relegated to pure immediacy of Being of the *Logic*'s beginning: 'This result (Truth or The Idea) has given itself again the form of immediacy as the whole which has returned to itself in its self-sameness. Therefore it is of the same kind as the beginning (das Anfangende) has determined itself.'²² Consequently, as already indicated, Hegel makes clear from the outset that pure being is already mediated *from the standpoint of the whole* from which only it can be *thought*.²³ To think pure being as unmediated, is likewise itself an abstraction (or 'onesidedness', *Einseitigkeit*) from the process of mediation pure being has already gone through from the standpoint of the whole.²⁴ Needless to say, Hegel's system forms a *circle* as the perfect scientific method, in which Objectivity (*Inhalt*) and Form or Subjectivity are to be identified. I will come back to the point of the 'circle' of scientific thought in a while.

These short reflections should only mark the setting for a better understanding of Arthur's position in which the above connection is not addressed, and shall be elaborated on in more detail in the next section. The issue at stake is that with regard to the necessary structural and

21 Hegel 1991, p. 134.

22 Hegel 1986c, p. 566.

23 Nicole Pepperell in her close reading of Hegel's method in light of Marx's critique has pointed to the same dialectic between the methodologically necessary presuppositions and the standpoint of the whole by which the presupposition is 'sublated': '... a philosophical system is scientific, for Hegel, to the extent that it can justify its own point of departure by showing how the relations between the various elements of this system could have been revealed only from that particular starting point, and thus that the starting point is reflexively implied by the entire network of relations. In this way, the starting point that initially looks arbitrary and dogmatic is demonstrated to have been immanently necessary all along, even if the basis for this necessity becomes explicit only once the system as a whole is known.' Pepperell 2010, p. 137.

24 Hegel 1986b, p. 72: 'Pure being is the unity to which pure knowledge (reines Wissen) returns, or, if it still has to be differentiated as form from its own unity, it is also its content. This is the side on which this *pure being*, as the absolute-immediate, is likewise the absolutely mediated. But it will have to be essentially taken only in this one-sidedness to be the pure-immediate (das Rein-Unmittelbare), precisely because it is as the beginning.'

methodological presupposition of the determination of abstract labour as the substance of value, Marx followed the same method as Hegel. Marx, like every critical thinker after Hegel, was well aware that there is no such thing as 'presupposition-less thought' (voraussetzungsloses Denken). Like Hegel, Marx knew that the starting point of the exposition must always-already be mediated by heavily burdened conceptual presuppositions. The point for him was *not to deny* that the pivotal concepts come with pragmatic and semantic baggage, but on the contrary to show that the idea of a *pure exposition* necessarily falls into ideological abyss.²⁵ I will demonstrate how Arthur gets seduced by the allure of conceptual-theoretical 'purity' and its vicissitudes by demonstrating that the beginning of *his own presentation* of the application of Hegel's categories to value form analysis indeed abounds with presuppositions – quite contrary to its alleged purity, and, consequently, contrary to Arthur's own methodological claims.

I contend that Marx presented the very first determinations, the commodity and its value, in such a way that its essential content – abstract labour and the determination of value as the socially necessary labour time needed to produce a commodity in the social average – would impress itself as the compelling heuristic tool or *the analytical basis* not only for the first three chapters or the middle part of Vol. 1, but the complete analysis of the economic laws of movement of modern society that *Capital* is comprised of. The labour theory of value is therefore the *key heuristic tool* to unravel the fetishised forms in which value presents itself through its own movement. In its forms of appearance, an increasing obfuscation takes place in the economic categories that appear on the surface: whereas the commodity, money, and capital still show remnants of their origin in abstract labour – no matter how faintly²⁶ – , the relation is increasingly obscured by the time the analysis reaches the concept of profit and commercial capital, and finally completed in the economic concept of interest-bearing capital where 'the capital

25 To this methodological 'dialectic' Marx pointed also in the 'Results of the Immediate Process of Production': 'As the elementary form of bourgeois wealth, the commodity was our point of departure, the prerequisite for the emergence of capital. On the other hand, commodities appear now as the product of capital. ... if we consider societies where capitalist production is highly developed, we find that the commodity is both the constant elementary premiss (precondition) of capital and also the immediate result of the capitalist process of production.' Marx bases this argument on the *historical* emergence of capitalism. Marx 1976, p. 949.

26 See also this passage from the *Contribution to the Critique of Political Economy*: 'It is only through the habit of everyday life that we come to think of it perfectly plain and commonplace, that a social relation of production should take on the form of a thing, so that the relation of persons in their work appears in the form of a mutual relation between things, and between things and persons. In commodities, this mystification is as yet very simple. It is more or less plain to everybody that a relation of commodities as exchange values is nothing but a mutual relation between persons in their productive activity. This semblance of simplicity disappears in higher productive relations.' Marx 1904 (1859), p. 37.

relationship reaches its most superficial and fetishized form.²⁷ Marx's self-imposed task was to disclose the fetishistic forms of value and ground them in abstract labour as the substance of value in order to show and criticise the appropriation of surplus labour as surplus value by the capitalist 'without equivalent'.²⁸

Accordingly, the labour theory of value *by methodological necessity* runs like a golden thread through *Capital* from beginning to end. For example, there could not be a calculus of the rate of profit as the relation of surplus value to the capital advanced, if we did not understand that value is determined as socially necessary labour time in a social average, nor could there be an understanding of 'surplus' at all: a surplus of *what*? What is needed is a theory of value in terms of value, not in terms of use value or (marginal) utility. As Fred Moseley puts it in his criticism against Arthur's determination of labour as value substance in terms of use value:

'Marx's argument in Chapter 6 of volume 1 about the necessity of labor-power is solely in terms of *value*. Marx argued that, in order to expand in value, capital must be able to purchase on the market a commodity which is the source of additional value (not a source of additional use-values). It follows from Marx's theory of value developed in Chapter 1 (that *labor* is the sole source of additional value), that this special commodity which capital requires can only be labour power. If one had a different theory of value, then perhaps one could explain capital's expanding value in a different way. However, *in order to explain how capital expands in value, one needs at least some theory of value*. Since Chris [Arthur] has rejected Marx's theory of value in Chapter 1, he has no theory of value with which to explain capital's expansion of value.'²⁹

27 Marx 1981, p. 515. Marx further elaborates on the 'completed fetish' of interest-bearing capital: 'There is still a further distortion. While interest is simply one part of the profit, i.e. the surplus-value, extorted from the worker by the functioning capitalist, it now appears conversely as if interest is the specific fruit of capital, the original thing, while profit, now transformed into the form of profit of enterprise, appears as a mere accessory and trimming added in the reproduction process. The fetish character of capital and the representation of this capital fetish is now complete.' The increasing mystification taking place in the movement of value will be discussed in more detail below.

28 Marx 1976, p. 730. This process is most impressively demonstrated in *Capital* vol. II in the chapters on 'Simple Reproduction' and 'Accumulation and Reproduction on an Expanded Scale'. Here at the latest Marx's reveals the illusion of 'equal exchange between capital and labour'.

29 Moseley 1997, p. 11. Emphasis added. Moseley here specifically refers to Arthur's argument in Moseley 1993, p. 84-5: 'What then is the condition next required to grant necessity to the existence of capital as self-valorization? ... It is here that we remember that at the outset we stated that a primary condition of exchange is the world of *use-values*. With capital we reach a form of circulation of commodities that is its own end, but the self-valorization process still rests for its possibility on the emergence into being of the *goods* themselves from some external source... The problem is solved if the *goods* are themselves produced by capital and reduced to moments in its

However, it is equally substantial that, methodologically, a 'proof' of value at the beginning is impossible. With Hegel's expositional methodology that Marx adopts (and in the famous letter to Kugelmann of July 1868³⁰), I think we can see why. Only in the *end* of the analysis, in the chapter on the Trinity Formula (the fetishisation of wages, profit and ground as the 'three sources of wealth' in the theory of Adam Smith and his 'vulgarising' followers), can we understand *why* and *how* the labour theory of value is the *secret* to the fetishism that value and its manifestation in money bring about, and of which equivalent exchange is its first superficial appearance. This methodological move is indeed close to Hegel's circular motion in which the Idea, the final totality of cognition, in the end accordingly 'gives itself again the form of immediacy' in the context of the Being and Nothingness-dialectic: but this presupposition cannot be *enunciated* in the beginning. This nexus cannot be *expressed* as of yet. We find the same level of abstraction and gradual approximation towards the more complex and complete determination in *Capital*.

With this arguably uncontroversial diagnosis in mind, it is indeed strange that Arthur should embark on a mission to disavow the methodological place of the labour theory of value in Ch. 1 of Vol. 1 of *Capital*: '[...] in concentrating on the value form I leave aside initially any labour content – in this way departing from Marx who analysed both together.'³¹ 'Before the positing of labour as "abstract", there is the positing of commodities themselves as bearers of their abstract identity as values.'³² Arthur even goes to suggest that the alleged premature introduction of 'labour' (not, correctly, *abstract* labour) leads to the originally Engelsian interpretation of simple commodity production, albeit without giving an argument for this.³³ Let's recall Arthur's basic argument:

own circuit...The activity of production is an activity of labor. Hence, capital must make that activity its own activity. Only now does the presentation find it necessary to address labor. The limitlessness of accumulation inherent in the form of capital is given a solid ground in productive labor.' Emphasis added.

30 'Considering 'Centralblatt', that man makes the biggest possible concession when he admits that if you think of value as anything at all, my conclusions are correct. The poor chap won't see that if there were indeed no chapter on 'value' in my book, the analysis of the really existing relations that I provide would contain the proof and evidence of the real value relation ... That blather about the necessity to prove the concept of value is based on complete ignorance, both about the matter under discussion as about the scientific method. Every child knows that any nation that stopped working – I don't want to say for a year, but only for a couple of weeks – would perish miserably (*verrecken*) ... Science is all about developing just *how* the law of value prevails.' Marx 1961, p. 552-3.

31 Arthur 2004, pp. 79-80.

32 Arthur 2004, p. 80.

33 There is a footnote to this argument which says: 'For a critique of such mistakes, see Chapter 2.' In Chapter 2, Arthur – correctly, in my view – criticises the idea of simple commodity production bare and simple, but he forgets to prove the assumption that addressing labour 'too early' will lead to the Engelsian interpretation of simple commodity production. Therefore, he does nowhere

'To begin with we shall analyse the commodity form itself and only at the end give grounds for picking out as systematically important those commodities which are products of labour.'³⁴

Arthur in his insistence that the 'pure forms' of capital should be studied first – and especially 'the value form (as the germ of capital)' before its 'grounding in labour'³⁵ is analysed – claims that starting with exchange brings certain advantages: '[...] the question of form is so crucial that the presentation starts with the form of exchange, bracketing entirely the question of the mode of production [sic], if any, of the objects of exchange.'³⁶ This has the advantage that we begin with the same perception as that of everyday consciousness, namely, that in the bourgeois epoch nearly everything is capable of taking on commodity-form, and we avoid an appearance of arbitrariness in concentration from the outset only on products of labour.'³⁷ This passage - Arthur's insistence that in order to fully concentrate on the social *form*, we need to bracket 'entirely the question of the mode of production' – invites the suspicion that he *conflates social form with commodity exchange*, for it is

give an argument for this contention.

34 Arthur 2004, p. 85. In this passage, he also suggests that Marx was not right in subsuming all commodities to being 'products of labour'. This is an argument which in my view both Patrick Murray and Fred Moseley have already successfully refuted. See Murray 2005, esp. pp. 76-79 and Moseley (1997), p. 9: 'Chris [Arthur's] ... criticism of Marx is that, even if the postulate of the values of commodities is accepted, Marx did not prove that labor must be the substance of value, and in particular Marx arbitrarily excluded commodities which are not products of labor (like land) from his deduction. ... My response [is] that it ignores key elements of Marx's overall logical method. According to Marx's method, the price of land is explain by Marx on the basis of the rent of land, i.e. on the basis of the future expectations of rent or "capitalized" rent. Rent itself is explained in Part 6 of Volume 3 as one part of the total amount of surplus-value (along with other parts of surplus-value such as interest, commercial profit, etc.). According to Marx's logical method (as I have emphasized in several recent papers), the total amount of surplus-value is determined prior to its division into the individual parts of rent, interest, etc. The determination of the total amount of surplus-value is the main subject of Volume 1 of *Capital* (the analysis of capital in general). The individual parts of surplus-value (or the distribution of surplus-value) are then explained in Volume 3 (an abstract analysis of competition) on the basis of the assumption that the total amount of surplus-value has already been determined. Therefore, according to Marx's method, the price of land cannot be explained in Chapter 1 of Volume 1. Instead, land and the price of land are "abstracted from" in Volume 1 (just as are the other individual parts of the total surplus-value), and then explained at a more concrete level of analysis in Volume 3. These important aspects of Marx's logical method were overlooked by Boehm-Bawerk, and by almost everybody else since, apparently including Chris [Arthur].'

35 Arthur 2006, p. 10.

36 Note here that by 'bracketing entirely ... the mode of production', Arthur himself invites the possibility of a pre- or non-capitalist society as the object of Marx's study. From the outset, Marx's object however is the capitalist mode of production as Arthur admits in other places. His rebuttal of the labour theory of value and the structural relation between value, abstract labour and money for the beginning of *Capital* brings forth consequences Arthur himself seems to be unaware of. That Arthur succumbs to the 'logical-historical' approach that he elsewhere criticises (see Ch. 2) has also been noticed by Bidet, see Bidet 2005, p. 129 ff.

37 Arthur 2004, p. 86.

illogical to imply that 'proper attention to social form requires bracketing production', as Patrick Murray has in my view correctly objected, asking: 'Is not production form-determined by value?'³⁸ However, *social form also implies production* and is neither conceptually, nor systematically, completely absorbed by the concept of commodity exchange.

The desideratum to start with 'everyday consciousness' is also problematic in a different aspect of Marx's critique of fetishism. Methodologically, Marx lays his cards on the table by introducing not only the 'fetish-character of the commodity', but also revealing its *secret* (that many commentators seem to ignore). The secret to the fetish-character is explicitly *defined* in Marx's labour theory of value, as early as in the first chapter of *Capital*. The critical disclosure of the *continuous increase* of mystification and the inverted relation of appearance and essence, as reflected in the economic categories, is that which Marx's analysis *aims at*:

'... in the midst of the accidental and ever-fluctuating exchange relations between products, the labour time socially necessary to produce them asserts itself as a regulative law of nature. In the same way, the Law of Gravity asserts itself when a person's house collapses on top of him. The determination of the magnitude of value by labour-time is therefore a *secret* hidden under the apparent movements in the relative values of commodities.'³⁹

And here, I contend, lies precisely the power of Marx's critique: by giving us, the interested reader, a hermeneutical and critical tool at hand by which to decipher and disclose the growing mystification taking place in conventional economical categories *right at the start of the presentation*.⁴⁰ This mystification or fetishism is both one of 'science', as well as of the agents in the daily capitalist mode of production and circulation. However, the fetishism of commodities, of which its *secret* lies in the 'determination of the magnitude of value by labour-time', or the labour theory of value, as Marx clearly spells out⁴¹, is in Arthur's view 'too hastily' related to labour: '(Marx) has a critique of form (fetishism)

38 Murray 2005, p. 72.

39 Marx 1976a, p. 168. Emphasis added.

40 This invokes the idea that, while Hegel's movement of the concept is the *liberation from* a false consciousness (predominantly corresponding to his method in the PhG), Marx's presentation shows the opposite movement of the (economic) concepts *towards an increasing mystification* falling prey to fetishism and ideology, with the Trinity Formula at the end as the fetishised consciousness' 'cherry on top'. We will discuss this in more detail in the last section of this essay.

41 Section 4 of the first Chapter of Capital volume 1 is titled: 'The Fetishism of the Commodity *and its Secret*', not just 'The Fetishism of the Commodity' as one often gets the impression even in literature dealing exclusively with the fetishism paradigm. See e.g. Geras (1971), Böhme (1997), Dimoulis and Milios (1999).

as well as a critique of content (exploitation); but in his anxiety to relate value to production he had already jumped – far too hastily – to labour as its substance.⁴² This sounds as though Marx's decision to present abstract labour as the substance of value, indeed, to be so notorious as to 'dive down from the phenomena of exchange-value to labour as the substance of value in the first three pages of *Capital*'⁴³ is a sloppy, or indeed, 'hasty', but at least a very careless methodological move. Yet again, nothing could be further from the truth. For Marx, value is not only vaguely 'related' to the production process, it is its outcome, its 'truth' in the precise Hegelian sense of the 'comprehended Idea'. As such, the production process is necessarily presupposed. Marx himself has time and again indicated that in the presentation of his object, the capitalist mode of production and reproduction, '... the categories express forms of being, determinations of existence – and sometimes only individual aspects – of this particular society, of this subject, and that *even from the scientific standpoint* it therefore by no means begins at the moment when it is first discussed *as such*'⁴⁴ – namely, in its superficial presentations of equivalent exchange. Marx makes very clear that to begin with the circulation of commodities *sans phrase* cannot 'as such' represent a pure, unconditioned categorial presentation of *Capital*. Circulation presupposes commodity production – not just in 'reality', but also in its scientific representation. Even more so, 'the autonomous sphere of exchange' is a direct *expression* of mystification:

'An analysis of the specific form of the division of labour, of the conditions of production on which it rests, of the economic relations of the members of society within which these relations are dissolved, would show that *the whole system of bourgeois production is implied*, so that exchange value can appear as the simple point of departure on the surface, and the exchange process, as it presents itself in simple circulation, can appear as the simple social metabolism, which nevertheless encompasses the whole of production as well as consumption. It would then result from this that other entangled relations of production which more or less collide with the freedom and independence of the individuals and the economic relations of those, are implied, so that they can appear as free private producers in the simple relation of buyers and sellers within the circulation process. From the standpoint of circulation, however, these relations are obliterated.'⁴⁵

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42 Arthur 2004, p. 87.
43 Arthur 2004, p. 12.
44 Marx 1986, p. 43.
45 Marx 1987, p. 466.

Hence, 'The Commodity', or rather its value form, like the Hegelian Idea, is discussed as the result of a process that *will yet have to be analysed, but is simultaneously presupposed*. It is the task of the Critique of Political Economy to unravel the 'inner connection' ('inneres Band') between the forms (value, the commodity, money, capital) as how they present themselves to our 'everyday consciousness' – in exchange or circulation – and their real *content*, springing from the 'hidden abode of production'. This is why, as Jacques Bidet has correctly emphasised, *all* the categories of the market (private property, production for exchange, the commodity division of labour, concrete and abstract labour (!), productivity, socially necessary labour that the market identified within a branch as average labour and between branches as abstract labour) 'are already those forming the framework of the formulations and arguments of Volume 1, Chapter One.'⁴⁶

An attitude which holds that commodity exchange must be analysed separately falls itself prey to the fetishism of the forms of appearance. It is therefore not only dubious, but methodologically *unfeasible* to analyse the production process 'before the grounding of value in labour is legitimate.'⁴⁷ It is unfeasible, because the organisation of the labour and production process is necessarily *based upon value and surplus-value*. To unhinge the necessary correlation between abstract labour, value and money would undermine Marx's critical framework right from the outset. In this sense, Arthur's remark that '[w]hen capital attempts to ground itself on production, it runs into economic determination springing from use value. This should have dethroned value; but instead the opposite happens; the spectre prevails'⁴⁸ is characteristic for his misrecognition of Marx's critical method. He not only muddles the levels of a scientific presentation with that of the object of critique – capital is to be grounded on production *precisely because* from its expositional analysis follows that use value is peripheral to the production process, which is also its *critique* –, but is indicative of 'bad

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46 Bidet 2005, p. 128.

47 Arthur 2006, p. 10. Arthur's claim that „capitalist production must be theorised before the grounding of value in labour is legitimate“ - to paraphrase: capitalist production must be theorised before we can know how to theorise it – is, apart from its analytical Marxist undertone, astoundingly un-Hegelian. Like Kant's project of examining the faculties of cognition before having cognition at all, it would be a *petitio principii*, as Hegel has shown: ‚But to want to have cognition before we have any is as absurd as the wise resolve of Scholasticus to learn to *swim before he ventured into the water*.‘ (Hegel 1991, p. 34) But here is where Arthur agrees with the Uno School: ‚Like them (the Uno School) I think that the introduction by Marx of a posited *ground* for labour before the *form* of value is fully theorised represents a residue of classical political economy.‘ (ibid.) This argument is, strictly speaking, absurd. Classical political economy has nowhere made the distinction between concrete and abstract human labour, of which *only the latter*, as Marx intends to show in the opening pages of *Capital*, is productive of value. Therefore the definition of abstract human labour as the social substance of value is precisely *what distinguishes Marx* from classical political economy.

48 Arthur 2004, p. 168.

abstraction', as Patrick Murray rightly complains.⁴⁹ Arthur's claim is furthermore dubious, because the content of the later chapters cannot be understood in abstraction from any of the conditions that Marx unfolds in the first four chapters. One may ask: would it be *less of a presupposition* if the labour theory of value were only presented at the outset of Chapter 6? But there are reasonable doubts for introducing it only here, because just as at the beginning, one yet cannot *understand* why the value substance should be abstract labour. If indeed Marx had decided to present his value form analysis without making any reference to labour⁵⁰, we would have understood *that* value is 'necessarily' presented in money: but we would not have understood *why*⁵¹: we would not have understood that money is an already fetishised form of value in which its relation to the expenditure of human labour as abstract labour is obfuscated.

Arthur admits in a different passage that the presentation of the Hegelian method as a dialectical exposition of categories in their necessary inner coherence contains a moment of presupposition: 'Thus in a dialectical argument the meanings of concepts undergo shifts because the significance of any element in the total picture cannot be concretely defined at the outset.'⁵² Arthur also correctly sees that Hegel's exposition 'is the logical development of a system of categories, or forms of being, from the most elementary and indeterminate to the richest and most concrete'⁵³ and that, accordingly, value 'is to be understood only in its forms of development.'⁵⁴ But he fails to engage this insight to the context of the methodological position of the labour theory of value. It may be useful to remind us of Hegel's exposition in which he clearly states that pure being is the unity of knowledge with itself – knowledge of the concept as *self-knowledge*:

49 Murray 2005, p. 73.

50 The concept of 'labour' appears 241 times in the first three sections of *Capital* alone.

51 For Kuruma Samez, 'why' a commodity becomes money is the topic of *Capital's* section on Fetishism in Chapter 1 of vol. 1. See Kuruma 1957, p. 41 and Kuruma 2009, p. 65: 'Marx is raising a theoretical question not posed before. The question involves examining why the value of a commodity appears in the form of a quantity of another commodity that is equated to it ... rather than being directly expressed as a certain quantity of labor-time. In relation to money in particular, the theory of the fetish-character analyzes the *why* of money, whereas the theory of the value-form looks at the *how* of money.' Murray raises the same point: 'We want to know not only how it is that diverse commodities exchange for one another but also why each has the specific exchange-value it does. Because he insists that the value-form is contentless, Arthur's answer to the first question teeters on tautology: commodities are mutually exchangeable because they have the "quality of being exchangeable."' Murray 2005, p. 72.

52 Arthur 2004, p. 25.

53 Arthur 2004, p. 83.

54 Ibid.

'... by considering pure being as the unity with which knowledge converges (*zusammenfallen*) on its highest peak of unification with its object, then knowledge has disappeared into this unity and has not left no difference from it [i.e. unity] and hence no determination of it.'⁵⁵

Not only the rhetoric and choice of wording is reminiscent of Marx's summary of the genesis of the money form: 'The movement through which this process has been mediated vanishes in its own result, leaving no trace behind.'⁵⁶ Also the method of exposition is presented in this Hegelian fashion to demonstrate the necessity of the semantic presupposition taking place at the beginning. What exactly does 'semantic presupposition' mean in this context, and why is it a structurally necessary prerequisite of the logical method? In his seminal work on an *Outline of a Theory of Dialectic (Grundzüge einer Theorie der Dialektik)*, Dieter Wandschneider examines the discrepancy of the semantic and pragmatic function of the concept to argue that the semantic-pragmatic 'cleft' at the presentation's beginning is by no means a 'deficient' mode of presentation, but necessitated by the exposition itself, and hence, adhering to the dialectical method as developing its own movement from the incomplete to the gradually complete by virtue of the categories' own semantic-pragmatic cleft⁵⁷:

'For a theory of dialectic, two aspects seem to be of fundamental significance: on the one hand, the view ... according to which every logical category (with the exception of the final determination) contains a *semantic-pragmatic discrepancy (semantisch-pragmatische Diskrepanz)*. It consists in the fact that the *explicit meaning* of a category does not express all that is implicitly presupposed (*präsupponiert*) for its meaning. That this must be the case immediately makes sense; since in order to explicate a particular meaning, the whole apparatus of logical categories and principles must be presupposed (*vorausgesetzt werden*). This tension between the semantic content (*Gehalt*) and that which is pragmatically presupposed for the argumentative acts (*Argumentationsakte*) that precede it, necessitates the introduction of categories by which this "pragmatic surplus meaning" is successively further semantically explicated [and diminished, EL]. In other words: the semantic-pragmatic

55 Hegel 1986b, p. 72.

56 Marx 1976, p. 187.

57 Pepperell discusses the semantic-pragmatic-cleft in terms of what is 'implicit' and 'explicit' in a concept. I think this terminology is useful, but the semantic and pragmatic aspects determine more specifically 'what' is implicit and explicit in a concept. See Pepperell 2010, p. 137.

discrepancy contained in a category which, under specific conditions, can be exacerbated to a performative contradiction, makes the necessity to introduce ever new categories plausible, as long as the “pragmatic surplus meaning” remains.⁵⁸

The meaning of Being therefore enunciates something that it is not: and what Being is *not*, is Nothingness. Yet, it *is* nothingness, but as such, it *is not* it, for it should semantically contain a *difference* from nothingness. However, the category of ‘difference’ is by far not introduced at this stage of the presentation. While it is pragmatically presupposed, pure (or rather, ‘poor’) Being cannot *mean* itself without falling prey to its opposite, Nothingness. At the beginning of the Logic therefore, the semantic-pragmatic discrepancy is the greatest. We still do not have the semantic means to understand the meaning of Being (that, to make matters even more complicated, is of course the immediate form of appearance of the Idea) ‘correctly’: the *whole presentation is presupposed* to understand it ‘correctly’, or truthfully. We will see in a while how this reciprocal transition (Umschlagen) from one category to the other is the prototype of the antinomical structure that motivates the dialectical movement. The point here is to realise that the same applies to the beginning of Marx’s *Capital*, and specifically the category of abstract labour which is determined as the substance of value: *the whole system of derivations is presupposed* to thoroughly understand it – but this is not a ‘defect’ in Marx’s presentation. It is rather the specific anti-dogmatic character of the dialectical mode of exposition itself that ‘accompanies’ thought and serves as an aid to criticise its own misapprehensions, instead of delivering ready-made definitions of concepts in a positivistic sense that, rather than *promote* thought, substitute it.

In so far as the method of Hegel’s *Logic* is concerned it is therefore wrong that Arthur suggests that ‘it is self-evident that the result cannot be “contained” in the premise, for the latter is poorer in content than the former.’⁵⁹ The result is not only contained in the premise – by virtue of the scientific mode of presentation which is necessarily a circle (though

58 Wandschneider 1995, p. 26. The other ‘aspect of fundamental significance’ for the theory of dialectic for Wandschneider is the concept of ‘self-referential negation’ which, for systematic reasons, will be discussed in the next section. Wandschneider points out that, in so far as the semantic-pragmatic discrepancy is concerned, the works by Wolfgang Wieland (1978) and Vittorio Hösle (1987) have been influential also for his position.

59 Arthur 2004, p. 83. I disagree with Bidet at this point who seems to think that Arthur accepts Hegel’s idea of the impossibility of an unmediated beginning: ‘... Arthur proposes a dialectical mode of exposition, moving simultaneously forward and backward ... Only the end defines the beginning.’ Bidet 2005, p. 125-6. In contrast, Arthur insists that ‘an absolute beginning without imposed conditions is needed.’ Arthur 2004, p. 158.

strictly not circular in the formal-logical sense⁶⁰), it is *its own premise*:

‘The essential (das Wesentliche) for science is not so much to begin with a pure immediate being, but that the whole shows to be a circuit in itself in which the first [determination] will be the last and the last will be the first.’⁶¹

Therefore, Arthur is mistaken to hypostatise that to follow the model of Hegel’s dialectic, ‘an absolute beginning without imposed conditions is needed.’⁶² This claim only shows Arthur’s misrecognition of the critical intent of the exposition in which the hypostasation of an allegedly ‘pure’ or ‘absolute’ content is itself shown as a fallacy of the intellect. To the contrary, the beginning of the *Logic* thematises the desideratum of ‘purity’ and ‘absoluteness’ – or, as it were, ‘immediacy’ – as the *fetish* of the intellect that is as of yet untouched by the intricate operations of conceptual dialectic. The demand to start with purity is, in Hegel’s words, an expression of the uncomprehended (‘das Unverstandene’) in itself, by virtue of which it must perish.⁶³

However, there is a yet another profound difficulty lurking behind Arthur’s expositional conceptualisation that Jacques Bidet has pointed to: by Arthur’s suggestion that ‘[i]f value depends for its reality on the full development of capitalist production, then the concepts of Marx’s first chapter can only have an *abstract* character ...’⁶⁴, he ‘seems to confuse two questions.’⁶⁵ The first is the *historical* one, and (in this context, at least) uncontested: namely that value can only emerge on the basis of an already implemented capitalist production and reproduction process. Value is therefore an *ex post*, not an *a priori*-phenomenon. It also involves a vast cataclysm of the juridico-political complex that historically accompanies the genesis of capitalist production. But this does not concern the second question which is a question of *theoretical presentation*: ‘[Arthur] concludes that, in the course of the exposition,

60 D. Wandschneider shows that the logical presupposition at the beginning of the Logic is precisely not a *petitio principii*, because in contrast to this ‘circular’ form of argumentation, it can *account for and define* its content: ‘It is decisive that the form of self foundational reasoning (Selbstbegründung) [by which is meant the fact that logic/thought/arguments cannot be fundamentally doubted except on the grounds of logic/thought/arguments itself, EL], is a *foundation* (Begründung), insofar it is not founded on arbitrary suppositions, but has a logically cogent character. Circular reasoning and self foundational reasoning are not the same.’ Wandschneider 1995, p. 19.

61 Hegel 1986b, p. 70. Note also that Hegel uses the past tense in this passage which for him is a consequence of having already surveyed and grasped the whole development.

62 Arthur 2004, p. 158.

63 Hegel 1986b, p. 86.

64 Arthur 2004, p. 26.

65 Bidet 2005, p. 130.

the *concept* of value cannot be fully developed before the specifically capitalist form.⁶⁶ This conflation of historical development with the form of presentation is accordingly inviting to the 'logico-historical' approach that Arthur rejects in other places.⁶⁷

Let us see how Arthur solves the problem of the beginning which, while being rich in semantic and pragmatic presuppositions, cannot account for those by itself.

3. The Application of Hegel's Logic to the Presentation of the Value Form

In this section, I will examine Arthur's attempt to elucidate the methodological structure of Marx' value form analysis by applying it to Hegel's greater division of the *Logic*. In it, commodity exchange corresponds to the Doctrine of Being, the doubling of commodity and money corresponds to the Doctrine of Essence and capital corresponds to the Doctrine of the Concept.⁶⁸ Unfortunately, Arthur does not give reasons for this particular correspondence, and it is also not strictly followed in the analysis of the second part of 'Marx's *Capital* and Hegel's *Logic*'⁶⁹ (Chapter 5 of *The New Dialectic and Marx's Capital*). But this, I contend, is where one of the problems of Arthur's attempt lies: a random selection of categories of Hegel's *Logic* is selectively and arbitrarily applied to a selection of more or less random categories of the first five chapters in *Capital*. However, there are two instances in which Arthur draws on the dialectical-categorical development of the *beginning* of Hegel's Logic with Being and Nothingness. One is to be found in the latter part of 'Marx's *Capital* and Hegel's *Logic*', one discussed as the dialectic of absence and presence of value in Chapter 8, 'The Spectre of Capital'. Though, initially, I have planned (and written) a discussion of both chapters, for reasons of space I will restrict my discussion to Arthur's presentation in the chapter on 'Marx's *Capital* and Hegel's *Logic*'. The reason is simple: The 'dialectic' of presence and absence adds no cognitive gain (Erkenntnisgewinn) to Arthur's 'homologisation' between Hegel and Marx which is clearly enough illustrated in 'Marx's *Capital* and Hegel's *Logic*.'

In Arthur's reconstruction of the allegedly homologous categories of Marx's value form theory and the beginning of Hegel's *Logic*, Being

66 Ibid.

67 See also Arthur's in my view justified critique of Ernest Mandel in 'Marx, Orthodoxy, Labour, Value', in Arthur 2000, pp. 5-11.

68 See Arthur 2004, p. 79.

69 By the 'second or latter part of this chapter' I mean the text following the subheader 'The Presentation of the Value Form', in Arthur 2004, pp. 89 ff.

and Nothingness – in spite of being the first categories of the Doctrine of Being in which 'Quality' is thematic – get almost no place, never mind being categories whose motif is excessively justified in the *Logic*'s introduction. Arthur laconically applies being and 'nothing' in an unrelated and arbitrary manner to 'commodity exchange' in which their logical status is rendered completely unclear:

'Given exchange, we can speak of commodities in terms of the elementary opposition between Being and Nothing treated by Hegel at the beginning of his *Logic*. They have their **being** in the circuits of exchange; but as yet they reveal **nothing** about themselves that guarantees this status; indeed they regularly disappear from the space of exchange relations, perhaps to be consumed. Their being become **determinate**, and fixed in this sphere, is that of exchangeable commodities. Commodities are distinguished from being goods in general by the **quality** of being exchangeable.'⁷⁰

In what way can we say that Hegel's categories form the background for this assumption? Perhaps more importantly, in what way does Arthur's presentation obey the self-imposed task of conceptual purity he finds in Hegel? First of all, Hegel's categories at the beginning do not signify 'things' such as would be the commodity. It is not until the Doctrine of Essence far later in the presentation that Hegel thematises 'existence' and 'things' at all.⁷¹ Really existing, spatially extended and identifiable objects in time strictly speaking do not form a part of the *Logic* at all, but belong to the Philosophy of Nature in Hegel's overarching system.⁷² Yet, Arthur presupposes the existence of 'things' as this earliest presentation, undermining his own claim of conceptual purity and conflating different levels of presentation. But if even if we grant that the 'being' of commodities is the very being that is thematic at the beginning of the Logic – where do the commodities belong? In other words, what concept in the *Logic* corresponds to that of the

70 Arthur 2004, p. 90. Bold print in the original to highlight Hegel's terminology. Arthur applies the same procedure to Marx's concept of 'Money' in correspondence to concepts of Hegel's Doctrine of Essence and Marx's concept of 'Capital' in correspondence to concepts of Hegel's Doctrine of the Concept. See Arthur 2004, p. 95 and Arthur 2004, p. 101. For reasons of space, the latter two 'homologies' cannot be discussed. We shall already see from the discussion of Arthur's declared homology between 'Commodity Exchange' with the Doctrine of Being how the single conceptual 'homologies' are flawed by virtue of being positioned at different levels of abstraction in Hegel's *Logic* alone.

71 See The Doctrine of Essence, where in the second Section on 'Appearance' and the chapter on 'Existence', 'The Thing and its Properties' (Das Ding und seine Eigenschaften) becomes thematic for the first time. Hegel 1986c, p. 129.

72 See Hegel 1986d in the Section on 'Physics', §§ 272-336.

commodity?⁷³ To be sure, in the preceding section, Arthur introduces a specific interpretative schema by which to determine the commodity as the starting point, the triad of 'sociation, dissociation, and association' that we also find in Geert Reuten and Michael Williams⁷⁴. With the help of this heuristic, Arthur identifies the 'sociation-dissociation contradiction' as 'the presupposition of the entire epoch, and hence our presentation.'⁷⁵

'...it is association through exchange that gives this contradiction 'room to move'; the first concrete category is therefore this mediation, and we study its further development; this first category of *movement* determines goods as commodities, and hence the first *object* of analysis is the commodity; a unity of use value and exchange value; this doubling is a relation in which the form, the abstract universal, dominates the matter, the particular use values; the value form is therefore the theme of our categorial dialectic.'⁷⁶

How is Hegel's, or for that matter, Marx's method, reflected or applied in this assumption? Note here that the problem under discussion is Arthur's particular application of the alleged homology between Hegel's categories to that of Marx, not a general rejection of such an attempt.⁷⁷ It is however unclear how in Arthur's view either the category of 'movement' or the category of 'association through exchange' that supposedly necessitates the category of the commodity finds its correlate in Hegel's Logic of Being. Let me first look at the category of 'movement': how do we derive the commodity from it? First, Arthur seems to confuse the *quality* of an object (that it moves, circulates) with being a *cause* of it. Saying that 'this first category of *movement* determines goods as commodities' takes one of the commodities' qualities as its own principal cause - while it would be no less reasonable to assume either 'time' or 'space' rather than

73 In the appendix to this chapter, Arthur provides a table with the corresponding concepts in both Hegel's system and Marx's presentation of the first five chapters of Capital as an overview of the preceding argument. But just *how* the correspondence between The Doctrine of Being and the Commodity is justified, remains completely obscure. The same goes for the other conceptual correspondences (e.g. The Doctrine of Essence corresponds to Money, with the structural moment of 'reflection and mediation: the being-for-itself and show of the Concept' functioning as an interpretative schema without showing *how* this claim concretely applies). See Arthur 2004, p. 108-9.

74 See Reuten/Williams 1989.

75 Arthur 2004, p. 88.

76 Arthur 2004, p. 89. Emphasis i.t.o.

77 For an intensive discussion of the commodity as the starting point in relation to its 'subterranean' critique of Hegel that also functions as its methodological presupposition, let me only refer to Pepperell 2010, p. 142 ff. The view that *Capital* starts with the Commodity is however not uncontested. See Holloway 2015.

'movement' as 'causing' factors of the commodity. The relation between 'movement' and 'the commodity' cannot be presented in a way that discloses the categories' *strictly necessary nexus*, so that the homology Arthur draws is questionable. Second, while it is true that, in the commodity form, the form dominates the matter – this observation can be made without referring to the category of movement at all. Besides, while 'form' and 'content' belong to the Logic, 'movement' is not a logical motive, but, again, belongs to the Philosophy of Nature.⁷⁸ All in all, the categories Arthur picks from Hegel's *Logic* in order to 'identify' them with those of Marx's exposition belong to entirely different levels of abstraction in Hegel's system.

The category of 'association through exchange' is even more questionable as having a categorial correspondence in Being or Nothingness. Its logical status is completely obscure as measured against the *Logic*.

But let us come back to the conceptual derivation by which Arthur identifies Being and Nothingness in Marx's presentation. How should we interpret the context in which Arthur extracts the important category of Nothingness to apply it to the exchange of commodities? '[The commodities] reveal **nothing** about themselves that guarantees this status [of **being**]; indeed they regularly disappear from the space of exchange relations, perhaps to be consumed'. Arthur's analysis of being and nothingness stops here. With this predication, we are unable to discern any meaningful conceptual nexus or correspondence between the notion of Nothingness in the context of the Logic's beginning and Arthur's own interpretation in the self-proclaimed context of Marx's value form analysis. However, there is a deeper structural reason for Arthur's lopsided derivation of nothingness from the context of Hegel's *Logic*: Arthur not only underestimates the *significance* of the category of 'nothingness' which introduces the *motif of negation* to Hegel's Logic, but provides no explanation of its *strategic role* within the dialectical movement, as e.g. theories of the antinomial structure of the category of Nothingness do. What Arthur does not take notice of is the complexity and significance of the first determinations that give rise to the dialectical categorial development in the first place, and with it, the *dialectic at work* in the structure of Hegel's Logic. This is all stranger as Arthur proclaims to have established a 'New Dialectic' that is directly *informed* by Hegel's form determinations – without having a thorough understanding of Hegel's method itself.

To come back to the text, in what way does Arthur then justify that 'nothing' is revealed and that, 'they regularly disappear from the

78 In the section on 'Mechanics' in the First Department of the Philosophy of Nature of the *Encyclopedia*. Hegel 1986d, esp. §§ 262-3.

space (sic) of exchange relations, perhaps to be consumed.' It remains unclear which logical status the categories of 'revelation', 'space' and 'consumption' (and the notion 'perhaps', for that matter!) have in Marx's context – viewed through the lens of the *Logic's* beginning – and what their inner connection is. Again, the categories of 'space' and 'consumption' precisely do not belong to the *Logic* at all, least of all in their conceptual relation, and have no discernible correspondence in Marx's conceptual scheme.⁷⁹ On the other hand, Arthur freely omits the important category of Becoming in this presentation as the precondition for the categories' concretisation into Dasein and Negation, and instead integrates the category of 'quality' which is not part of the categorial deduction at all, but the chapter's encompassing theme!⁸⁰ Arthur's choice as to *which* concepts of Hegel's *Logic* are reflected in Marx's value form analysis and which are *not*, seems to follow no discernible line of deduction and renders their selection thoroughly arbitrary.⁸¹

For now however, let us make an excursus on the important concept of Nothingness for a while and shortly elucidate the important heuristic of antinomical structure. The category of Negation in Hegel's *Logic*, the more complex and advanced form of Nothingness and the motor of dialectical thought, has its systematic place in the chapter on 'Dasein' as the more concrete form of Being. It shows in itself its own necessity *of* and *for* thought (*zeigt an sich selbst seine eigene Denknwendigkeit*), because, as 'pure' Nothingness, it would be *unthinkable*, as I will soon show. The same applies to Being and its 'self-sameness' with Nothingness. In other words, in the indeterminacy and abstraction of the 'unthinkable' and as yet uncomprehended categories of Being and Nothingness where an as of yet incomplete determination of nothingness is first introduced, *immediacy becomes thematic as its own impossibility*, as shown above. One may argue that, in this case, Hegel should have started with the category of 'immediacy' (or 'indeterminacy', or the 'indeterminable') without further ado – but even in this case,

79 The objection that commodities are produced for consumption completely misses the mark of Marx's value form analysis: 'The use-values of commodities provide the material for a special branch of knowledge, namely the commercial knowledge of commodities.' Marx 1976a, p. 126. See also '... the exchange relation of commodities is characterized precisely by its abstraction from their use value.' Marx 1976a, p. 127.

80 It is the title of the First Section in the *Logic*: „Determinacy (Quality)“. See Hegel 1986b, p. 82.

81 The usefulness of Being, Nothingness, and Becoming as a conceptual template to analyse *social* process are dubious precisely because they do not refer to 'real processes' – i.e. processes taking place outside of thought - at all. Arthur is aware of that. As one reviewer of the present essay however suggested, the dialectic of Being and Nothingness was pertinent in commodity exchange, because there were jobs which involve producing 'nothingness' – we pay people to take out our trash, for example. But this idea invites a category mistake. Arthur, on the other hand, is very clear on separating Hegel's presentation from a direct application for describing 'really existing capitalism'. He correctly locates Hegel's and Marx's presentation at high levels of conceptual abstraction, even if I do not agree with the specific way he identifies both.

further abstraction would have shown that 'immediacy' already contains a negation: namely, that of mediation (or 'mediacy', *Vermittlung*). In other words, positing 'immediacy' (*Unmittelbarkeit*) as first category, will show itself to be the *other* of – the *negation* of – mediacy. As such, it contains a *category of reflection*, the difference to mediacy that only becomes thematic in the Doctrine of Essence – but we are still in the realm of Being. Consequently, we find that the category of immediacy is therefore derived, contrary to its alleged 'purity'. We come to find Being and Nothingness as the first categories, however incomplete, 'furthest from the truth' - and as such, mediated. I have shown above how Hegel perceives of the beginning not as pure, but as the 'result' of a circular process in which 'pure knowledge' (a contradiction in terms) is 'released' (entlassen) to its sheer form in immediacy.

The point I want to make here in almost inexcusable brevity, drawing on the works of Kesselring (1981) and Wandschneider (1995) is that the dialectical exposition of Being and Nothing has to be understood as an *antinomical structure, containing an antinomical contradiction*. This antinomical structure succumbs the categorial movement of dialectical thought at its most general, so that giving an account on the function of the antinomical structure will simultaneously give an outline to a *theory of dialectic* and highlight the essential role of negation within it. In the following, what is at stake is Arthur's claim that the presentation of the value form in *Capital* vol. 1 and Hegel's logic 'are to be *identified*; we are not simply applying Hegel's logic to an independent content'⁸² and that the 'forms' of value 'are in effect of such abstract purity as to constitute a real incarnation of the ideas of Hegel's logic.' Arthur's reading as explicated above shall be contrasted with two approaches that deal with the dialectic of Being and Nothingness in the beginning of the *Logic* and deliver a core understanding for Hegel's dialectic, in order to question the validity of Arthur's claim. In that sense, the following is not at all an exhaustive presentation of Hegel's dialectic, but rather designates a minimum standard by which we can begin to decipher its complexity.

4. The Antinomical Structure of Being and Nothingness

Like the author of the present essay, Kesselring's pioneering work on the role of the antinomical structure assumes that the categories of Being and Nothingness as a 'germ-like ... concrete totality' ('keimhaft angelegte konkrete Totalität') can only be legitimised 'in hindsight' ('im Rückblick').⁸³ The search for an 'absolute' beginning - a regress that

82 Arthur 2004, p. 82.

83 Kesselring 1981, p. 566. Arthur interestingly also uses the concept of the 'germ' of value in its 'immediacy', but provides no method with which to show its 'unfolding', whether in

is simultaneously a progress – would show that thought itself is the ultimate abstraction. The problem however is that thought itself cannot be abstracted from. What *can* be abstracted from, however, is the *content* of thought. It is Being in its 'pure' form that abstracts from all content of thought, so that Being 'is' the most abstract, most indeterminate concept. However, every logical predication to be made about Being must necessarily 'falsify' or 'distort' its own character, so that we must look for a further method to determine the indeterminate:

'Consciousness resp. Thought, because it abstracts from all abstraction, now only confronts Being, which is in a constitution (*Verfassung*) that is falsified by any sound sentence aimed at characterising it. Because who talks or thinks about *Being* has in truth not abstracted from her own thought. Accordingly, if Hegel describes the development from Being to Nothingness and Becoming towards Dasein (Determinate Being), he moves within outer reflection (on the standpoint of 'pure Being', language and discursive thought would be impossible).'⁸⁴

The presentation of the categorial development would only be possible on the basis of abstraction from thought (inner reflection), and, since that would require a cognitive performance, it is factually (self-) contradictory, and hence, impossible. Kesselring however argues that this 'impossibility' is of constitutive significance for the understanding of the *Logic*' method, because it is translatable into the legitimate relation of an antinomical structure, by which the development of categories is *initiated* in the first place. To recapitulate: the thought-determinations (Denkbestimmungen) of 'immediate' Being and Nothingness, being pure quality, evade any determinable content. This is why Being and Nothingness, in their indeterminable sameness (differentiating Being from Nothingness would already imply the thought-reflexion 'is not', which would render 'immediate' Being determinate, and therefore 'not-immediate') cannot be provided with a *predication*. Consequently, Hegel does not *say* what Being and Nothingness *are*, but uses an anakoluth to signify their sheer unthinkability: '*Being, pure Being* – without any further determination.'⁸⁵ and 'Nothingness, pure Nothingness; it is simple self-sameness, perfect emptiness, indeterminacy and contentlessness (Inhaltslosigkeit); undifferentiatedness in itself (Ununterschiedenheit in ihm selbst).'⁸⁶

hindsight or from the outset.

84 Kesselring 1981, p. 571.

85 Hegel 1986b, p. 82.

86 Hegel 1986b, p. 83.

The prequisition for the antinomical structure initiating the dialectical development is the fact that Being is 'determined as indeterminate' (*als unbestimmt bestimmt*). This leads to antinomy (A):

(A) **either** Being is indeterminate, but then it is wrong that it is determinate (even 'as indeterminate')

or Being is determinate, but then it is wrong to determine it as indeterminate.⁸⁷

Antinomy (A) can only be solved if its *cause* is eliminated, that is, if it is abstracted from the subjective cognitive performance that led to it. 'However, this abstraction requires to indeterminately *negate* the term 'determined' in the expression 'determined as indeterminate' (this expression is the result of a cognitive performance). Being will then however be im-predicable ... every subjective performance on Being would then be negated – but this negation itself would still be a subjective performance.'⁸⁸ This problem leads to antinomy (B):

(B) **either** one tries to account for what Being is - but that leads to negating the attempt, i.e. to leave it be

or one consciously relinquishes this attempt; with the method of *not* thinking Being, one however applies the correct procedure to think Being.

We can see here how the category of *Negation* functions as the motor of the further development, but also of 'determining' Being in Nothingness in hindsight: we have already performed the cognitive act of *negating* both in order to be able to think them. 'The cause of the antinomy', Kesselring argues, 'lies in the abstraction of thought from itself. This abstraction has the consequence that Being itself vanishes, so that it passes over to nothing ('Nothingness') ... but since every abstraction is a cognitive act (*Denkleistung*), in (B) we do not only deal with nothing at all, but with this particular cognitive act (of negation).'

⁸⁹ Regarding that whatever we have hitherto tried to characterise as *Being* leads to *Nothingness*, its 'opposite', as its consequential form determination also indicates Being and nothingness as 'the same', in their 'self-sameness'. Yet, they are also *different*, as the cognitive performance of negation makes clear from hindsight: without a separate semantic function of Nothingness from Being, we would not come to Dasein, nor to the category of Negation. Here, precisely, is the kernel of

87 Kesselring 1981, p. 572.

88 Kesselring 1981, p. 572.

89 Kesselring 1981, p. 572.

the antinomical structure inherent in the first determinations.

Wandschneider's assessment of the antinomical structure to be identified as the basic dialectical function in Hegel's method can be regarded as a 'fine-tuning' of Kesselring's pioneering work. Wandschneider assumes the principle of complementarity (Komplementaritätsprinzip). In it, Being, by virtue of its logical-semantic constitution, must be 'semantically equivalent' with 'not-Nothingness' ('nicht-Nichtsein'). Schematically, this is expressed in

$$(1) \quad \langle B \rangle = \langle \text{not-N} \rangle.^{90}$$

The opposition expressed in this equation is 'constitutive for the meaning of Being.'⁹¹ The opposition could however also be expressed in terms of equivalence, then follows: $\langle B \rangle$ is not equivalent with $\langle N \rangle$. The italicised 'is not' however shows that the concept $\langle B \rangle$ in its meaning of Being itself *presents a case of non-being*. It therefore has the quality which is equivalent to the meaning of the concept of $\langle N \rangle$ which we have previously identified it as its opposite in (1). Because Being thus becomes 'an instance of $\langle N \rangle$ ', we can say:

$$(2) \quad \langle B \rangle \text{ is } \langle N \rangle\text{-equivalent.}^{92}$$

In this schema, for $\langle B \rangle$ however still, the meaning of Being must be conceded, expressed in the copula. The concept $\langle B \rangle$ therefore has the quality that corresponds to its meaning: Being. In this case, $\langle B \rangle$ is $\langle B \rangle$ -equivalent. But according to (1), $\langle B \rangle$ is not equivalent to $\langle N \rangle$, so that

$$(3) \quad \langle B \rangle \text{ is not } \langle N \rangle\text{-equivalent.}^{93}$$

By following (3) from (2), we set an automatism in motion, since on the side of $\langle B \rangle$ we again arrive at a case of non-being ('is not').⁹⁴

90 Wandschneider 1995, p. 104, where $\langle B \rangle$ stands for Being, $\langle N \rangle$ for Nothingness and the brackets ' $\langle \dots \rangle$ ' stand for the *intensional* (not intentional) semantic content expressed in the concept, not for an entity or 'instance' that is its equivalent (e.g. the realm of things that exist).

91 Wandschneider 1995, p. 55.

92 ' $\langle S \rangle$ ist $\langle N \rangle$ -entsprechend.' Wandschneider 1995, p. 56.

93 ' $\langle S \rangle$ ist nicht $\langle N \rangle$ -entsprechend.' Ibid.

94 Hegel argues this point in the 1812 original edition more clearly than in the 1831 edition. In Remark 2 to the First Chapter, succeeding the category of Becoming, he again emphasises the necessarily nexus between Being and Nothingness by showing that Being 'is' Nothingness' and that 'this must be shown in its immediacy'. His first example is 'Being is the Absolute.' Here, according to Hegel, Being is predicated of something that it is not, 'that is differentiated from it.' Hegel 1966, p. 35. 'What is differentiated from it is something other than it; the other

A new predication must accordingly be attributed to $\langle B \rangle$ which would contradict the previous schema. Alternatingly contradictory predicates which result from their application to a concept by reflecting on the concept's semantic content, Wandschneider calls '*antinomical structures*' which must be based on an *antinomical concept*. The antinomical concept brings forth an antinomical structure by being 'the negative determination of equivalence with regard to itself' (*negative Entsprechungsbestimmung seiner selbst*).⁹⁵ From this negative determination of equivalence with regard to itself – or this *negative self-referentiality* – follows that every application of a structure of predication on this antinomical concept results in permanently alternating determinations of equivalence. The sequence of alternatingly contradictory determinations of equivalence is the main characteristic of the antinomical concept which Wandschneider find in Hegel's determinations of the beginning. Concretely, the antinomical concept on which the first movement is based is to be found in the schema

$$(4) \quad \langle N \rangle = \langle \text{not-} \langle N \rangle\text{-equivalent} \rangle.$$

It is, however, important for Wandschneider that the passing from the level of *qualities* (' $\langle N \rangle$ -equivalent', 'not $\langle N \rangle$ -equivalent') to the level of *meaning* is considered in (4). By inferring that a relation of equivalence (*Entsprechungsverhältnis*) determines the quality of an entity (in the sense that ' $\langle \text{red} \rangle$ -equivalent' determines the quality 'red'), we can now say that the concept $\langle \text{not-} \langle N \rangle\text{-equivalent} \rangle$ is equivalent to the concept of $\langle \text{not-N} \rangle$. From this and (1) follows

$$(5) \quad \langle B \rangle = \langle N \rangle.$$

This result is obviously contradictory to (1), even if (1) is indispensable for the semantic content of $\langle B \rangle$ and cannot be discarded. For the meaning of Being, needless to say, the demarcation against its negation, Nothingness or Non-Being⁹⁶, is constitutive. Wandschneider follows that both predications, (1) and (5), must be valid, even if they are mutually exclusive. The point Wandschneider emphasises is that they are *not* formally contradictory, because both predications adhere

however contains the Nothing of that by which it is its Other. What is therefore contained in this sentence is not pure Being, but simultaneously Being in relation to its Nothing. - The Absolute is hence differentiated from it; but by saying it *is* the Absolute, it is likewise said that they are not differentiated.' Hegel 1966, p. 36. In other words, what is expressed in a sentence of identity - the non-being of difference - simultaneously expresses precisely this very difference.

95 Wandschneider 1995, p. 37.

96 Nothingness and Non-Being are synonymous also in Hegel: 'If it is deemed more correct to oppose non-being to being, instead of nothing, there is no objection to this as regards the result, since in non-being there is contained the reference to being.' Hegel 2010, p. 60.

to *different levels of reflection*. This has nothing to do with not admitting the Law of the Excluded Middle: in tertium non datur, the contradiction precisely consists in relating to the same aspect at the same time for both sides of the contradiction. To say 'John is alive and John is not alive' is only a contradiction if we are talking about the same identical John at the same time.

Wandschneider therefore suggests to introduce the concept of the 'opposite equivalence of meaning' (*entgegengesetzte Bedeutungsäquivalenz*) to elucidate the nexus between the mutually exclusive and mutually presupposing elements that adhere to different levels of reflection:

$$(6) \quad (= <\text{not-}<N>) \oplus (= <N>)$$

The symbol ' \oplus ' does not denote 'exclusive disjunction' in this case, but that both sides of the predication belong together to form a whole that is not a formal, but a dialectical contradiction: it was generated from the movement of thought itself, while simultaneously addressing two different levels of abstraction. Each side, taken in isolation, would evoke a formal contradiction, but not when viewed how one side *presupposes* the other. Herein consists the novelty of Wandschneider's formalisation: clarifying the character of the dialectical contradiction that sets Hegel's categorial development in motion. It dispenses the mystery surrounding 'Hegel's dialectic' by providing a clear conceptual-logical understanding, eliminating the vagueness of notions that Hegel's method represented a movement 'from the simple to the complex'.

Needless to say, the above discussion delivers only a small detail of the overall argument Wandschneider delivers in his interpretation of Hegel's dialectical method, which for reason of space can only be presented in harsh limitation. Wandschneider for example elaborates on the aspect of the difference between the pragmatic-dialectical and the semantic-dialectical contradiction that has been mentioned before in connection with the 'pragmatic surplus of meaning' – this discussion however must remain excluded from the presentation here. For our purposes, it is solely useful to give a glimpse of the complexity that involves not only conceptual abstraction, but multi-faceted levels of *thought determining itself* by which Hegel introduces the beginning's dialectic. With this argumentative background in mind, we come to the conclusion that Arthur's claim that the 'forms' of value 'are in effect of such abstract purity as to constitute a real incarnation of the ideas of Hegel's logic' is difficult to defend, especially when the 'ideas of Hegel's logic' – or rather, the *idea* of Hegel's logic and the theory of dialectic that accompanies its unfolding - is only insufficiently grasped.

To sum up, the study on 'Marx's *Capital* and Hegel's *Logic*' remains

heavily selective as to which concepts of the *Logic* are applied to which theorems as presented in the chapters of Marx's main work: the categories of the *Logic's* greater division into Being, Essence and Concept (in which Arthur omits Becoming, Finitude/Infinity, Being-for-Itself, The One and the Many, Repulsion and Attraction in the Chapter on Quality alone), are applied to Commodity Exchange, Money and Capital (Ch. 1 and 4, omitting Ch. 2 and 3 and parts of Ch. 1, such as, tellingly, Section 4 on the 'Fetishism of Commodities and its Secret'). It would be unproblematic to admit that not each and every single category of the Logic will show to be correspondent with those of Marx's work: but there would have to be 1) a defense of the decision to present particular categories while omitting others (which would in turn require a clear methodological reflection on one's own presentation), and 2) a clear concession or disclaimer that the exposition cannot be 100% strict. Instead, Arthur argues that Marx's *Capital* and Hegel's *Logic* 'are to be identified'.

But also in Arthur's own terms, the methodological decision as to which category should be elected to present the beginning of Marx's analysis, is unclear. We find varying concepts and varying justifications of these concepts to designate the first category of *Capital*. Arthur gives reasons for the 'commodity' as a starting point – 'To begin with we shall analyse the commodity-form itself'⁹⁷ – but he seems to be unable to decide whether it should not rather be, simply, the 'value form' which 'should be analysed first'⁹⁸ or the *exchange* of commodities: 'In other words ... the presentation starts with the mode of exchange.'⁹⁹

Let us finally turn to the third and last problem with Arthur's research programme and the way it is conducted emerges: the question of a possible analogy to Marx's *Capital* as a *Critique* of Political Economy in Hegel.

5. What's left of Marx's critical impetus if we say that value form analysis and Hegel's Logic are to be 'identified'?

In the discussion of 'Hegel's Theory of the Value form' (Chapter 9), Arthur convincingly demonstrates Hegel's trajectory from an objective value theory in the Jena system towards an 'idealist shift'¹⁰⁰ in his *Philosophy of Right* where value is solely determined by the will and needs of independent owners of use values who are 'informed by rational

97 Arthur 2004, p. 85.
98 Arthur 2004, p. 86.
99 Arthur 2004, p. 86.
100 Arthur 2004, p. 191.

considerations'¹⁰¹. In its mediation on a universal social scale in money, Arthur links his insight to the problem of value as socially necessary labour time which gets obfuscated by exchange conducted in such manner, and says that '[i]t is at the global level, where exchange is a systematic and regular social mediation, that socially necessary labour times (sic) impose themselves on exchange.'¹⁰² More specifically, Arthur sees Hegel's theory of value as not guilty of the kind of commodity fetishism Marx criticised in the first chapter of *Capital*, namely that of seeing value as an *inherent* quality of the commodity. He rather sees Hegel guilty of 'fetishising the commodity *form*':

'Hegel insists, no less strongly than Marx, that value is a form imposed on goods in the relations established by social activity. But for Marx this form is the object of criticism: commodity fetishism is a sign that the "process of production has mastery over man, instead of the opposite." Yet Hegel interprets the same situation as one in which by imposing this social form on things "man exhibits his mastery over them". In accordance with this principle Hegel advances the claim that it "is the thing's *value* wherein its genuine substantiality becomes determinate and an object of consciousness." In asserting that the thing has "genuine substantiality" for us only in value Hegel has thus ended by fetishising the commodity *form*.'¹⁰³

But it is a contradiction to say, on the one hand, that Hegel is *not* guilty of the reading Arthur offers of Marx's criticism of commodity fetishism in Sec. 4, Ch. 1 – namely of 'substantialising' a value content to the commodity – and to claim in the next sentence that this is precisely what Hegel does – namely to assert that 'the thing has "genuine substantiality" for us only in value' and say that this view is merely a victim of the commodity *form*.

This odd style of argument aside: what do we gain from Arthur's – in my view, correct – insight that Hegel's assessment of the value form fundamentally lacks the critical impetus of Marx's analysis that culminates in his conception of the fetish: can we still 'identify' both? Does Hegel not rather – as Arthur indicates – become himself a victim of the fetish that Marx's describes, and for which 'Man's' alleged 'mastery' over the production process is paradigmatic? To postpone the first question for a moment and preliminarily answer the second with a 'yes', let us turn to a more general overview of Hegel's project, contrasting Marx. For Hegel, the concept *reveals* itself. At first, at the level of

101 Arthur 2004, p. 189.

102 Arthur 2004, p. 190.

103 Arthur 2004, p. 191.

appearance, it is superficially true, while with the further distinctions it becomes false, before it becomes finally true 'again', but now as the concrete totality of all the previous determinations which are sublated, in the triple meaning of the word.¹⁰⁴ For Marx, in stark contrast to Hegel, the concept however does *not* reveal itself. Understanding the operations of the capitalist system is not a question of the self-presentation of the concept at all. Quite to the contrary: what the concept and the concepts present (*darstellen*), has to be read *against themselves*, as the abyss between their appearance and their uncomprehended presuppositions, or their essence. For Marx, the truth of what *is* will not come to *appear*. This is his primary objection against Hegel's idealism in which, if only we carefully recapitulate the concept's dialectical journey, we will be rewarded with the appearance of Truth. But for Marx, the economic concepts exist because of their necessary falseness. To state this more precisely – while making things more complicated –, everything that exists in the conceptual form of social and economic convention, exists in a state of their mere appearance. The essence of these concepts is hidden, often in the 'abode of production'. The (commodity) fetishism that is the central theme of Marx's *Critique of Political Economy* expresses the criticism of the inverted truth in the categories' appearance. Take the 'value of labour' as an example in which

'the concept of value is not only completely extinguished, but inverted, so that it becomes its contrary. It is an expression as imaginary as the value of the earth. These imaginary expressions arise, nevertheless, from the relations of production themselves. They are categories for the forms of appearance of essential relations. That in their appearance things are often presented in an inverted way is something fairly familiar in every science, apart from political economy.'¹⁰⁵

By virtue of his system, Hegel positioned himself against the idea that the real and the ideal did and could not match – with the important condition that understanding/the intellect gave way to *dialectically* grasping the initial concepts' falseness to open up to their truth in which, finally, the world and the concept we have of it would coincide. That would be the world of *reason*. To sum up, for Hegel, our task was to comprehend the logical, the natural, the scientific, the historical, the economic, the social and the psychological categories in their *final truth*, not – like Marx – in their *final falseness*. For Hegel therefore,

104 The triple meaning is less clear in English than in the German, where 'aufheben' denotes 1. to lift something up, 2. to keep something (in the sense of 'aufbewahren'), 3. to abolish something. All three meanings are incorporated in the categorial development.

105 Marx 1976a, p. 677.

Kantian understanding could only give us a distorted and incomplete picture of the rightness of everything that exists. Hegel saw his 'breakthrough to dialectic' as the encompassing moment of such limited understanding of the world which would, finally, reveal the coincidence of Being and Thought. As a scientific approach, nothing could be further from Marx's critical project. Indeed, Hegel's affirmative world view that does not contradict pursuing a critical viewpoint of particular philosophical schools and their 'reified world of metaphysics'¹⁰⁶ (Hume, Berkeley, German 'critical philosophy', Fichtean 'intellectual intuition') – especially towards the later years and the *Encyclopedia* – could not incorporate a concept as (commodity) fetishism, even if it wanted to. To simply identify Marx's theory with Hegel's *Logic* suggests to abandon Marx's project of a 'ruthless criticism of all that exists.'¹⁰⁷

This is not to deny that Hegel's system lacks a critical function in toto. Quite to the contrary, as Michael Theunissen's influential and seminal study on *Being and Seeming – The Critical Function of Hegel's Logic (Sein und Schein - Die kritische Funktion der Hegelschen Logik)* has shown, Hegel's method shares an important cognitive interest with Marx's project, namely the *unity of presentation and criticism (die Einheit von Darstellung und Kritik)* which is particularly clear in the *Phenomenology of Spirit*, but also in the *Logic*. Quoting from the *Phenomenology*: 'The easiest task is to judge what has content (*Gehalt*) and solidity (*Gediegenheit*), more difficult is its comprehension, and the most difficult, that what unites both, is to generate its presentation'¹⁰⁸, according to Theunissen, the *Phenomenology* poses the methodological standard that

'in the presentation, comprehension (*das Erfassen*) connects itself with judgment (*Beurteilung*), which is at all times criticism. Now Hegel also puts the *Science of Logic* to the same demands ... Simultaneously, he commits [the *Logic*] to the task of criticism which must be at one with that of presentation. Moreover, he is convinced that the unity of presentation and criticism which philosophy generally has to endeavour, will characterise logic not only as one, namely as the fundamental philosophical science, but as a *logic*, i.e. in its methodologically *specific* aspect.'¹⁰⁹

But Hegel's critical enterprise is not only a matter of form or method. As Theunissen shows in great detail (which to reproduce here is impossible), the object of Hegel's criticism, especially in the *Logic*

106 Theunissen 1980, p. 71.

107 Marx in his letter to Arnold Ruge, September 1843. Marx 1976b, p. 344.

108 Hegel 1986a, p. 11

109 Theunissen, p. 14.

of Being is 'reifying thought' (*vergegenständlichendes Denken*), more precisely an ontology which claims the existence of Being-in-itself: 'The criticism of reifying thought is the specific calling of this part of the *Logic*.'¹¹⁰ What follows, more importantly, is Hegel's construction of his *Logic* as a critique of 'indifference' (*Gleichgültigkeit*) and 'domination' (*Herrschaft*) as the overall theme and objects of criticism which, for Theunissen, in a certain extent also applies to Marx. As for Hegel, this is precisely because the being-logical (*seinslogische*) expression for the constitution of reified being (*Dasein*) is 'indifference towards the other'.¹¹¹ The indifference is the sign of the first concepts' own falsity, for as isolated categories, in separation from their reflexivity, their precise 'in-difference' (or 'immediacy' as we have seen in the self-sameness of Being and Nothingness), they must perish. As a critic of indifference however, Hegel also becomes a critic of domination. According to Theunissen, the *Logic of Essence* plays a significant role here: it reveals what reifying thought *actually does*. In its course, reification (*Vergegenständlichung*) becomes autonomisation (*Verselbständigung*)¹¹² which is produced by categories that fix all that exists only in relation to themselves. The autonomy (*Selbständigkeit*) of the categories in the *Logic of Essence* is what differentiates it from the *Logic of Being*, but even these categories (i.e. the 'One' and the 'Other') are as such only in their unity, together: 'Obviously', Theunissen argues, 'this being-with-one another or togetherness is the opposite of indifference against the other.'¹¹³ In this state of opposition however, they are not indifferent, but relate to one another in a specific form that invites *domination of one over the other*: the autonomous being of the One (*das Eine*) which stands in opposition to the Other (*das Andere*) accordingly becomes the Whole (*das Ganze*) which encompasses the Other as its own moment: hence domination. From here, Theunissen follows that '[t]he identity of the oppositional concepts of autonomy however expresses more than just the 'togetherness' of indifference and domination. Domination not only presupposes indifferent existence (*gleichgültiges Bestehen*), but exponentiates it.'¹¹⁴ Since the relation of determinations of reflection to themselves is defined by having 'the relation of its being different (*Anderssein*) in itself', which is precisely the expression of its indifference in its relation to itself (isolation), it constantly re-inforces its own domination over the Other. Hence, domination and indifference

110 Theunissen 1981, p. 25.

111 Theunissen 1981, p. 25. To be differentiated from the essence-logical (wesenslogisch) determination of 'indifference towards itself'.

112 Theunissen 1981, p. 28.

113 Theunissen 1981, p. 28.

114 Theunissen 1981, p. 30.

are intricately entwined, and with good reasons one may assume that they form an overarching topos of Hegel's critique.¹¹⁵

Note that here Hegel only argues strictly within the realm of the *Logic*. But Theunissen opens up the possibility that this interpretation lends itself to a more fundamentally epistemological one that could inform our perception of social totality:

*If [the Objective Logic] contains [a critique of real relations], then only in the sense that it is mediated directly through the criticism of thought-determinations. A critique of both real relations of indifference and real relations of domination must be mediated through the critical presentation of thought that presents relations as those of indifference and domination. The transformation of this latter kind of criticism into the former kind however can only take place through the identification of the appearance/seeming (Schein) of thought-determinations with that of their real appearance (reelle Erscheinung).*¹¹⁶

With the above discussion, I think we can see *how* Marx has taken on Hegel's method to develop a 'ruthless criticism of all that exists', and which Theunissen also sees potentially realised in Hegel. Theunissen's great insight that indifference and domination serve as the cornerstones of Hegel's criticism on the level of the *Logic* will, I think, easily prove themselves to be equally fundamental to Marx. It would take a more rigorous look at the incorporation of Hegel's method in Marx than performed by Arthur to see the homology of both in terms of serving a fundamental critique of capitalist self-understanding.

115 Reasons that obviously cannot become a part of the discussion here, but elaborated in Theunissen's book in great detail.

116 Theunissen (1981), p. 144.

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The Economic Catastrophe as a Passionate Event

Frédéric Lordon

Abstract: By going no further than common sense, mainstream economists are accustomed to considering the “crisis” as “when things go wrong” -- in technical terms: “when we’re out of equilibrium”. How puzzling, then, that mass unemployment and inequalities – definitely things going wrong – last for decades. Can the sheer idea of a thirty year crisis make sense? This rhetorical question gives rise to quite another concept of crisis, in line with French “Regulation theory”: it’s not “when things go wrong” but when “things change.” Actually they do change! They do because capitalism is a historical succession of patterns of accumulation. Crisis is the name of the more or less disorderly transition from one accumulation regime to another. In other words, a crisis occurs when significant changes in the institutional setting of capitalism can be observed. However, such a change cannot be determined - only by an “objective” economic state of facts. It all depends on the way the agents (the social groups) make judgements about it, and are consequently driven to take a new, transformative (and conflictual) course of action. In its essence institutional change is a political process and, considered from a Spinozian perspective, a political process is a matter of collective affects and desires. In order to complete “Regulation theory” we are required to see that crises breakout through the mediation of political affects and desires. They are passionate events.

Keywords: crisis, Regulation theory, Spinoza, affects

Economists haven’t thought about the catastrophe. We should ask ourselves why not? History has witnessed enough devastations, suitably economic, that have lead our societies to the fringes of chaos: German hyperinflation of 1923, major financial and banking collapses like that of 1929... The open crisis that began in 2007 could have potentially carried dislocations of this magnitude - it is difficult to concretely imagine what would have happened had the Euro collapsed, which almost happened in autumn 2011 (indeed, perhaps this is a story that remains unfinished...). Yet, as if the economic order of things were postulated by an intrinsic regularity, or rather, only admitting “reasonable” irregularities, economists seldom have at their disposal a concept other than that of “crisis.” What can they offer in the name of the “catastrophe”? Perhaps a terminal destruction of the institutions of the capitalist economy... That is to say, the annihilation of their “object” is the reason why the “catastrophe” remains of the order of the ill-considered - if not of the decidedly unthinkable [*impensé*]? Therefore there will be, continually, only the “crisis.” Furthermore: do economists really think about it?

Economists ought to consider it, since, in the expanded field of public and political debate, in a competition of “concepts,” the notion of “crisis” is a forerunning candidate for the most poorly constructed. It is

enough to have a notion of the uncontrollable proliferation of “crises” in all its guises, “economic” of course, but equally, “political,” “social,” “environmental,” “moral,” and/ or “[crisis of] civilisations.” And we must also question the meaning that the continued evocation of an ‘economic crisis’ - for almost forty years - could well assume. Therefore, we must not rely on the discourses by “media experts,” avid employers of the term, to go beyond the common sense apprehensions which form the generic denomination of political humour and social gloom, sentiments of collective dissatisfactions, and varied malaise, which ultimately yields, more or less, the implicit announcement that: “the crisis is when things go wrong” - typically, thirty years of mass unemployment: thirty years of crisis. However, ceasing to dwell in the register of vernacular formulations, the crisis is not when “it goes wrong”: It’s “when it changes.”

But what is the “it,” a pertinent object of change susceptible to qualifying a crisis? We cannot say that standard (Neoclassical) economic theory has shined as a direct result of its profound analysis; which merely contented itself with a change in the sign of a derivative, known as a reversal of the growth path: a crisis is a fluctuation in decline in the evolution of Gross Domestic Product... In its most extreme form,¹ neoclassical theory goes so far as to hold that since the economy is in itself a system of markets that is perfectly stable and auto-regulated, economic disharmony can only affect the economy from the outside. In theory, economic fluctuations are only a result of “exogenous shocks,” in the view of this very particular context - itself a very anti-Keynesian position, a supply-side shock is, in general, a shock of supply that creates its demand - therefore, it is never from the latter side (that of demand) that any problems could arise. That’s how, for example, the Great Depression of the 1930s is said to be the product of supply-side shocks. An enormous and unfortunate event which came about from the outside, we don’t know where from exactly, that had brutally displaced the production function - something like a massive outburst of collective stupidity leading to a sudden collapse of productivity. The take-away lesson is evident: the system of markets left to its own devices does not know (*connaître*) the crisis, it experiences itself as being inevitably connected to an externality (political, oil, geo-strategic, technological, etc.), as unique origins of its perturbations.

We will, of course, continue to tell ourselves that the discipline of economics is not in good shape as long as it continues to ennoble these types of contortions² destined to hold together a few facts that are difficult to contest (we had a Great Depression, other crises too), and the

1 The so-called *Real Business Cycles*.

2 Robert Lucas, Finn Kydland, Edward Prescott...

defence at all costs is the dogmatic image of the economy as both optimal and stable, the “general equilibrium of markets.”³ In order to overcome these aberrations, we owe it to honesty to recognise that Keynesian macroeconomics has not delivered a concept of the crisis that is any more profound. The concept of the crisis, in Keynesian macroeconomics is considered under the rubric of cyclical fluctuations – those which, in contrast to the neoclassical position, contents itself to a waiting game of the spontaneous regulation of markets, calling any intervention, by means of differing instruments of political economy, counter-cyclical.

Life and death of the regimes of accumulation

The so-called “Régulation school”⁴ defined itself against the poverty of these conceptualisations of the notion of *the crisis* and their corollary inability to think about *the rupture*. At the beginning of the 1970s, the growth rates of output and productivity were brutally reduced from a 4-5% trend, to a much lower slope of 2-2.5% per annum - a rupture which is not visibly justifiable neither from neoclassical denial (in theory), nor in the case of simple Keynesian stimuli (in practice).⁵ Therefore, it was not an ordinary fluctuation that they were attempting to investigate, it was something else which had more to do with a change of era. Régulation theory’s first step, inspired by the dialectic historicisation inherited from marxism, was to break transhistorical universalism (or, to put it another way, ahistorical universalism), of the “laws of economics” in order to think about the accumulation of capital in its particular sequences, that is to say as a periodised process. Still, it was necessary to abandon the original view of the economy as a “system of markets,” in order to give itself the alternative aim of finding *capitalism*, up until then designating a set of social relations which were institutionally married, in order to access the idea that capitalism does not allow us to see its institutional configurations, and yet it is nevertheless *constitutively* subject to historical transformations.⁶ Capitalism changes because its institutional frameworks change. If the social relations of capitalism are its invariables for a very long period, the institutions which *particularly* express them are products of history, as such contingent and temporary, that is to say

3 To be quite honest it is important to emphasize the dissonance between on the one hand what should be called, strictly speaking, the theory of general equilibrium - which has never shied away from the fact that it is unable to demonstrate the stability of equilibrium. And on the other hand, macroeconomics, which is inspired by an all too simplified framework for the properties of equilibrium to be restored.

4 Among the seminal works, we must mention: Aglietta 1976 (1997), and, Boyer & Mistral 1978. Cf also: Boyer et Saillard 1995 (2002); Boyer 2004.

5 As is evidenced by the two attempts at Keynesian stimuli (Chirac 1974; Mauroy 1981), which resulted in the same failure.

6 As well as geographical variations.

that which is offered by the formations and transformations of history. And who has a clear intuition of this? Doesn't the fundamental relation of waged labour receive markedly different actualities than what was envisaged during the first thirty years of the twentieth-century, from 1954 to 1985, or under the regime of neoliberal globalisation? And even for the forms of competition, those in the financial services, industrial organisations, state intervention methods, etc. The Régulation approach gives some analytical consistency to this basic intuition, that capitalism *varies*. By changing the institutional forms, you change the mechanisms which drives the accumulation of capital. As a result, the macroeconomic dynamic of the growth path - as regular or unstable, at low or high speed, high or low employment rates, with particular consequences on revenue sharing and inequality, etc. Capitalism will never let us see that the historical succession of the regimes of accumulation, what is called "crisis," i.e. the transition from one to another of these "epochs" - the crisis "is when things change," and what changes in a crisis is the overall coherence of a regime of accumulation.

Now, there is necessarily a crisis since capitalist social relations are expressed in a certain set of institutional forms which are intrinsically contradictory, and these institutions are able to temporarily accommodate these contradictions; this is the "regularity" which lends its name to the theory. Therefore, the regime of Fordist accumulation for example, which relies on the extraction of the gains of productivity by extending the series, encounters its limit when domestic markets reach saturation. They request and apply for renewals of initial equipment provisions - less homogeneous which demand a shorter and differentiated series. Thereby contradicting the structures placed in industrial organisations, and disrupting their own regime of productivity. Seeking to extend Fordist logic by replacing exports with domestic consumption only increases the destabilisation of the regime; whose macroeconomic closure was founded on the strong and steady growth in wages. Virtuous, perhaps, in a self-centred growth pattern where the solvency (*solvabilisation*)⁷ of domestic consumption was critical; yet caught in an awkward position when the economy opens beyond a certain threshold, and is engaged in a game of cost competitiveness. In a typical illustration of Marx's dialectical intuition, Fordism dies in having succeeded too well. It's the very same functioning in the structure which in the long term has "twisted" its constitution until ... it arrives at a critical point where ancient coherence is ruptured.⁸ Similarly, the neoliberal regime is in jeopardy, since having licensed everything to capital markets, and,

7 By "solvabilisation" of consumption, we should understand the total cash flow (wages and income transfers) that contribute to the formation of a "solvent" demand (i.e. have the financial means to express) of households.

8 Lordon 1995 (2002).

thus, having left finance to expand its operations to the point where the accumulation of risks and debt (public *and* private) is no longer manageable. It is no longer able to find processes of resolutions in a succession of massive defaults which are extremely destabilising (the default of US household credits on their *subprime* mortgages, defaults on sovereign debt in Greece).

Incidentally, the neoliberal regime of capital accumulation demonstrates that we could not do better than that which analytically separates the crisis, conceptualised as rupture of an ancient schema, adhering to the accumulation of capital as "the crisis-[is]-when-it-goes-badly." Mass unemployment, as well as inequalities, or precarity, are no indication of a "crisis" - which have lasted for over 30 years? - they are *permanent* characteristics of this regime, stable products of the installed coherence - in effect for over 30 years... It is obviously not that the crisis can only come from this regime of capital accumulation - no one is exempt, and contemporary events testify as much. But, precisely, the production of the crisis in the neoliberal regime of accumulation⁹ is not founded on the components that have run for decades in ordinary discourse on the notion of "crisis": these are exceptional destabilisations¹⁰ produced by the functioning of the structure - notably in the financial market sector - and the structure itself is no longer in a state being accommodating: since the subprime mortgage shock of 2007, in effect, we could say that the regime of neoliberal accumulation has entered a crisis.

But it only just *entered*. So what needs to be done for it to be properly installed? There must be the effective driving forces of change - that is to say of institutional transformations likely to deliver a new "coherence" of all capitalist accumulation. As Régulation theory has perpetually highlighted, it is perhaps in this kind of argument that halts the powers of pure macroeconomic analysis; since the process of transforming institutional forms fundamentally remain the responsibility of political practices.

This means that uncertainty has inaugurated a phase of large-scale destabilisations, which could lead to a variety of reconstructions; yet relegated to a game of unpredictable power relations *ex ante*. As well as giving rise to attempts (by those dominant!) to somehow accommodate the differences so as to maintain all that could be saved from the previous system - against the backdrop of the desperate efforts of current governments to disengage from the prerogatives of capital

9 Which we could name, more accurately, but more circuitously: "predominantly financial deregulation of capitalism"

10 Exceptional in terms of magnitude of changes in macroeconomic parameters (drop in growth, deficits, debts ...) and financial (massive devaluation of certain assets).

markets, in an attempt to submit to the normalisation of economic policies (imposed by rating agencies), which profit from the seismic shocks in order for the neoliberal agenda to make unprecedented gains: cuts in public and social budgets, “golden rule” budgets, deregulation of all kinds in the name of flexibility and competitiveness, etc., that is to say, the paradoxical intensification of the model that has been the cause of a shock which has been off the scales in the history of capitalism ... Therefore, in general terms, what are the forces that come in and decide, in this indeterminacy, to subvert the course of institutional processes in one direction or another? A Spinozistic¹¹ social science returns the following answer: it is the collective affects.

A philosophy of crises as passionate events

By adopting the theoretical term of affects we emphasise that the crisis is not completely constituted only until we have inscribed it, as such, in the minds (*dans les esprits*). This is not to yield to an extreme form of constructivism which would reduce the phenomena of the social world to a pure game of creative representations detached from any objective anchor. Instead, it is to indicate that a given state of society, for example the one that follows the sequence <systemic risk / credit crunch / recession / deficits / austerity policies>; produces its effect only through the mediation of the collective affects conforming to an elementary sequence. Which, in Spinoza’s Psychological Theory, leads from an affection (an external meeting) to an affect (the effect of this meeting simultaneously in the body and the mind) and from this affect to a redirection in the power of momentum of the *conatus* (which therefore gives force in a determined way). Watch a news broadcast reporting on a factory closure, read about the rising unemployment statistics, and simultaneous increases in financial bonuses, notice how many more poor people there are in the streets, or else receive your own redundancy letter: these are encounters of things, affections, and in the first instance these are affections of the body: seeing, listening, reading. Spinoza names affects as the changes in the power of action of the body, and the formation of the idea that simultaneously results out of this affection (Eth., III, def. 3). This simultaneity indicates the bivalence of affects as both bodily and mental events. An expression, from elsewhere, of the profound union of body and spirit (*esprit*). We ought to see that the ideation of a phenomenon is inseparable from the passionate life, and is, in fact, one of its manifestations. There is no need to establish, as current thinking would have it, the different orders, or even less antimonies, between “the ideas” and “the passions”: there is no idea that is formed out of an antecedent affection and in its neighbouring affect. Which is why evoking affects as a mediating term between the affections (socio-

11 cf: Citton & Lordon 2008.

economic), and the movements of body agents (which is to say the reactions which supports any particular political dynamic), is not a return to an obscure universe of crude and thoughtless passions, but to enter into complex formation of passionate-ideations where the passionate support of the contents of ideation are themselves those which determine the movements of the body, both individually and collectively. The bodies are driven only after having been affected. Therefore, the general question is, and especially the political question, is how to know in what ways such affections produce such differentiated affects.

Evidently, nothing justifies the assumption that the same affection affects us all identically. Spinoza even explicitly says the very opposite: “*different men can be affected differently by one and the same object; and one and the same man can be affected differently at different times by one and the same object*” (Eth. III, 51).¹² This is so because the affections are, so to speak, refracted through the affective complexion of individuals (or what Spinoza terms their *ingenium*). Now, the exposure of the fundamental mechanisms of formation of the individual *ingenium*, as sedimentary traces of past affective experiences,¹³ call upon their extension, in the case of sociology, which reflects the individuals by groups of similar experiences, from which would result the formation of *ingenia* for similar parts.¹⁴

Through the breadth of social stratification, the affections of the economic crisis are refracted differentially for different classes of *ingenia* in order to produce their varied affective-ideations - that is to say their political effects. Therefore, could we not say that the situation of the crisis is completely constituted only at the moment when the state of affairs, determined through *ingenium*, differentiates itself from the social fabric of the common affects of refusal. By way of a creative tautology, which is characteristic of the social world, there is a (full) crisis when, in a given affective economic condition, the majority forms the affective-ideation that there is a crisis.¹⁵ This does not plunge us into the pure arbitrariness of a totally self-referential constructivism, but, rather, to emphasise the degree of indeterminacy which follows the mediation of

12 Spinoza 1994, p.180.

13 For instance on the theme of the trace and the tracing in Spinoza’s theory of *ingenium*, see: Vinciguerra 2005.

14 ‘Parts’ since it always remains in the biographical trajectory of an individual set of idiosyncratic experiences, so if sociologically close, two individuals can never have a quite identical *ingenia*.

15 The formation of such a majoritarian affective-ideation is not, however, self-evident; and it would require, in all likelihood, and case by case, the exposure of the social mechanisms that determine such a formation: intra-individual mimetic influences, where the direction of authority is passed through the agreed interlocutors or opinion prescribers, which is to say, they refer to the poles of concentrated symbolic capital, etc.

the affects, according to Spinoza's statement in *Eth., III, 51*. It is for this reason that we are unable to locate, *a priori*, the rupturing threshold that would maintain the diagnosis in the register of economic conditions (the, statistically documented, state of economic affairs). Recall the prophecy which was prevalent at the beginning of the 1970s, in Pompidou's France, announcing "the explosion of French society" if unemployment surpassed 500,000; with hindsight we know that was ridiculously wrong... Undoubtedly, since the increase occurred gradually (and no doubt for a multiplicity of other reasons), the economic affection of mass unemployment did not produce an affective-ideation collectively powerful enough to arrive at the opinion of the threshold of the intolerable. One suspects that there must exist somewhere an unemployment rate (15% ? 25% ? but 25% is the rate in Spain... it has not moved (still); we need more?) that would eventually lead social unrest aimed at large-scale riots - and finally substantial political changes. Yet, no one can say where the critical point is exactly, whose location is not given *ex ante* but emerges endogenously - during the process. In the same way, one is struck by how the capacities of the different social bodies, for example in France and the US, are able to tolerate a certain level of inequality; and again it is the collective *ingenium* which manifests its tolerances and intolerances.

And the various collective *ingenia* may be affected differently by a single economic condition, and one collective *ingenium* can be affected by a single economic affection in different ways at different times. What are the collective affects of the condition of the *credit crunch*? What will the economic downturn and austerity policies produce? This is the question that remains hanging, the becoming-crisis of this situation; which is to say the contingent birth of a collective of passionate dynamism with sufficient power to achieve a transformation of the (political) institutions of capitalism - and a change in the regime of accumulation. Similarly, the question of whether the present state of the economy qualifies as a crisis *in* capitalism, i.e. where the stakes would be delimited by the passage from one regime of accumulation to another, or as a crisis *of* capitalism, remains totally open. Nothing can exclude - and yet nothing makes it necessary either - that the question of capitalism itself, and the opportunity to surpass it, is biased in favour of existing (dis)orders. A simple crisis of the regime of accumulation could mutate into a crisis of capitalism itself, if, as a result of these economic affections, the idea of forming a majoritarian affective-ideation crossing the intolerable threshold is understood as having to do with capitalism itself. And if one day this terminal event is to occur, it will first take on the guise of a crisis of the regime of accumulation, in some ways the crisis of too much, packed with affective amplification of unprecedented intensity.

A critical dynamic is launched only by the formation of collective power determined to transformative action. And this formation of power itself is only constituted under the influence of common affects

that are sufficiently intense. These affects have to do with the limits of the intolerable, of "what cannot last any longer." But the extension of the "what" is the object of judgment, and the intensity required for it to be judged "can no longer continue," are immune from a certain *a priori* knowledge. When the conditions of economic affairs transform themselves into a crisis, they demand the knowledge of what affects these affections will produce. For their fortune and their misfortune, power lives in this uncertainty. Power shelters in the plasticity of the social body whose tolerance and capacity for accommodation can extend a remarkably long way; or, the social body lives under the perpetual risk that its ability to cross the invisible threshold is already realised too late. Since the subprime bubble burst in 2007, five years of serious economic chaos has not yet decided on the final orientation of affairs. The question that remains open is whether this set of economic and social conditions will be determined by the lack of large-scale collective movements, and will instead only give rise to individual sorrows or sporadic movements without results; put another way, the result of collective affects yielding only limited concessions in the style of Roosevelt's New Deal which remains in capitalism by reconfiguring the regime of accumulation. Or instead triggering the formation of a collective revolutionary power - the "catastrophe" ?

Translated by Sinan Richards

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Marx's Destruction of the Inner World: from the Colonial Internalisation of the Psyche to the Critique of the Psychological Roots of Political Economy

David Pavón-Cuéllar

Marx's Destruction of the Inner World: from the Colonial Internalisation of the Psyche to the Critique of the Psychological Roots of Political Economy, by David Pavón-Cuéllar

Abstract: Concentrating on the context of the colonisation, evangelisation and modernisation of Peru, this paper will show how pre-Hispanic monist, materialist, communist and collectivist conceptions of the subject, which excluded the existence of individual inner worlds, were violently replaced by subjective European Christian forms of dualism, idealism, classism and individualism. This replacement will be considered through the Indigenous sensibilities of both Inca Garcilaso de la Vega and Guamán Poma de Ayala, but also through the modern Peruvian Marxist lenses of José Carlos Mariátegui and his contemporary César Vallejo. The critique of colonisation as a process of interiorising an inner world will help us revalorise the historical significance of the way in which the late Marx deepened the critique of ideology and psychology by destructing the inner world through his evaluation of political economy.

Keywords: Marx, Psychoanalysis, Psychology, Ideology, Peru, Colonialism

Introduction: the problem of the inner world

A well-known aspect of Marx's *Capital* is its reduction of people to the absolute exteriority and superficiality of their economic performance. What people do is not motivated by their most intimate roots—that is, by their personalities or their vices and virtues—but is instead determined by their specific positions and operations in the capitalist structure. It is as if this structure were the only psyche or soul of economic actors.

Unlike the political economy proposed by liberal thinkers, Marx's theory does not presuppose psychological dispositions, such as egoism, self-interest and ambition. Of course, Marx does not deny these dispositions completely; instead, he conceives of them as effects and expressions of economic requirements, forces and categories.

Capitalism, as conceived by Marx, does not respond to any internal constitution, but creates the kind of internal constitution necessary to reproduce and perform its essential operations. It can be said, therefore, that one's psyche is what it has to be as a part and function of the capitalist system. However, this does not mean, at least in Marx's theory, that modern capitalism creates one's individual inner world and everything in it. Instead, one's soul is older than its capitalist version. Marx and his followers traced the origins of the soul back to the times of primitive accumulation, the process of Christianisation and even the beginning of the class society. The following pages offer an exploration of

some of the historical features and turning points of these origins in the context of the colonisation, evangelisation and modernisation of Peru.

Inca perception and European imagination

Inca Garcilaso de la Vega (1539-1616), the son of a Spanish conquistador and a Peruvian autochthonous princess, was familiar with his mother's culture and gave a clear account of what may be called *Inca materialism*. He noted how "these Indians did not pay attention to speculative things, but only to material things",¹ explaining that they "saw in a material way", as "they were astonished for the effects, but they did not seek the causes".²

Garcilaso illustrated how Incas described their world as if it could not be explained. This materialist consideration of a material effectivity devoid of any speculative causality, which reminds us of Epicurean *clinamen* and Althusserian *aleatory materialism*, sustained and framed a coherent system of ideas about the material evidences of persons, things and events. Human beings were defined as *allpacamasca*, or "animated earth", and their lives, both before and after death, were merely "corporeal" and not "spiritual".³ Gold and silver were "superfluous things as they could not be eaten", but were "valued for their beauty and brightness".⁴ Their materiality was their only social value, and this value was materially perceived and not ideally inferred or imagined. The Incas, in Garcilaso's terms, "did not allow imagination to go beyond what they materially see through their eyes".⁵

The Incas also, according to Garcilaso, renounced imagination and held to their vision, to *what they materially saw through their eyes*. Therefore, they prized gold and silver only for their beauty and brightness, and not for their economic value, which required imagination. The Spanish invaders, by contrast, made wide use of their imagination, particularly with respect to gold and silver. This was true even when it came to the family, as noted by a contemporary of Garcilaso, the Inca nobleman Felipe Guamán Poma de Ayala (1535-1616). Guamán described how "the Christian Spaniards, when having children, imagine everything in silver, in gold, in fortune".⁶ This economic imagination underlay colonial perceptions of everything, even progeny. In the eyes of the newcomers from Europe, all things evoked images of pecuniary value.

1 Garcilaso de la Vega 1609, p. 64.

2 Garcilaso de la Vega 1609, p. 103.

3 Garcilaso de la Vega 1609, pp. 74-75.

4 Garcilaso de la Vega 1609, p. 224

5 Garcilaso de la Vega 1609, p. 105.

6 Guamán Poma de Ayala 1615, p. 120.

Guamán witnessed, with astonishment, the processes of abstraction, commodification, de-realisation and symbolisation by which Spaniards turned all things, including their own children, into lucrative objects: profitable commodities whose symbolic values were imagined in the forms of gold and silver. This value, unsurprisingly, aroused an image of precious metals and corresponded to something that was generally measurable through the general equivalent underlying money. This equivalent was, then, translatable into a "price", in which Marx also discovered "imaginary quantities of gold".⁷

Imaginary gold

Children and other things can only fully realise their potential as commodities, in Marx's terms, by "transforming themselves from mere imaginary into real gold".⁸ Thus, one must begin with imaginary gold, which will be transmuted into real gold. This transmutation, for Marx, "may be more difficult than the transition of the Hegelian concept from necessity to freedom".⁹ Significantly, for the materialist Marx, the highest spiritual operation, which brings about the very emancipation of consciousness and the advent of spirit in history, cannot be as demanding as some of the meanest trickeries that materialise profit in earthly business. The selling of certain commodities and their conversion into money or gold as general equivalents may, indeed, be much harder than the most difficult logical-dialectical acrobatics. This can be clearly appreciated in some of the passages regarding the realisation of value and surplus value in the second volume of *Capital*.

It is not always easy to realise the value or surplus value of what has been produced, especially when the product is a child, as in the case mentioned by Guamán. Once a child has been engendered, he must still be sustained, well-educated and, finally, well married to a rich partner or well engaged with a rich Dominican or Jesuit congregation. Through these steps, the child will eventually become rich himself, allowing him to "enrich his parents".¹⁰ This final actual enrichment of the imaginative parents portrayed by Guamán, this realisation of the surplus value of the child functioning as a commodity, is precisely what Marx describes as the transmutation of imaginary gold into real gold.

The crucial point is that gold, in its Western sense of pecuniary value and as a general equivalent of wealth and profit, cannot become real in the end without being imaginary in the beginning. Its psychic formation is a necessary step in its economic materialisation. In the old colonial

7 Marx 1867, p. 59.

8 Marx 1867, p. 64.

9 Marx 1867, p. 64.

10 Guamán Poma de Ayala 1615, pp. 120-121.

family, as in other cultural spaces of Western modernity, gold cannot be obtained from the outside without being previously forged by imagination in the inner world. This is perhaps why both Marx and Guamán noted the importance of imaginary gold. Without being precisely idealists, they both understood that gold must be ideally projected by imagination into things and persons for these to become truly profitable commodities capable of yielding real gold.

Marx certainly recognised the decisive role of the precious metals coming from the New World in “the rosy dawn of the era of capitalist production”,¹¹ but he also acknowledged how the “showers of gold” were preceded by “the Southern imagination of the Iberians”, which “was bewildered with visions of Eldorados”.¹² This imagination of gold mediated perceptions of everything in the colonisation of Latin America and motivated not only the education of children, but also the exploration and annexation of new lands, the annihilation of other cultures, the excavation of mines, the exploitation of the labour force and the extermination of millions of people. In all instances, these hellish realities coexisted with heavenly images of El Dorado.

Spaniards frequently saw other things when they were following their imaginations and looking for gold. In a Heideggerian sense, instead of letting these things reveal their own individual truths, the conquerors destroyed them to find and extract general equivalents of all commodities. They put an end to all sorts of material presences in order to materialise their mental representations. Their realisations of their inner worlds resulted in the devastation of the New World. Everything real was immolated for the image of gold.

Incan betrayal

Imaginary gold was inseparable from all things perceived by the Spaniards. On the contrary, if we believe Garcilaso, the Incas’ material perception of the outer world was completely purified from the metalanguage and imagination of the inner world. But, should we believe Garcilaso? His own writings refer to several evidences of the existence of imaginary spaces that would have distinguished Incan civilisation from pre-Incan and other South American autochthonous cultures. While other Indians “did not think of invisible things, and venerated everything they saw”, including all animals and even “plants, flowers, trees, rocks, stones, pebbles”,¹³ Incans were able to develop, for instance, the “mental” or “internal adoration” of Pachacamac, an imperceptible abstract god whose name meant “the one who does in the universe [*Pacha*] what the

11 Marx 1867, p. 638.

12 Marx 1854, p. 108.

13 Garcilaso de la Vega 1609, pp. 26-27, 301.

soul does in the body [*Camac*]”.¹⁴ Garcilaso himself was aware that this ideal god was “alien” to “all the materiality” of the universe as conceived by Incan materialism.¹⁵

Garcilaso considered that “Pachacamac and the Christian God was only one and the same God”.¹⁶ According to him, the internal adoration of Pachacamac was a forerunner to Christianity, since it confirmed the existence among the Incans of an inner world or spiritual realm, an ideal metalanguage that differed from the unique language of the material world. Thus, the same adoration confirmed an incipient dualism dividing language/metalanguage, materiality/ideality, real/imaginary, universe/soul or *Pacha*/Pachacamac. It can also be inferred, from a Marxist reading of Garcilaso, that these dualist distinctions were based on the fundamental class division between the intellectual work of the Inca elite and the manual labour of the “common people”, who “were not allowed to learn science”¹⁷.

It seems, indeed, that the class division of Inca society, which was also, logically, a division of labour, allowed the development of an idealist dualism and its ideal correlate: the inner world of imagination. This inner world had its own speculative language of reason: a metalanguage that was not unrelated to the “particular language”, the “divine language” spoken by the elite and “not shared with common people”, who spoke only the “general language”.¹⁸ This betrayal of monism and materialism, which distinguished the Incas from other more determinedly materialist Indians, might have facilitated the Spanish evangelisation and colonisation of Peru, and, more precisely, the Western economic rationalisation of the world and the correlative projection of imaginary gold into all material things. Actually, according to Garcilaso, it was God himself who made the Incas “capable of reason” and “more docile to receive the Catholic faith”, as evidenced by “how much prompter and quicker to receive the Gospel were the Indians subdued, governed, and taught by the Inca kings than the other neighbouring peoples unreached by the Incas’ teachings”.¹⁹

There is, therefore, good reason to think that the Incas, by giving ground to dualism and idealism, prepared the ground for Western imagination and rationalisation, which were also imaginations of gold and economic rationalisations of all things translated into the general equivalent of gold. Capitalism and Christianity, which cannot exist

14 Garcilaso de la Vega 1609, pp. 62-67

15 Garcilaso de la Vega 1609, p. 64.

16 Garcilaso de la Vega 1609, p. 63.

17 Garcilaso de la Vega 1609, p. 202

18 Garcilaso de la Vega 1609, p. 353

19 Garcilaso de la Vega 1609, p. 35.

without an inner world for the imaginary gold and the spiritual God, for the excavation of mines and the introspection of believers, found an open door in the Incas' inner adoration of Pachacamac and their dualist-idealist metalanguage. We should not underestimate the historical effects of these internal cultural conditions on the conquest of Peru. The Incas' existing imaginary metalanguage was easily translated into Western ideologies. Their interiority was ready to be colonised.

Retrospectively, we can argue that the conquest had long been foretold before it ever occurred. The Incas were waiting for their conquerors. They were, in a way, already vanquished before the arrival of the Spaniards. Garcilaso did not hesitate to affirm that the words of the penultimate king Huaina Capac, who predicted the Spanish conquest of Peru, "were more powerful to submit" the Incas "than the weapons of the Spaniards"²⁰

Cultural development as a vital weakening

Garcilaso showed how the civilised Incas were, paradoxically, much more vulnerable than less advanced tribes, whose radical materialist monism and pure exteriority without interiority seemed to be relatively immune to ideology, ideologisation and ideological manipulation, as will be discussed later. This was the case of the "stubborn" Araucos or Mapuches, who chose "to die for not being vassals of the Spaniards".²¹

Following a Marxist classical dialectical reasoning, it may be conjectured that the vulnerability of the Incas was precisely due to their high level of cultural development. Engels would have suggested that their "step forward was also relatively a step backward"²² and that their achievements were made "at the expense of their best capacities".²³ On the contrary, as was reluctantly recognised by Garcilaso, the more primitive communities of Peru preserved intact all those capacities that Engels attributed to the primitivism of the Iroquois and Aryan tribes: "dignity, righteousness, strength of character, and courage"²⁴ and "personal bravery, sense of freedom, democratic instinct".²⁵

How can one justify the idea that primitive populations were morally and politically superior to more developed ones? Engels insisted that the reason for their superiority was neither "some miraculous power innate" in their race, nor their "specific national qualities", but precisely their

20 Garcilaso de la Vega 1609, p. 509.

21 Garcilaso de la Vega 1609, p. 397.

22 Engels 1884, pp. 74-75.

23 Engels 1884, p. 205.

24 Engels 1884, p. 111.

25 Engels 1884, p. 181.

primitivism, with its "gentile constitution", absence of State, classless organisation, equality between men and women, collective subjectivation, communal property and communist economy.²⁶ Moreover, at least in the case of South American tribes, this primitive communism seemed to be inseparable from the above-mentioned materialist monism and its resulting immunity to ideology, thus confirming Plekhanov's and Lenin's theses on the intrinsic link between materialism and communism.²⁷

Materialist and communist subjectivation

A brilliant literary example of the materialist perception and the communist disposition of South-American tribes can be found in César Vallejo's proletarian novel *Tungsten*, specifically in his ideal representation of the Indian Soras, who are depicted as plain, candid, unpretentious and unselfish people devoid of the senses of individual property, profit, utility and exchange. The Soras wanted only what they needed to live, and "lived their life as a generous and expansive game".²⁸ They gave to other people what they needed, without demanding anything in return, and "were so confident in others that sometimes they inspired pity".²⁹ They "ignored the operation of trading", "calculated" nothing, overlooked the "economic result of their actions" and understood neither the concept of money nor "the language" of wages and commodities.³⁰ They understood only what was materially present and necessary for their communitarian existence and their spontaneous movement in the world.

The Soras were descendants of the Chankas, who were described by Garcilaso as "bellicose" people characterised by their "obstinacy and rebellion" against the Incas.³¹ In light of this, it might be tempting to take Vallejo's Soras as an illustration of the most primitive Peruvian groups, which, by contrast with the Incas, made no concessions to dualism or classism. If we take this line of reasoning, the contrast between the Incas and Soras is that—as considered by Morgan in his *Ancient Society* and by Marx in his *Ethnological Notebooks*—between the "middle Status of Barbarism" of Incas and the "Status of Savagery or the lower status of barbarism" of the Soras and other primitive tribes.³² It is also the contrast, sketched by Marx and well traced by Engels, between primitive

26 Engels 1884, pp. 110-111, 180-182.

27 Plekhanov 1907, pp. 42-46; Lenin 1908, pp. 36-38.

28 Vallejo 1931, p. 90.

29 Ibid.

30 Vallejo 1931, pp. 89-92.

31 Garcilaso de la Vega 1609, pp. 195-196.

32 Morgan, 1877, p. 198; Marx 1882, p. 186.

communism and the origins of the State, the class society and the monogamous family.

Yet, we must not overemphasise the contrast between the Incas and the Soras. The ancestors of the Soras eventually allied with the Incas and were then conquered by them and assimilated into their civilisation. Vallejo's Soras, by comparison, were only fictitious literary personages, who seemed to personify the Peruvian Indians in their generality. They may be conceived, almost certainly, as heirs and representatives of all Peruvian Indians, including the Incas. After all, as we have seen in Garcilaso, the Incas' worldview may also be regarded as materialistic, at least in relation to the perspective of the Spaniards, and this materialism is inseparable from the kind of communism emphasised by one of the most important Marxists of Latin America: José Carlos Mariátegui, a contemporary of César Vallejo.

From Inca agrarian communism to Spanish feudal colonialism

Mariátegui's account of the Incas stressed their collectivist, socialist and communist orientation. In Mariátegui's terms, Inca society had a "collectivist organization" in which "collective work and common effort were employed fruitfully for social purposes".³³ Collectivism certainly "weakened the Indians' individual initiative", but it also "instilled in them the habit of a humble and religious obedience to social duty, which benefitted the economic system".³⁴ Mariátegui described this system as a "socialist economy".³⁵ He also accepted the existence of an "Inca communism", an "agrarian communism" that should not be "negated or disparaged for having developed under the autocratic regime of the Incas".³⁶

Mariátegui's interpretation was based firmly on well-known historical evidences of Inca agrarian communism, including mutual help, cooperative labour and social exchanges based on reciprocity; the collective ownership of farmlands by the *ayllu*, extended family groups with common ancestors; the communitarian ownership of waters, pastures and woodlands by the *marca*, tribes comprising several ayllus; and the redistributive function of the State, which ensured that goods were distributed to the different regions according to need. Most of these evidences were enthusiastically expressed by Garcilaso, who gave details about the Incas' social equality, their communitarian possessions, their collective forms of distribution, their obligations to work and help each

33 Mariátegui 1928, p. 13.

34 Mariátegui 1928, p. 13.

35 Mariátegui 1928, p. 14.

36 Mariátegui 1928, p. 54.

other and the absence of both poverty and luxury. Garcilaso explained, for instance, how Incas "collected provisions into a common place, to be distributed according to the necessities and largeness of families".³⁷ He also observed how all necessities were supplied and all dissipations were excluded such that "none could properly be termed poor" and "none could be called rich".³⁸

In addition to replacing a monist-materialist culture for a rather dualist-idealist ideology, the conquest of Peru substituted equality and communism for different forms of inequality and classism. This economic-social substitution, which was inseparable, as we have seen, from the cultural-ideological replacement, was described by Mariátegui as a process of destruction-construction by which the Spaniards "established the bases of a feudal economy on the ruins and remnants of a socialist economy".³⁹ According to Mariátegui, the demolition of Inca socialism, its underground subsistence as "ruins and remnants" and the subsequent edification and perpetuation of Spanish colonial feudalism under the form of Gamonalism were the most decisive factors affecting the situation of the Peruvian Indians in the 20th century. This "Indian problem" was essentially a "socio-economic problem". It was rooted in "feudal Gamonalism" as a "land tenure system", so its causes were "in the country's economy and not in its administrative, legal, or ecclesiastic machinery, its racial dualism or pluralism, or its cultural or moral conditions".⁴⁰

A neo-colonial assimilationist

Mariátegui's explanation of the Indian question was recently questioned by his grandson, Aldo Mariátegui, a rather uncultured and unsophisticated journalist, a virulent enemy of communism, and an influent organic intellectual of the Peruvian Right. Aldo Mariátegui discarded the idea of Inca socialism, describing it as an "act of faith" that revealed the "idealism", "romanticism" and "ignorance of Marxism" of his grandfather.⁴¹ Disregarding the aforementioned socialist, collectivist and communist aspects of Inca society, Aldo projected an extremely naïve idea of the Asiatic mode of production onto ancient Peru. In so doing, he ignored the long history of discussions surrounding this kind of economic formation, completely dissociated it from communist-socialist formations, and overlooked its fundamentally collectivist nature, its

37 Garcilaso de la Vega 1609, p. 47

38 Garcilaso de la Vega 1609, p. 228.

39 Mariátegui 1928, p. 14.

40 Mariátegui 1928, p. 35.

41 Aldo Mariátegui 2015, pp. 34-35.

rooting in primitive communism and its hypothetical ramifications for modern socialism.⁴²

Aldo Mariátegui's approach is too simplistic to be discussed. He used the opaque label of the "Asiatic mode of production" to argue that his grandfather was wrong, but he did not give any explanation for his claim. It is as if *Mariátegui le Petit* were driven only his desire to escape his grandfather's shadow by simply disowning him.

The same conjectural impulse might be also what motivated Aldo to reject his grandfather's conviction that the Indian problem was essentially a socio-economic one, requiring a socio-economic solution. According to the grandson, the "Indian problem" should be solved by "universalizing education, improving communications and road connectivity, extending the right to vote, and integrating markets".⁴³ However, measures of this kind, which are commonplace in demagogic liberal-neoliberal speeches in Latin America, were already brilliantly and convincingly refuted as insufficient by Aldo's grandfather, who showed, on one hand, how improvements in laws and administration are "quite useless" and have even "favoured the absorption of Indian property by the latifundium system", and, on the other hand, how schools, teachers and educational initiatives are "denaturalized under the pressure" of the socio-economic structure and even cancelled by the "mechanics of the Indian's servitude".⁴⁴

The rightness of the grandfather's points, as well as the uselessness and even dangerousness of his grandson's arguments, can be well illustrated by two of César Vallejo's most celebrated stories. The education of Paco Yunque, the child of servants, implies his submissive acceptance of his exploitation by Humberto Grieve, the son of the servants' masters.⁴⁵ Similarly, in the already cited novel *Tungsten*, improving communications and integrating markets are only means of the primitive accumulation of capital through the theft of the Indians' lands and the creation of conditions for the exploitation of workers, resulting in the systematic pillage of natural resources, the control and corruption of society, the destruction of the natural environment and the violation and prostitution of women.⁴⁶

We must not disregard the real general direction of the typical modern, liberal-neoliberal and progressive-universalist declamatory measures in favour of Indians. For instance, which is the common

42 Wittfogel 1957.

43 Aldo Mariátegui 2015, pp. 34-35.

44 Mariátegui 1928, pp. 39-44.

45 Vallejo 1932.

46 Vallejo 1931.

denominator of Aldo's measures of universalising education, improving communications, extending the right to vote and integrating markets? What these measures most clearly have in common is the colonial and neo-colonial rationality of assimilating the Indian universe into our universe, as if the two universes—for the mere fact of being universes—were not mutually exclusive and as if the assimilation of the Indian universe into our universe did not imply the subordination, inferiorisation, expropriation, exploitation and even annihilation of the former by the later. This is why Vallejo's Soras "lived in a kind of permanent retreat in face of the advance of Western civilization".⁴⁷ This is also why, in the 17th century, Guamán Poma de Ayala insisted that "Indians should stay in their villages" and that "there should not be Indians in cities, next to Spaniards".⁴⁸

Marxism as a modern religion

Aldo Mariátegui clung to the administrative-educational appearances of things, neglecting their economic, social, historical and cultural implications. This logically led him to conclude that the Marxist method of analysing such implications has no purpose. According to Aldo, Marxism offers no method of analysis, research or study, since it is nothing more than a "religion as extremist as the Islam and the old inquisitorial Catholicism", a "religious dogma" that "disguises itself of science and philosophy".⁴⁹

Aldo seemed almost witty when he pretended to demonstrate the religious character of Marxism by tracing comic analogies with Christianity: "Marx = Moses or Jesus; *The Capital* = The Sacred Scripture; Paradise = society without classes; Moscow = Vatican; the hammer and sickle = the crucifix; Politburo = College of Cardinals; Communist Party = Church; East-West Schism = rupture between Moscow and Beijing; Popes = Stalin, Brezhnev and Khrushchev; Maoists and Trotskyists = heretics, sects, protestants; Lenin = Peter; Che = martyr, John the Baptist; Saints = Luxembourg, Allende, Lumumba, Mosaddegh, Javier Heraud, etc.; Inquisition = Russian KGB, Cuban G-2, German Stasi, etc."⁵⁰ Unfortunately for Aldo, these analogies, which are perhaps the only worthwhile contribution of his book, had been already traced, nearly a century prior, by the Belgian socialist—and future fascist—Henri De Man, who also added several other analogies, such as

47 Vallejo 1931, p. 92.

48 Guamán Poma de Ayala 1615, p. 151.

49 Aldo Mariátegui 2015, pp. 20-21.

50 Aldo Mariátegui 2015, p. 21.

“workers’ solidarity” = “Christian charity”,⁵¹ and “revolutionary myth” = “Final Judgment”.⁵²

The truly humorous thing is that Henri De Man was already thoroughly criticised by Aldo’s grandfather, meaning that the grandfather’s critique can be now be redirected towards the grandson. Like De Man, but in a different sense, Aldo could be justly accused of “decadentism”, “theological prejudices”, “otherworldly longings”,⁵³ “intellectual dilettantism” and “egocentrism”, as well as of “identifying the judgment of history to his own personal experience” and expressing his own “unconscious complexes” through his “contradictory, twisted, arbitrary thoughts”.⁵⁴ It might be conjectured, following José Carlos Mariátegui, that his grandson, like De Man, projected his own unconscious complexes, personal experiences and pious feelings into Marxism. In the works of both De Man and Aldo, the result has been a phantasmatic religious volatilisation of Marxist materialism and its material objects.

Of course, De Man’s and Aldo’s representations of Marxism as a modern religion might be insightful and profoundly true; however, this does not exclude either from the revelation of their truth through the subject’s phantasy or the dissolution of its object’s materiality. In Marx’s terms, the truth may require a “true fable” to reveal itself,⁵⁵ which is why Lacan may attribute it a “fiction structure”.⁵⁶ This is also why De Man’s misapprehensions of Marxism were taken so seriously by José Carlos Mariátegui.

Liberalism as psychology

Of the critiques that Mariátegui directed towards Henri De Man, the one that interests us most here deals with De Man’s psychologisation of Marxism and overemphasis on psychological interiority. De Man, according to Mariátegui, simply followed the “fashion” of psychology in modern times.⁵⁷ The important thing is that such fashion, as conceived by Mariátegui, seems to derive from the hegemony of the capitalist liberal ideologies of “individualism” and “free competition” that make us

51 De Man 1926, p. 125.

52 De Man 1926, p. 137.

53 Mariátegui 1930, pp. 101-109.

54 Mariátegui 1930, pp. 19-26.

55 Marx 1843a, pp. 312-313.

56 Lacan 1957, p. 448.

57 Mariátegui 1930, p. 25.

believe, for instance, in the power of our “ambitions” and “aptitudes”.⁵⁸ It would be, then, modern liberalism that imposed and promoted the idea, so visible in the work of De Man, of a decisive, psychic sphere of instincts, desires, feelings, interests, abilities and thoughts that is located in an interior, independent and isolated space.

By tracing the origin of the modern object of psychology, Mariátegui denounced the deep imbrication between the psychological supposition of the inner world and the capitalist ideological representations of individuals and their liberty. This denunciation can also be found two years later in the work of Horkheimer, who showed how the liberal doctrine is “essentially psychological”, since it explains everything in terms of “interests” and other individual interior “psychic forces”.⁵⁹ From this point of view, the psychological explanation reveals the explicative foundation of liberalism, which is also, accordingly, a kind of psychology.

Horkheimer, like Mariátegui, discovered the inner world of psychology in the very core of liberal political economy. If we believe in this discovery, then we accept that the ideological representation of society as a global free market, which is inseparable from capitalism and which was historically founded on the conquest and colonisation of Latin America, involves the opening of a psychological realm that seems coextensive to the aforementioned idealist–dualist individual interiority imposed on the populations of the New World through the long and complex practices of evangelisation and political indoctrination. Such practices later turned into processes of the neo-colonial psychologisation of a monist-materialist culture, which still resisted not only idealism, dualism, classism and private property, but also liberal–neoliberal psychology. The current outcomes of this psychologisation can be easily detected in the political discourses of a number of indigenous and indigenist organisations and movements, ranging from the populist-socialist *Movimiento al Socialismo* (MAS) in Bolivia⁶⁰ to the overtly neoliberal evangelical *Organización de los Pueblos Indígenas del Cauca* (OPIC) in Colombia.⁶¹

The critique of liberal political economy as a critique of liberal political psychology

In a sense, for both Mariátegui and Horkheimer, *liberalism is a psychological system and not only an economic-political doctrine. Or, rather, liberal political economy is rooted in a liberal political psychology.* We may say, therefore, that a critique of the liberal political economy

58 Mariátegui 1930, p. 146.

59 Horkheimer 1932, pp. 27-30.

60 Jahnsen Gutiérrez 2013.

61 Ramírez 2015.

can go only to the root of the matter—and, thus, be as radical as the one proposed by Marx in *Capital*—if it involves a critique of liberal political psychology.

The political–psychological front of Marx’s critique is the theatre of a thorough demolition of the liberal inner world of psychology.⁶² This world is completely emptied of itself by Marx. Instead of the liberal psychological interiority of selfish interests and strategic reasoning and calculation, what remains is the economic exteriority of the structure: money, commodities, values, exchanges, capital, accumulation, and so on. Marx summarises this substitution by saying that the capitalist’s “wallet” contains his “heart”.⁶³ So, we may say that the capitalist feels only through his wallet, that his states of mind are those of money and that economy is his psychology.

Actually, for Marx, the capitalist’s “soul” is nothing but “the soul of capital”.⁶⁴ Therefore, capitalism contains and explains the capitalist’s psychological processes and motivations. His psychology is the economy of the capital. For instance, the accruing intrinsic logic of capital, its “vital instinct to accrue”, underlies, for Marx, the psychic “hoarding instinct” of the capitalist.⁶⁵ In the same way, the capitalist’s insatiable thirst for wealth stems from “the contradiction between the quantitative limitation of money and its qualitatively unlimited nature”.⁶⁶ An objective economic contradiction, thus, comprises the truth of the subjective psychological attitude.

A person himself/herself, as well as his/her own personality, as conceived by Marx, corresponds to the “personification of an economic category”.⁶⁷ If “the capital is dead labour that feeds itself, like a vampire, by sucking up living labour”, its personification by capitalists is what makes them behave like vampires and sink their fangs into workers to “absorb their work”.⁶⁸ Likewise, the classic Weberian personality of Calvin’s ascetic old bourgeois, his idealistic orientation and capacity for abstraction–generalisation, obeys the logical–structural need for a “surplus in its general form”: that of pure and incorruptible money, which obliges the subject to “dismiss specific needs and worldly pleasures”.⁶⁹

62 Pavón-Cuéllar 2015.

63 Marx 1867, pp. 109, 188

64 Marx 1867, p. 179.

65 Marx 1867, pp. 178-180.

66 Marx 1867, p. 91.

67 Marx 1867, p. XV.

68 Marx 1867, pp. 179, 200.

69 Marx 1859, pp. 117-118.

Similarly, if the same traditional bourgeois must be hard-working to “sell more” and thrifty to “buy less”, it is because he can only “subtract from circulation, as money, that which he incorporates, as goods, into circulation”.⁷⁰ The exterior logic of the market, the true spirit of capitalism, clarifies the interior protestant ethics of the bourgeois.

Marx reduces psychology to economy, dismantles our inner world and replaces it with a capitalist exteriority, and so dispels our liberal illusion of being free individuals, autonomous economic actors, political citizens, self-governing voters and consumers, internally motivated by ourselves, thinking and calculating for ourselves, and able to sense our own needs, follow our own desires, obey our own interests and make our own decisions. By refuting this idealist illusion of the modern *pensée unique*, of supposedly free markets and bourgeois democracies, Marx offers a radical materialist critique of the political–psychological foundation of the liberal political economy and, in so doing, undermines one of the most significant ideological devices of capitalism.

The material economic structure as the psychic prison of the body

By doing away with the subjective interiority, Marx’s critique abolishes a place of power. He suppresses the very centre of the accomplishment of modern, insidious power, in which power accomplishes itself through the submission to it, which retroactively creates its place by opening the inner world of the free individual: the “soul” or the “interior psychic space”.⁷¹ This inner world, this place of power, is the arena of La Boétie’s “voluntary servitude”, in which the master has “power over you through you” and has “so many arms to beat you with” because he “borrows them from you”.⁷² It is the logical space of self-domination, of submission to oneself as a master, of the internal relationship of the subject with himself as his own slave, who must blindly obey his own interests and thoughts. Here, we have the “internally divided” sphere of Hegel’s *unhappy consciousness*, in which “the splitting of the roles of two singular beings, the master and the slave, is resituated in only one being”.⁷³

What Marx closes down is the central place of liberal–neoliberal power, Byung-Chul Han’s psychic space of “auto-exploitation”,⁷⁴ the disciplinary “soul” as understood by Foucault, as a “prison of the body”

70 Marx 1867, p. 91.

71 Butler 1997, pp. 66-85.

72 La Boétie 1576, p. 14.

73 Hegel 1807, p. 176.

74 Han 2014, pp. 16-18.

that is “produced” by power for the “exercise” of power.⁷⁵ Marx’s *Capital*, which is strangely more modern in this respect than the works of either Han or Foucault, reveals that this psyche, this psychic prison, exists outside the subject, in the material economic structure that creates the subject’s desires, interests, thoughts, motivations and calculations. It is, thus, Marx who establishes, long before Foucault and even more radically, that the inner world is a fold of the outer world. In other words, Marx demonstrates that psychological states are economic facts. It is precisely through this demonstration that his critique of political economy becomes a critique of political psychology.

However, we should not wait until *Capital* for the conception of the external psychic prison. The still young Marx had already apprehended this conception by discovering “human *psychology*” in “*ordinary material industry*”.⁷⁶ Furthermore, this discovery of the material exteriority of the inner world also had many precedents before Marx. One of the first can be found as far back as the 17th century, in Pascal’s ideas about “external” faith and about “custom” as the “mystical foundation of authority” that “bends the automaton, which persuades the mind without its thinking about the matter”.⁷⁷

Spiritual faith as a reflection and internalisation of the existential ritual

Pascal is almost Marxist in his materialist notion of a material and external unconscious determination. Actually, Marx’s principle of the precedence of existence over consciousness was tacitly accepted by Pascal when he prescribed “kneeling, praying with the lips, etc., in order that a proud man, who would not submit himself to God, may be now subject to the creature”.⁷⁸ In this passage, external subjection through *kneeling* and *praying with the lips* precedes and conditions internal subjection. The spiritual faith, then, results from the existential ritual.

It is as if Pascal’s internal conscious faith was the reflection or internalisation of an external unconscious ritual. This idea is, indeed, very close to the Marxist psychological concepts of *internalisation* and *reflection*, which are, respectively, used by the Soviet psychologists Lev Vygotsky and Aleksei Leontiev. Just as Pascal’s internal faith seems to reflect and internalise the external ritual of kneeling and praying, so, too, is psychic life either an internalisation of language in Vygotsky or

75 Foucault 1975, p. 38.

76 Marx 1844: 151.

77 Pascal 1670, 250-252, 294, pp. 123, 136. See Žižek 1989, pp. 34-36, and Pavón-Cuellar 2014, pp. 215-218.

78 Pascal 1670, 250, p. 123.

an internal reflection of activity in Leontiev.⁷⁹ Is it not true that praying makes use of language and that kneeling constitutes an activity? This is why a conversion to Christianity presupposes the verbal-orthopaedic transmission of language, activity, material words and gestures, which ultimately become the most intimate devotion.

Let us take the case of the New World, where Garcilaso and the Jesuit Joseph de Acosta recognised that spiritual evangelisation was possible thanks to the previous material: the economical-political “domestication” and “subjection” of primitive populations by the Incas and Aztecs, as well as by the imposition of only one language over various tribes in Peru and Mexico.⁸⁰ Then, as we know, the sword opened the way to the cross, and Christianisation was materially based on the imposition of external discourses and practices. The Christian soul came into being as a fold of the Spanish Colonial Empire.

Material colonisation was inseparable from spiritual evangelisation. The preaching of the gospel required external obedience, attention, responsiveness, discipline and passivity, with bowed heads and docile bodies. The exterior subjection of Pascal’s unconscious automaton, thus, created the subjected interiority of pious and conscious individuals. Their Christian psychic life ensued from the internalisation of words and the reflection of gestures.

The internal psychic space as the folded external surface

The hypothesis of the reflected–internalised psyche is certainly convincing, but it poses two theoretical problems from the Marxist perspective. First, reflection and internalisation, at least as understood, respectively, by Leontiev and Vygotsky, may be mutually exclusive terms. If Leontiev’s concept is consonant with the Leninist materialist theory of imaginary or photographic reflection, Vygotsky’s notion, rather, reminds us of the hieroglyphic materialist assumption of a symbolic ciphering internalisation of the outer world, a fascinating hypothesis that was violently condemned by Lenin.⁸¹ This is only one of the reasons Vygotsky’s cultural psychology could not survive during the period of Stalinism, while Leontiev’s theory of activity was interpreted as a kind of concession and adaptation to the Soviet context.

Vygotsky and Leontiev allow completely different interpretations of the Marxist conception of the inner world as a predicate, deed or expression of the outer world—or, as is perhaps better put in Plekhanov’s terms, the conception of the subjective consciousness as “the object’s

79 Vygotsky 1934; Leontiev 1964.

80 Acosta 1589, pp. 417-421. Garcilaso de la Vega 1609, pp. 35, 353-354.

81 Lenin 1908.

consciousness of itself”.⁸² However, this conception, independently from its diverse interpretations by Vygotsky or Lenin and Leontiev, poses another problem: it may lead us to reconstruct the inner world ruined by Marx, and, in so doing, to reconstitute the psychology of dualism and idealism by assuming, in an anti-Marxist, anti-Spinozist way, that an object’s consciousness of itself is not part of the object, that the predicate is not the same thing as its subject and that the reflected outer world is distinct from its reflection in the inner world, as posed by Lenin and Leontiev. Such assumptions sufficiently justify Korsch’s critique of the Leninist theory of reflection, of its division of the material whole in order to form an ideal sphere, ignoring that the relation of the psyche to the world is not that of the internal reflection to the reflected exterior, but that of a part of the whole “with the other parts of that whole”.⁸³

The world, as conceived by Korsch and other Western Marxists in their strict monist perspective, is neither physic nor psychic, but physic and psychic, material and spiritual. From this, we can draw Pannekoek’s assertion that “ideas, the spirit and consciousness” do not belong to an inner world, but to the only world, the outer world of “objective reality”.⁸⁴ A version of this same argument can be found in the critique of Leontiev by another Soviet Marxist psychologist, Sergei Rubinstein. According to Rubinstein, psychic activity cannot be explained by a reflection of physic activity, since this “external material activity” already has a “psychological content”, or, in other words, since it already “contains psychic components in its interior, through which it is regulated”.⁸⁵

Rubinstein, Pannekoek and Korsch rightly situate the psyche outside. Thus, they share Marx’s notion of the external psychic prison of the body and conceive of reflection as a part of the reflected reality, of the inner world as a torsion of the outer world and of the spiritual life as residing in the cavity of, but being essentially immanent to the material surface. It is, again, as if internalisation were the fold of the external materiality and as if the internal psychic space were nothing but the folded external surface. Such a radical monist–materialist vision can be seen in the works of Pannekoek, Korsch, Lukács and others, but maybe not in Rubinstein. This is perhaps because radical materialist monism was simply incompatible with psychology and its dualist–idealist foundations. However, this does not mean, of course, that it was incompatible with psychoanalysis.⁸⁶ Actually, the idea of the *exterior*

82 Plekhanov 1907, p. 74.

83 Korsch 1923, p. 65.

84 Pannekoek 1938, pp. 112-113.

85 Rubinstein 1945, p. 169; 1959, p. 340

86 Pavón-Cuéllar 2017, forthcoming.

psyche underlies the Freudo–Marxist Reichian conception, first found in Voloshinov, of the inner world as the outer world “rooted” through ideology in the subject.⁸⁷

Interiorisation of interiority

To avoid psychologism, as well as dualism and idealism, it should be recognised that the ideological roots of the structure not only penetrate into the inner world, but also literally create this world. The internal sphere is opened and filled—as in Vygotsky—through internalisation. The psychic sphere is a reflection on the mirror and its illusion of interiority, and not the mirror or its internal container of reflections. The process of reflection, instead of being—as in Lenin and Leontiev—the functioning of the psyche, actually generates the psyche.

Psychologisation constantly produces and reproduces the psyche, the object of psychology, which is later found everywhere inside us, as if it had always been there. Actually, as we have seen, what we call the psyche has always been everywhere around us. It is not, strictly speaking, our soul, but our world, our prison, the external structure in which each individual has his or her place. This is what is projected into the subject, in Althusser’s terms, as a “mirroring foundation”.⁸⁸ The imaginary inner world misleadingly justifies, as an inexistent ideological foundation, the existent outer world.

As has been pointed out by Mariátegui and Horkheimer, liberal capitalism is validated by the internal psychic sphere that psychology projects into the subject. Yet, Lacan has shown us how this internal appearance is nothing but the image, the imaginary location, of the mirror’s illusion of depth.⁸⁹ Its function, according to Lacan, is to adapt the subject, not to the natural environment, but to the capitalist structure.⁹⁰ After all, the process that projects the psyche into the subject is the same aforementioned process that projects the exchange value—the imaginary gold as a general equivalent—into everything, subjects and objects, mountains full of gold and people full of life exploitable as a labour force. Mountains become mines, and people become slaves and virtuous or sinful believers. The pure exteriority of nature is, thus, denatured by the economic–psychological projection of something imaginary beyond the surface of the real.

The existence of the psyche is, indeed, not natural, but cultural and historical. It is inseparable from capitalism, but also from Christianity and the Western European civilisation in general. This is why, according to

87 Voloshinov 1927 pp. 73, 160-162; Reich, 1933, pp. 29; 1935: 100

88 Althusser 1964, pp. 108-115.

89 Lacan 1955, 1976.

90 Lacan 1965.

Lacan, “there is no Oriental Psychology”.⁹¹ This is also why there was no psychology among the Araucos, Mapuches and Soras in South America; among the Chichimecas or Guachichiles in Mexico; or even among the Incas or Aztecs, even if, in this case, as we have seen, culture has established the conditions of possibility for the existence of psychology. However, psychology, strictly speaking did not exist among the American autochthonous populations before the arrival of the Europeans. How could psychology exist among these people if they “have not been Christianised”?⁹²

Christianisation was indispensable for psychologisation. The psyche, the soul, was forged by the work of the evangelisers. Evangelisation allowed, first of all, the interiorisation of interiority. This interiorisation was a loss of the self in each individual, or, rather, *a loss of ourselves in each one of us*. It was an emptying, reabsorption and neutralisation of our exterior, material, relational and communal being. It was one of the worst defeats of communism and one of the necessary preconditions of capitalism. After Christianity emptied us of the material community, created our inner ideal world of piety and conscience and, thus, “made all national, natural, moral and intellectual relationships external to man”, capitalist society may easily “put egoism, self-interested wants, in place of social bonds and break up the human world into a world of atomistic, mutually hostile individuals”.⁹³

Conclusion: from the Critique of Ideology to the Critique of Political Economy

If it were true that Christianity created an inner world for the individual subject of capitalism, then it would also be true that Marx demolished this world through his critique of the psychological roots of the liberal political economy. This critique is radical because it goes to the roots. That is, first, it considers the ideological–psychological roots of capitalism, but also, in a deeper sense, pulls out these roots by returning to the world that the subject has internalised. This radicalism of the late Marx explains why he offers a critique of political economy instead of a critique of either ideology or psychology.

It can be said that Marx’s critique is so radical, so violent and so dangerous that it destroys its object, and, thus, at the end, “has no object”.⁹⁴ Its object is destroyed by Marx’s destructive critical analysis. His critique is radical, in this sense, because it proceeds as a “weapon of war” and not as a “surgeon’s scalpel”, and seeks to “strike” rather than

91 Lacan 1963, p. 256.

92 Lacan 1963, pp. 256-257.

93 Marx 1843b, p. 484.

94 Cf. Močnik, 1991, p. 118.

“clarify”; in sum, its “interest is not to refute, but destroy”.⁹⁵

Thus, Marx’s destructive critique is, essentially, materialist. Its material destruction of the object has nothing to do with any idealist refutation of ideas regarding the object. This refutation rests on a dualist division between the critique and its object, between the critical metalanguage and the objective language. On the contrary, Marx’s critique presupposes that there is no metalanguage. This is also why it is a critique without an object, a critique without a different dimension than its own, an authentic, immanent critique that rests on the immanence of history, the battlefield of the political struggle and the earthly scene of the active enunciation, and not on the contemplative sphere of the enunciated ideas.

95 Marx 1843c, pp. 493-494.

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Radicalizing the Root: The Return of Philosophical Anthropology to the Critique of Political Economy

Jason Read

Abstract: This paper examines the return to philosophical anthropology to the critique of political economy in the work of Etienne Balibar, Pierre Macherey, and Paolo Virno. I argue that this return is no longer a question of the alienation or realization of a human essence, but the way in which the very idea of the human is itself produced in and through the exploitation of labor power. The quotidian act of selling one's labor power, of selling a capacity to work, makes it possible to reexamine the anthropological concept of humanity as potential, as the capacity to learn new habits. Finally, I argue that it is through this generic figure of the human, and its exclusions that we must think the ground for political struggle.

Keywords: Philosophical Anthropology, Labor Power, Pierre Macherey, Paolo Virno, Etienne Balibar.

“Theory is capable of gripping the masses as soon as it demonstrates *ad hominem*, and it demonstrates *ad hominem* as soon as it becomes radical. To be radical is to grasp the root of the matter. But, for man, the root is man himself.” Karl Marx

Humanity, or more to the point, philosophical anthropology, has returned to the critique of political economy, after being relegated to the margins for decades. Of course for some it never left, Marxism was always understood to be a critique of the alienation of humanity by capitalism, an exploitation of our communal being, the lost and return of the question of philosophical anthropology that I am referring to here, is in the very same traditions that repudiated it, those of post-Althusserian and post-autonomist Marxism, loose assemblages held together more by their common points of philosophical reference, such as Spinoza, and joint publications, *Futur Antérieur* and *Multitudes* then shared texts. The very traditions that have embraced a post-humanist critique of capital have now turned to the question of the human; “Philosophical Anthropology” has appeared as the subtitle of works by Etienne Balibar and Arnold Gehlen has become a point of reference for Paolo Virno. Between the eclipse and resurgence of philosophical anthropology the fundamental question has changed as well. It is no longer primarily a question of whether or not Marx had a concept of human nature, although such questions are always unavoidable, but what does anthropology offer a critique of political economy. Or, more to the point, why philosophical anthropology now? The question is no longer oriented to the past, to the question of the philosophical legacy of Feuerbach, of influence and break, but toward the present, toward the current conjuncture, specifically the

changing intersection of human capacities and the labor process. Thus, to hazard a provocation, the question of the human, of human nature, comes to the fore at the moment in which more and more aspects of humanity are put to work in contemporary production; labor power is not just a matter of physical work, the effort of hands and body, but emotional and intellectual capacities as well. At the same time, at the level of ideology or discourse, the rise of neoliberalism has led to capitalism being defended on primarily anthropological grounds. Capital is no longer simply justified through the efficiency of the invisible hand, the efficiency of the market as an institution, but as an expression of our truly competitive nature. Homo sapiens has become homo economicus. As capitalism has become anthropological so has its critique.

Essence and Ensemble

The early writings of Marx offer multiple and conflicting statements of anthropology, but perhaps none is more ambivalent, more torn between humanism or post-humanism, than the sixth thesis on Feuerbach. In that thesis Marx states that the human essence is not an “abstraction inherent in each single individual. In its reality it is the ensemble of social relations.”¹ As Louis Althusser argued there are two ways of interpreting this thesis, the first, broadly humanist way, sees the individual as the totality of their different relations and aspects, as being a worker, a citizen, etc.--as a multifaceted ensemble of social relations. The individual, humanity is then in excess of any given society, which can only realize it in different ways. The other, interpretation, the one that constitutes Marx’s break, sees the ensemble in question as nothing other than a precursor to the concept of the mode of production, to historical materialism.² The ensemble is understood a priori to, and in excess of, the human individual, constituting not only its essence, but its actualization. The ideological concept of human nature is replaced, or at least displaced, by the more properly scientific concept of the mode of production, for which the term ensemble functions as a placeholder.

Much could be said about this trajectory in Althusser’s thought. For example there is his insistence in *Lire Le Capital* that the relations of production are irreducible to inter-subjective relations.³ Thus the mode of production is not a concept of society, of relations between individuals, but must be understood as a relation constitutive of different forms of individuality, of subjectivity. Or, as Balibar writes, in his contribution to *Lire le Capital*, the mode of production makes it possible to examine

1 Marx 1978, p. 144.

2 Althusser 2003, p. 254.

3 Althusser 2015, p. 291.

different forms of historical individuality.⁴ It is not that the individual is so rich and complex that it comes into being, only in and through the totality of social relations. The causality and priority is reversed, social relations do not realize the potential of the individual, but the individual only exists as a product, and bearer (*Trager*), of its social relations.⁵

While such a survey of the vicissitudes of Althusser’s specific anti-humanist reading of relations is not doubt interesting and worthy of consideration. I am interested in the inflection that this concept takes in the work of Etienne Balibar. Unlike Althusser, who sets up an opposition between essence and ensemble, between speculative anthropology and historical materialism, Balibar stresses essence as ensemble, arguing that the human essence is that which can only exist in and through its relations. Balibar stresses that in the thesis in question Marx uses the French word *ensemble* stressing the non-totalizable nature of the relations that constitute and affect this essence. Balibar argues that the combination of essence and ensemble works against two directions at once: it is opposed to the nominalist or empiricist thesis which posits individuals as the ultimately reality, and the realist, or universalist, thesis that posits any shared essence of humanity.⁶ Marx’s thesis cuts against both directions, against nominalism and universalism, placing relations, not individuals or universals, as the ultimate basis of reality, but relations. “The materialist critique of ideology, for its part, corresponds to the analysis of the real as relation, as a structure of practical relations.”⁷ To use a term that will become central to Balibar’s conception of philosophical anthropology, the human essence is necessarily transindividual.⁸

Of course any reading of the question of human nature in Marx must move beyond the *Theses*, which are as fragmentary and inconclusive as they are promising, to encompass Marx’s critique of capital, which is to say *Capital*. At first glance *Capital* would be too concerned with the specificity of capitalist exploitation to enter into a discussion of anthropology, but, as I will argue below, the fundamental concept of labor power, the selling of the capacity to do work, contains an anthropological provocation that exceeds its putative economic content. For Balibar, the most provocative statement of an anthropology in the critique of political economy is found in the Chapter on ‘co-operation.’ As Marx writes, “... [T]he special productive power of the combined working day, is under all

4 Balibar 2015a, p. 417.

5 Macherey 2008, p. 151.

6 Balibar 2012, pg. 5.

7 Balibar 1994, p. 92.

8 Balibar 1995, p. 121.

circumstances, the social productive power of labour, or the productive power of social labour. This power arises from cooperation itself. When the worker co-operates in a planned way with others, he strips off the fetters of his individuality, and develops the capabilities of this species [*Gattungsvermögen*]."⁹ Capital does just not exploit individual labor power understood as the physical or mental expenditure of this or that individual; it exploits the collective labor of not only those gathered in the factory or workshop, but also the collective inheritance of language, skill, and knowledge embodied in any individual's productive labor. As Balibar writes,

We must give this thesis its maximum force to understand the conclusions that Marx wants to reach, not only is labor socialized historically, so that it becomes transindividual. Essentially it always was, insofar as there is no labor without cooperation, even in its most primitive forms, and the isolation of the productive labourer in relation to nature was only ever an appearance.¹⁰

What is asserted speculatively in *Theses on Feuerbach* is affirmed practically in *Capital*: there is no human essence, individual or collective, outside of the relations and practices that constitute it. Labor, which is to say social practice, is transindividual. Labor is not, as John Locke argued, a fundamental possession of the human body, the initial start up capital that, if employed industriously, make accumulation possible, nor is it a generic attribute of man as a species. It is a relation, what Marx called a relation of production, it exists only in and through collective relations, the cooperation necessary to the labor process, but the way in which these cooperative relations are themselves situated within technological and social relations. Transindividuality is not intersubjectivity, not a relation between individuals already constituted, but a relation in and through the constitutive conditions of individuals.

Labor Power as Ontology and Anthropology

Simultaneously following and departing from Balibar it is necessary to take as our ensemble the existence of the capitalist mode of production. It is through the practices and relations that constitute capital that we can find not so much an answer to the question "What is man?" but a provocation of what it means to think humanity through capital, and vice versa. In order to do so, to read the question of political anthropology in *Capital*, it is necessary to dispense with a myth that

9 Marx 1977, p. 441.

10 Balibar 2014, p. 85.

immediately interrupts any such reading. This myth is not so much a myth of *Capital* itself, but of the entire edifice of Marxist thought. It gets its most succinct formulation in Michel Foucault's writing. As Foucault writes,

So I don't think we can simply accept the traditional Marxist analysis, which assumes that, labor being man's concrete essence, the capitalist system is what transforms labor into profit, into hyperprofit or surplus value. The fact is capitalism penetrates much more deeply into our existence. That system, as it was established in the nineteenth century, was obliged to elaborate a set of political techniques, techniques of power, by which man was tied to something like labor—a set of techniques by which people's bodies and time would become labor power and labor time so as to be effectively used and thereby transformed into hyper profit.¹¹

Foucault's rejection of the implicit anthropology underlying Marxism is not just a theoretical question of humanity, but also a political question of power and an economic question of exploitation. Or, more to the point, it is the place where politics and economics intersect in the very idea of human nature. If we accept the premise that labor power is man's concrete essence, that mankind is homo laborans, than the role of capitalist exploitation is only that of claiming the lion's share of the value produced. If labor is taken to be something given, something that is humanity's essence, the exploitation can only ever be a matter of how much of the product of production goes to the worker and how much goes to the capitalist.

Foucault suggests a fundamental point of difference, either one takes labor power as a given, as part of humanity, focusing on exploitation, or one examines the way in which human beings become disciplined, become subjects of labor power, focusing on power. Foucault argues that capital does not encounter human individuals as bearers of labor power, but must constitute and discipline disparate human bodies until they become productive, calculable, and interchangeable.¹² There is thus a stark opposition in Foucault's terms between an economic analysis, which assumes an anthropology of homo laborans, seeing its exploitation as simply an extraction, a theft, of what is produced, and an analysis of power that sees the worker as not just someone who produces, but something that is produced.¹³ If Marx, or Marxism, have occluded the political dimension of work, losing sight of the productive nature of

11 Foucault 2000, p. 86.

12 Foucault 2013, p. 235

13 Laval 2015, p. 36.

power to the point where mankind becomes homo laborans, a laboring creature, Foucault risks obscuring the economic, or historical, specificity of labor power to the point where the imperative to increase productivity while decreasing insubordination becomes a general problem of agency and domination.¹⁴The opposition that Foucault constructs between an economic analysis of exploitation and a political analysis of discipline are as much a product of conflicts with the French Communist Party, and orthodox Marxism as they are philosophical. As the antagonisms have faded, the differences have become reified, at least in the United States, into an opposition between Foucault and Marx as competing methods and intellectual hegemony. Cracks in this division have begun to develop in this opposition in recent years. The breakdown has in part been an effect of the publication of such texts as Foucault's own "Mailles du Pouvoir," in which Foucault credits Marx with inventing an analysis of power. However, I am less concerned with all of the various ways of reconciling, or relating, Marx to Foucault, then the manner in which their intersection touches on a fundamental blindspot, that of the ontology and anthropology of production, positing a worker that is simultaneously produced and productive, of thinking together politics and economics without reducing one to the other. What is invisible here is not just the intersection of determination and action, the capacity to affect and be affected, but the particular articulation of this intersection through the historically specific institutions of wage labor and the working day.¹⁵

It is precisely this intersection that is at stake in Pierre Macherey's 'Le Sujet Productif'. For Macherey, the question of productivity, of a productive subject not only challenges a certain conception of labor power, but challenges the entire idea of Marx's critique. Contrary to Marx's claim in *Capital* that locates metaphysics on the side of the commodity, in the market, in contrast to the prosaic reality of use value, capitalist production must be understood as a metaphysical matter, as the transformation from potential to actuality, as labor power is made actual. Or more to the point, labor power must first be made virtual, and then productive. The foundation of the capitalist relationship is the separation of the workers from the means of production, and thus the creation of labor power as a potential. Once this potential is sold, enters into the workplace, it must then be actualized, transformed into actual productive acts. As Macherey writes,

From this point of view, we could say that when the capitalist occupies himself with his workers' labor-power, which he has acquired the right to employ in exchange for a wage, treating it as

.....
14 Legrande p. 28.

15 Bidet 2016, p. 123.

a "productive power" whose productivity he intends to increase in order to produce relative surplus value – he practices metaphysics not in a theoretical but in a practical way. He practices this peculiar sort of metaphysics not during his leisure time, as a distraction or mental exercise, as he would a crossword puzzle, but throughout the entire working day dedicated to production. By opening up his company to notions such as "power," "capacity" and "causation," he thereby makes them a reality, realizing these fictions, these products of the mind, which he then employs with daunting efficacy. In this way, with payrolls and charts of organizational tasks at hand, he shows, better than a philosopher's abstract proofs, that the work of metaphysics could not be more material, provided that one knows how to put it to good use in introducing it into the factory. One could, incidentally, derive from this a new and caustic definition of metaphysics: in this rather specific context, it boils down to a mechanism for profit-making, which is no small matter. This means that, amongst other inventions that have changed the course of history, capitalism has found the means, the procedure, the "trick" enabling it to put abstract concepts into practice – the hallmark of its "genius."¹⁶

Macherey's assertion mirrors, without citing, Alfred Sohn-Rethel's claim regarding real abstractions, abstractions created not by the act of thinking but by practical activity.¹⁷The genesis and actualization of abstraction is not a mental matter, the work of philosophers, but is a practical matter, as factories and offices turn the capacity to do work into actual work. The difference is, however, is that while Sohn-Rethel focused on the fundamental formal conditions of abstraction, abstract labor and the equivalence of the commodity form as the primary abstraction, for Macherey this abstraction becomes an entire metaphysics, a way of thinking genesis and creation. This metaphysics has as central term, its central problem, that of productivity. Productivity is not an ideology, it is simultaneously more and less than that, more because it is not just an idea or a concept, but a fundamental restructuring of reality, workers are made more productive, and less, because it does not have a justification or rationalization. It is what Macherey calls an infra-ideology, an infra-ideology does not stand above a practice, dictating its goals and ideals, but is entirely immanent to it.

It is at this point, the point of second nature, that the metaphysics of capital become its anthropology. It is not the anthropology of homo economicus, rational interest bearing individual, nor of homo laborans,

.....
16 Macherey 2015.

17 Sohn-Rethel 1978, p. 26.

of man as a worker and bearer of labor power, but the produced and productive anthropology of man as living labor, as labor power. What Macherey stresses, following Bernard Ogilvie, is the negative, or indeterminate nature of this second nature. As Ogilvie writes, "There is only a human that is instituted, not an originary privilege of essence."¹⁸ Ogilvie rejects the various concepts that have been used to rehabilitate or save this concept of second nature, such as progress or spirit, which make its particular negation of negation an affirmation of human history. Second nature is liberated from ground, as Pascal argued it effaces the first nature, but also from telos, from an end or goal. For Pascal, as Macherey argues, humanity must be thought in its fundamental errancy, distraction.¹⁹ Second nature is not the dialectical overcoming of nature, but it improper and necessary substitute. It is the artifice that is nature, but it is equally important that it be taken as nature, to function as something taken as given. Second nature is simultaneously artifice and nature, or artifice taken as nature and nature as nothing other than artifice. Productivity becomes our anthropology and economy.

Capital's metaphysics, and anthropology cannot be reduced to productivity. Its metaphysical subtlety is more complex than that. As much as the labor power that is sold must be made productive it also must exist as potential. It cannot identify too strongly with a given task, or job; it must be simultaneously be concrete and abstract labor, a specific skill and the possibility to acquire new skills, or in metaphysical terms, actual and potential all at once. This paradox is at the center of not only Paolo Virno's understanding of not only capitalism, but anthropology as well. As Marx writes, "...labor is not this or another labor, but labor pure and simple, abstract labor; absolutely indifferent to its particular specificity, but capable of all specificities."²⁰ What Virno stresses is less the metaphysics of this transformation, or its constitution of a new second nature, but the way that this divide, the divide between the potential and actual, but is situated at the intersection of the quotidian fact of labor power and the very idea of a human nature. The divide between potential and actual, between labor power and specific tasks, is not just a mundane fact of exploitation but as the meta-historical condition of history. Humanity, human nature, must be grasped not as a specific set of actual behaviors or drives, but as a fundamental indetermination, as potential. Every actually existing society, or social relation from language to habits and fashions, is a realization of this potential. In capital, in the selling of labor power, however, something different happens; as much as this potential is put to work in specific actions and routines, it

18 Ogilvie 2012b, p. 65.

19 Macherey 2009, p. 29.

20 Marx 1977, pg. 296.

is simultaneously sold as potential, and can only be sold insofar as it is radically separated from any ability to actualize itself. 'Potential becomes a good in itself only when it is radically separated from the correlated acts. The worker sells her labour power because, without any means of production of her own, she cannot apply it by herself.'²¹ The labor relation is the historical actualization of the very conditions of history. Capitalism is the direct exploitation of anthropogenesis: it puts to work the very capacity to learn new habits, to adopt new characteristics, which is the paradoxical artifice of human nature.

This general condition is transformed in contemporary capitalism. Virno's first formulation, that of abstract human potential, as the biological basis for labor power, is a formulation more or less corresponding to formal subsumption, to the early stage of capital in which all that is altered is the formal relationship of wage labor, the worker sells his or her labor power rather than producing for use or the selling of goods. At this stage, the technological and social composition of labor remains unchanged. Exploitation is the exploitation of absolute surplus value, the exploitation of the difference between the time spent reproducing the costs of labor, necessary labor, and the surplus produced. For Virno real subsumption has to be understood as not just a transformation of this economic relation, as capital restructures the technological and social conditions of labor shifting exploitation from the quantitative expansion of the working day to its qualitative intensity, but also a fundamental alteration of the anthropological basis of labor power. In real subsumption it is not just that one sells one's capacity to do work, a capacity that always remains distinct from its actualizations; what is sold, what is put to work, is nothing other than the very capacity to develop new capacities. What contemporary capitalism puts to work are not just actualized potentials, not this or that habit, but the very potential to create habits itself. As Virno stresses with respect to the "general intellect," the socialized knowledge that has become a productive force, this intellect is not the specific knowledge of the sciences or computer programing, but the very capacity to learn and create. "General intellect should not necessarily mean the aggregate of the knowledge acquired by the species, but the faculty of thinking; potential as such, not its countless particular realizations. The general intellect is nothing but the intellect in general."²² Contemporary capitalism, the capitalism of

21 Virno 2015 , 162.

22 Virno 2004, p. 66. The term "general intellect" is drawn from "the fragment on Machines" in Marx's *Grundrisse*. As Marx writes, "Nature builds no machines, no locomotives, railways, electric telegraphs, self-acting mules etc. These are the products of human industry; natural material transformed into organs of the human will over nature, or of human participation in nature. They are *organs of the human brain, created by the human hand*; the power of knowledge objectified. The development of fixed capital indicates to what degree general social knowledge has become a *direct force of production*, and to what degree, hence, the conditions of the process of social life itself have

services, precarity and mobility, is not just one historical articulation of the actualization of the natural capacity to learn and develop habits, but is, in some sense, the exploitation of this very capacity. What capital puts to work is not this or that specific manifestation of human nature, but human nature, humanity as potentiality, itself.

Human nature returns to the centre of attention not because we are finally dealing with biology rather than history, but because the biological prerogatives of the human animal have acquired undeniable historical relevance in the current productive process.²³

Previous societies, even earlier stages of capital, were grounded upon the production and reproduction of a particular set of habits, concepts, and compartments, but with capitalism, all that is solid melts into air, and what comes to light is not this or that habit, but the very capacity of gaining (and losing) them. “Precarity and nomadism lay bare at the social level the ceaseless and omnilateral pressure of a world that is never an environment.”²⁴ One need not look to the drama of migrants and the displaced around the globe to see this, it can also be found in the more quotidian matter of the want ads, where the term “professional” has ceased to refer to a specific set of skills to become a generic set of shifting characteristic traits, an attitude or compartment.²⁵

For Macherey and Virno the quotidian and commonplace selling of labor power, of selling not this or that work, but the capacity to do work, must be understood as touching on both the highest metaphysical problems, that of potential and actuality, and on the very nature of what it means to be human. They differ in terms of how they conceive of the nexus of potential and actual. For Macherey the emphasis is on the actualization of potential, on the becoming productive, as capital extracts more work, more productivity, from human beings. In contrast to this Virno stresses the paradoxical status of the actuality of potential as such, a paradox that deepens as the work of real subsumption, puts to work potentials that are more open ended and flexible. This difference, a difference at the level of the metaphysical question of actuality, gives way to an even stronger difference at the level of anthropology. Macherey’s

come under the control of the general intellect and been transformed in accordance with it (Marx 1973, 706). Virno has offered two correctives to this concept. First, he has argued that this general intellect is not just manifest in machines, as science is a part of technology, but must be thought of as the general social knowledge. Second, this social knowledge is not to be found exclusively in specialized knowledge, but is the set of general capacities put to work any time language or social cooperation is relied upon. (Virno 2004, 64).

23 Virno 2009, p. 142.

24 Virno 2009, p. 143

25 Virno 2007, p. 44.

use of the term second nature, a second nature that effaces and fundamentally transforms any nature, any prior condition, underscores his emphasis on the way in which labor power has to be understood as something that is produced, as a product of power relations. As Macherey writes, “At the limit, one could say that capitalist industrial production produces the human essence under the form of a productive force, in order to exploit it; in this sense capitalism is a pioneer of humanist ideology.”²⁶ Virno, however, posits a human nature, nature understood not as an actually existing essence, but as potential, the potential to develop language, habits, ways of thinking and acting. In all hitherto existing history these potentials existed only to be actualized in a given language, a given set of customs, a given social order. Capitalism changes this in that it purchases labor power, the capacity to do work, making human potential, a reality, a real abstraction. In Macherey and Virno we can grasp a repetition of the fundamental dichotomy of the produced and productive aspect of human nature, the first stresses the produced second nature while the latter stresses the productive, but never actualized, potential nature. Only now this dichotomy is placed at a higher stage of abstraction; it is no longer a matter of labor, homo laborans, as an essence but potentiality and productivity as a fundamentally inessential essence.

Déjà vu or Human Capital Again

Macherey and Virno’s different philosophical anthropologies of labor power invite us to oppose them in terms of constituted and constituting, innate or acquired, or, in the ultimate nadir of critical perspectives, nature versus nurture. This seems to me besides the point. Besides the point in part because the essence that is under debate here is not “an abstraction inherent in each individual, “ but an ensemble, a relation. Potential and productivity are only actualized, only realized in specific historical conditions. Moreover, they are each part of an inessential essentiality, less concrete qualities or specific characteristics than a general matrix from which such qualities emerge. The real issue, the central reason why it seems besides the point to pit Macherey and Virno against each other in terms of differing accounts of human nature, is not that there are not points of disagreement, but such points of disagreement distract from the more pressing question, why consider this anthropological dimension of capital, of the sale of labor power now?

One possible answer is that such an anthropological examination is a response to the anthropological turn of contemporary capitalism, of neoliberalism. One of the multiple ways in which neoliberalism can be understood as an ideological expansion of capital, and not just a new regime of accumulation, is in its increased claim to not just be an

26 Macherey 2014, p. 208.

account of the economy and how it functions, but of human nature, of what it means to be human. (One could argue that the rise of certain forms of evolutionary thought from *The Selfish Gene* onward have extend beyond the human to make risk, capital, and competition not just the entirety of human rationality but the explanatory principle for all of nature). Neoliberalism is a massive expansion of economic rationality and thinking, to the point where economic calculation, maximum benefit for minimum cost, becomes the very definition of rationality.²⁷ Thus, it possible to argue that human nature comes to the fore not, as Virno claimed, because of transformation of production, but because of a transformation of the terms of ideological conflict. This would be one way of understanding the anthropological turn of Macherey, Balibar, and Virno, as a response to the call to arms that Fredric Jameson uttered years ago, ‘The market is in human nature’ is the proposition that cannot be allowed to stand unchallenged; in my opinion, it is the most crucial terrain of ideological struggle in our time.”²⁸ To understand Macherey and Virno’s turn to anthropology as a counter to the dominant anthropology, however, is to overlook the extent to which neoliberalism, or the current moment in capital, is not just a change of ideology, a shift of its content, but a transformation of its very form and structure. It is no longer ideology understood as “ruling ideas of the ruling class,” as a doctrine propagated and disseminated by philosophers and pundits, than the way in which particular social relations, a particular ensemble, generates its own representation and conceptions. To borrow Balibar’s distinction, we could say that it is more of a matter of fetishism, of the way in which capitalist relations constitute their own appearances than ideology, the specific representations articulated by philosophers, priests, and pundits.²⁹ Or, to use Althusser’s term, a spontaneous ideology. Ultimately the division between the two concepts is less a rigid opposition than a difference of emphasis. Marx’s own invocation of “Freedom, Equality, and Bentham” as the spontaneous ideology of the market already suggested that specific ideologies are perhaps only the rendering explicit of the norms and ideas implicit in different practices.³⁰ This is perhaps easily seen in the way in which neoliberalism has, as perhaps its defining principle, an ability to appeal to certain aspects of life under capitalism, such as the freedom and liberty of shopping in order to make them the very model of economic life.³¹

27 Laval, 2007, p. 17

28 Jameson 1991, p. 263.

29 Balibar 1994, p. 72.

30 Balibar 2015b, p. 97.

31 Jameson 1991, p. 261.

This is explicitly what is at stake in Macherey’s concept of infra-ideology. An infra-ideology is an ideology that is inserted directly into practice, dispensing with any justification or rationalization.³² If modern man has been made productive, as Macherey claims, then it is worth noting that this imperative functions simultaneously as a material transformation, extracting more activity from minds and bodies, producing more of anything from iphones to service phone calls, and its ideological justification, productivity has become the cornerstone of our pop psychology. To be productive is both a cultural imperative and an economic practice. However, as an imperative it is a strangely open, undefined; being productive is a intransitive demand without an object or a justification. This accounts for both its pervasiveness (who does not desire to be productive?) and its flexibility (it can be applied to every practice and object).³³ Macherey’s concept of infra-ideology draws from Foucault’s concept of the norm, a norm understood not as a prescriptive statement or declaration, but as a practical target and object of practices. Norms do not so much dictate the ultimate ground or rational for actions, the classical terrain of ideologies, but their effective goals and targets. The division between Marx and Foucault is overcome not just in terms of power, or anthropology, seeing in both the constitution, and not just the exploitation, of the worker as worker, but also in terms of the divide between norms and ideology, between effective and obfuscating representations of society.³⁴ Infra-ideology is immediately practical and effective, it is something one does rather than something that one believes. Nonetheless it remains ideological if only in its ability to reify a particular order, foreclosing any representation of alternatives. Productivity has become a second nature, we cannot imagine a life or an existence outside of it.

Virno’s philosophical anthropology traces a similar foreclosure of alternatives, but one that passes through a different articulation of the present, hinging on the metahistorical division between potentiality and actuality. As much as one sells labor power, one is engaged in effective labor: as much as one puts to work the general intellect, it is actualized in specific forms of knowledge. Knowledge as such can never be a productive force, just as abstract labor must always be concretized.

32 Macherey 2014, p. 302.

33 Macherey 2014, p. 342.

34 As with the anthropological division above, this division is not as stark as it would first appears. As much as Foucault constantly distances himself from the concept of ideology, preferring a study of bodies in their materiality and discourses understood as a production of truth. However, Foucault’s declaration on this point is undercut by his own assertion that disciplinary power is concealed beneath the rights and liberties of modern society. As Foucault writes, “power is tolerable only on condition that it masks a substantial part of itself.” As Jacques Bidet and Pierre Macherey argue, Foucault would seem to have an unnamed concept of ideology in his examination of the way in which the true functioning of power is obscured.

For Virno the very exploitation of the generic capacity in contemporary capitalism leads to a kind of confusion; the present moment is taken not as an instantiation of the generic faculty, one other historical articulation of its condition, but of the manifestation of the generic faculty itself. Virno compares this historical confusion with the temporal confusion of déjà vu. Virno argues that the experience of déjà vu is best understood from the perspective of Bergson, from the memory that is internal to the experience of the present. Memory, the difference of past and future, is integral to every actual temporal experience.³⁵ Déjà vu confuses this memory that makes the present possible with the present as a memory. Rather than memory being a condition of the present it seems as if the present itself is being remembered, that everything happened before. The faculty is manifest not as a potential, but is confused with a fact. This psychological confusion explains, or is analogous to, our historical confusion in which the current historical organization of language, thought, and habit appears as the manifestation of the very capacity for thought, language and habit. Déjà vu and our historical condition are both defined by the apparent presence of potential. For Virno the bourgeois or classical political economists failure to historicize, to make the categories of capital meta-history rather than one particular manifestation of history, so that mammoth hunters become entrepreneurs and flints become investments, is not a simple act of bad faith or even ideological mystification, but stems from the capital relation itself. As Virno writes,

When capitalism appropriates an anthropological requisite like the potential to produce, the accent can fall either on the contextualized ways in which the appropriation takes place, or on the indeterminate character of this requisite, pertaining to any epoch or society. The second emphasis points to the ‘bourgeois narrow-mindedness, which regards the capitalist forms of production of production as absolute forms—hence as eternal, natural forms of production.’ It is the concept of labour-power that explains the spread of state of mind (little matter where it be melancholic or euphoric) inspired by the “end of history.”³⁶

The historical existence of meta-history, the transformation of human potential itself into a mundane fact of life, creates the alibi of the end of history, of the foreclosure of any other possibility.

A singular thread cuts through Macherey and Virno’s anthropology, that of ‘capitalism penetrating deeply into our existence,’ to borrow

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35 Virno 2015, p. 17

36 Virno 2015, p. 173.

Foucault's terms. The abstraction and indetermination that defines human nature becomes in contemporary capitalism an actual part of daily existence, and a mundane one at that. The metaphysics of capital are not to be found in the fetish of commodities, or the abstractions of speculation, but in the quotidian practice by which the worker sells the capacity, the potential to do work, and that potential is put to work. The metaphysics is perfectly mundane one. Capital brings together the most lofty and the most mundane, the fundamental transformation from potentiality to actuality has become a daily task of survival. It presents itself as a the very expression of our human potential, or, to draw together Virno’s concept of potential with Macherey’s infra-ideology, capital’s infra-ideology is that presents itself as the very condition of realizing one’s potential, a condition that is all the more pervasive for being absolutely impersonal and abstract. What stands between me and the realization of my potential is not some agency, collective or individual, but nothing other than the conditions of the market, conditions that appear to complex and contingent to seem real. As Jonathan Crary writes, describing this condition.

Now there are numerous pressures for individuals to reimagine and refigure themselves as being of the same consistency and values as the dematerialized commodities and social connections in which they are immersed so extensively. Reification has proceeded to the point where the individual has to invent a self-understanding that optimizes or facilitates their participation in digital milieus and speeds.³⁷

Virno and Macherey make it possible to map these pressures, or more importantly why these pressures do not appear as pressures at all. The daily act of selling one’s labor power appears simultaneously as a simple fact of life, as a necessary condition for survival, and as a realization of human potential. The infra-ideology, the daily imperative to be productive, contains within itself the very outside of ideology, potentiality itself.

Anthropological Divisions

As much as a critical anthropology of labor power can reveal how capital penetrates into our existence, its fundamental axiom, the mutual reinforcing definition of labor power and humanity, has little to say about those who are excluded from the wage relation. The formulation humanity equals labor power might account for its critical force in excavating the basis of our existence, but such an axiom does not account for the multiple exclusions of contemporary capitalism. These

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37 Crary 2013, p. 100

exclusions encompass those whose work is not measured by the wage, the entire sphere of reproductive work and unwaged care work, work that is not directly waged but mediated by the wage, but also those that are entirely outside of wage relation altogether, surplus populations outside of capitalist accumulation. The former, care workers, house work, and the anyone who performs reproductive labor without being paid a wage, can be considered excluded by inclusion. It is their very functioning for capital, the role they play in keeping the costs of reproduction low, that constitutes their exclusion from the wage relation. Those outside of labor altogether can be considered included by exclusion, which is to say that as much as they are outside of labor, not even exploited, they are still internal to it through dependency on commodities. "Capital may not need these workers, but they still need to work."³⁸

Following the argument constructed above each of these exclusions and inclusions must be understood to have effects that are not just economic or political, but anthropological. They must touch on the very definition of humanity. With respect to the first, to the included excluded nature of care work and housework. The anthropological dimension is implied in its very existence. As Silvia Federici argues if work is not waged, and thus not in response to external and recognized goals, then it is turned inward, seen as expression of inner drives and desires.³⁹ As much as the wage form obfuscates exploitation, concealing it in the fiction of a job paid for, it also recognizes work as a work, as a social contribution. Thus, it is possible to say that care work and housework is subject to a double exclusion, once at the level of the economy, not being subject to a wage, and once at the level of its representation, where its exclusion as work leads to its internalization. The wage is an impersonal bound between worker and boss, a form of machinic enslavement, but care work, work do in the private space of the home is subject to social subjection. Care work thus reproduces and reinforces an anthropological difference between men and women. This is true of both waged care work, or emotional labor, such as nursing, waitressing, flight attendants, and child care, in which one is compelled to perform a gender that is taken to be natural, and the unwaged variant, the care that sustains families and relations. These two aspects of care work, the waged and unwaged, form a mutually reinforcing circle, the naturalness of work performed at home outside of the wage justifies and reinforces its devaluation in the wage form.⁴⁰ Gender difference is both outside the wage form, as its supposed ground, and inside, as its effect.

The exclusion from labor constitutes the basis for a different

38 Clover 2016 p. 26.

39 Federici 2012, p. 16.

40 Weeks 2011, p. 25.

anthropological divide, a divide perpetuated by its inclusion. Those outside of the market, unable to afford the basic commodities for existence, still need to find work, to sell their labor. There is no frontier, no unclaimed territory for them to migrate to. This is what it means to be excluded by inclusion. As Balibar writes, "At the moment at which humankind becomes economically and, to some extent, culturally "united," it is violently divided "biopolitically."⁴¹ This divide creates an entirely new anthropological category, that of a disposable human being.⁴² Of course the disposability of human beings is not new, what has perhaps changed is the impersonal or abstract nature of this exclusion. The exclusion is not a political act or declaration, but is itself an effect of the market. This ambiguity, it cannot be called a dialectic, of the natural and the social, creates the very image of the disposable human being. As Balibar writes.

The "disposable human being" is indeed a social phenomenon, but it tends to look, at least in some cases, like a 'natural' phenomenon, or a phenomenon of violence in which the boundaries between what is human and what is natural, or what is post-human and what is post-natural, tend to become blurred; what I would be tempted to call an *ultra-objective* form of violence, or *cruelty without a face*; whereas the practices and theories of ethnic cleansing confront us with what I would call *ultra-subjective* forms of violence, or *cruelty with a Medusa face*.⁴³

These two forms of cruelty, ultra-objective and ultra-subjective, reinforce and expand each other. The ultra-objective cruelty of being excluded from the market leads to ultra-subjective forms, immiseration creates conflict, which in turn serves to justify future repression and immiseration. At the center of this back and forth of forms of cruelty is the disposable human being, an excluded, racialized body. This is a particular neo-racism: race no longer justifies exclusion, functioning as the alibi for legal and social inequality, but exclusion, inequality, justifies racism. Race is the immediate and self-evident explanation of a system of exclusion and hierarchies that exceeds it.⁴⁴

If the human essence is to be found in the ensemble of social relations as Marx claimed, then untotalizable totality of the ensemble does not only include the wage relation, the selling of labor power, which has produced a humanity that is both potential and productive, a

41 Balibar 2004, p. 130.

42 Ogilvie 2012a, p. 77.

43 Balibar 2002, p. 143.

44 Balibar 1991, p. 19.

humanity defined by a mutually reinforcing abstraction of labor power and collective human potential, but it also includes the exclusions from the wage relation. These exclusions take on their own particular anthropological salience. These exclusions are the extreme points, the end points of a hierarchical labor market. Gender intersects with the anthropology of wage labor not just through the unwaged work of housework, but also through the general feminization of labor, which demands a more caring, responsive, and docile worker.⁴⁵ Femininity is both the supposed ground and effect of this new form of labor. In a similar manner race is not just the alibi for those completely excluded, but it also functions as the alibi for a labor market that is far less mobile than its supposed ideal. Race explains immobility and stagnation in the face of a market that is supposed to be defined by its mobility and transformation. Just as there is a racialization of the divisions of the labor, class itself is racialized, as the divisions between classes, between mental and manual labor, become attributed to different classes. As Balibar writes on the intersection of race and class,

This process modifies the status of the human body (the human status of the body): it creates *body men*, men whose body is a machine body, that is fragmented and dominated, and used to perform one isolable function or gesture, being both destroyed in its integrity and fetishized, atrophied and hyterophied in its useful organs... This is an unbearable process for the worker, but one which is not more 'acceptable', without ideological and phantasmic elaboration, for the worker's masters: the fact that there are body men means that there are *men without bodies*.

It is not, as it is often claimed that race and gender are added to exploitation, added to class, forming a triad of forms of domination, but that the wage form, exploitation, always already has effects of racialization and gendering. This is not to suggest that capital, or the critique of political economy is itself the necessary and sufficient basis for grasping all of the various divisions of humanity. The differences of exploitation are always already modified by the intersecting structures of nation, state, and home. The human essence is not some abstraction in each individual it is unequally and incompletely distributed across the totality of humankind according to the divisions and transformations of labor, transformations that intersect with the nation state, the global terrain, and the intimate space of the household. Or understood differently, it is because neither capital nor the nation state have a univocal anthropological dimension, are thus each defined in terms of their fundamental ambiguity that they necessarily involve the other.

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Power 2009, p. 20.

As Balibar writes:

The determining factor, the cause, is always at work *on the other scene*—that is, it intervenes through the mediation of its opposite. Such is the general form of the 'ruse of reason' (which is every bit as much the ruse of unreason): economic effects never themselves have economic causes, no more than symbolic effects have symbolic or ideological causes.⁴⁶

This ambiguity is twofold. First, as much as capital and the modern state have a universal dimension, labor power as a universal human attribute or the citizen as a generic figure of inclusion, this universal is fundamentally unstable in terms of its symbolic dimension. The act of work, of selling ones labor power can be understood in a collective manner, as the basis for solidarity, or it can be individualized. As Balibar writes, describing the current symbolic economy of work. 'The capitalist is defined as a worker, as an 'entrepreneur'; the worker, as the bearer of a capacity, of a 'human capital.'⁴⁷ A similar instability can be found with respect to the citizen, the universal figure of political belonging, it is split between its insurrectional and constitutional aspects, the basis of rebellion and authority. The fundamental ambiguities of the worker and the citizen is then complicated by the necessary exclusions of each. The human is always already overdetermined by the mutual intersections of capital and nation, work and political belonging.

Post-Capital/Post-Human

A few provisional conclusions can be drawn from this examination of the quotidian anthropology of labor power (and its exclusions). First, and most immediately, there is no unified subject of humanity, no working class with nothing but its chains to lose, and no citizen as the universal figure of human political belonging. As much as the general direction of capital is to posit an interchangeable figure of humanity that is nothing other than its potential, a potential that exists to be actualized into multiple different forms of labor, this is not without its qualifications and exclusions. The division of the human essence into multiple figures means that any struggle against capital has to forego any universal anthropological postulate, neither total inclusion and exploitation or total exclusion and immiseration can become the basis for struggle. Rather any opposition against capital will have to think through the multiple and contradictory articulations of this essence, which are nothing other than the multiple and contradictory articulations of the labor process.

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Balibar 2004, p. 19.

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Balibar 1994, p. 52.

This limit, and barrier to struggle, is also the condition for renewed and expanded struggle. As we have seen the identity of labor power and humanity leads to a fundamental transformation of ideology, an infra-ideology or déjà vu in which humanity becomes synonymous with the actualization of its labor power, and vice versa. This absolute reification of humanity, humanity as capital, or human capital personified, risks becoming a closed universe, a one-dimensional world, in which there is no outside because it is presented as not just one actualization of human potential but the actualization of human potential as such. This is not to say that there are not dissenters and disaffected in this world of self-exploiting entrepreneurs, just that it is difficult for this dissent to find a purchase in this terrain. This closed universe confronts its own limit in the different figures of humanity that are produced as its necessary precondition. There is the temptation to make the excluded the new universal subject of history, to believe that the future belongs to the surplus populations, and it is most likely that the excluded will produce the most tumultuous resistance to capital in the coming years, the age of riots. However, thinking through the anthropological divisions of contemporary capital means taking as a starting point the fundamental division and antagonism of humanity, to think a divided, and not just nontotalizable, ensemble. The challenge to come is to cross these divides, which are not just divides of classes, nations, and rations, but are also the divides of the human as such.

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Mapping the Abstract Essence of Concrete Existence: An Analysis of the Privative Form of Value, an Overdetermined Category

Frank Smecker

Abstract: This paper not only exhorts the reader to appreciate the scientific dimensions of Marx's *Capital*, it also re-engages these dimensions in a critical analysis of the value-form. By mobilizing certain methodological principles and established concepts borrowed primarily from both Althusser and Lacan, this paper postulates that value is an overdetermined category; namely that, as the subject of valorization, value comes into existence in the very domain of its determinations. This paper begins, then, with value as it typically appears in political economy: as an ideal category that both classical and neoclassical economists alike presuppose as always-already given. Starting with the abstraction of value, I place this abstraction under analysis in order to enable a fuller, more specified comprehension of the underlying drivers of its discursive authority. For it is also argued in this paper that value obeys the same laws as the signifier. Thus, *overdetermined* by an ephemeral and multifarious arrangement of differences, value is an effect of the uncompromising non-relations (pure differences/sites of tension) at the heart of the social field. Value, I argue, serves therefore to conceal these non-relations (and their attendant negativity) that underpin the social domain, a function of concealment which value performs in its endeavors to thereby retroactively positivize the social domain.

Keywords: Overdetermination, Value, Althusser, Lacan, Marx, Žižek, jouissance, science

I. Marxism as a theoretical science of value

One can certainly detect in Marx a degree of refusal, present throughout much of his work, to fully relinquish an unshakeable, though often understated trust in an obvious (albeit distinctively nuanced) persuasion of French socialist Utopianism. It demands wading through a number of his texts following the *1844 Manuscripts*, but one will notice that the progressive *telos* behind such an optimistic conviction is entrenched in the established belief that society will one day overcome antagonism. But perhaps it should also be said that in spite of — maybe even *because of* — this tacitly idealist spirit we find in Marx from time to time, we can (because we must) maintain the theoretical practice of Marxism while moving beyond the time-honored idea that antagonism can be overcome, or that an invulnerable social link can one day be founded. Only scant regard to the history of class struggle, a concrete manifestation of the many irreconcilable antagonisms into which social relations can and often do fall, will direct one's analytical judgment inauspiciously elsewhere.

If you ask me, it would be trite or simply misdirected to (return to and) ask why Marx occasionally wrote in a manner that evinces an idealism that is, at times, despite its subtlety, fiercely at odds with the

more robust theoretical and critical aspects of his work; recall that for some, such an idealism cannot *not* be seen as rebarbative from certain materialist perspectives. But we mustn't censure Marx where he appears "theoretically fragile." After all, he was dedicated to producing theory while seeking a philosophy. Thus, *formally*, what Marx ultimately gives us does have the structure of a science — there is a *practice*, a *method*, a *theory*, demonstrably at work in Marx's *critique* of classical political economy — and science, Althusser once wrote, "*lives ... by the extreme attention it pays to the points where it is theoretically fragile.*"¹

It is well documented that Althusser was insistent that a pure and proper science sustain itself by performing the indefatigable work of exposing whatever former constraints might have been placed on its developmental process. In fact, science as such ought never to abstain from confronting the obstacles of its own development. Whether these obstacles are conceptual blockages or ideological interferences, or an obnoxious combination of both, paradoxically they function as the main impetus behind scientific innovation and development. Indeed, we do see in Marx's proto-structuralist project, *Capital*, exactly this, the mark of a true science, as he interrogates the existence of established categories that reflect the way social relations of production appear across the deceptive surface of bourgeois society, at the level of everyday social experience.

For that matter, despite Marx's periodic intimations, latent or manifest, of a revolutioneering idealism, Althusser is rightly justified to claim that Marx's major work, *Capital*, represents a distinct epistemological break from his earlier work, a real breakthrough into an entirely new scientific discourse.

But if there is a point at which interpretations of Marx threaten to compromise the scientific integrity of *Capital*, it is surely to be found in errant theoretical deviations such as, for instance, economism: what Hans-Georg Backhaus once described as a positivist enterprise that is "bound to miss the critical intention of Marx's value theory," a blinkered enterprise that "necessarily leads to dissolving Marx's theory of society into a bundle of sociological and economic hypotheses."² It is a heritage polemic that happens to go far back. But like Backhaus, one should do well to call into question such a marked display of oversight — namely, the failure to acknowledge what is plausibly the true provenance of the revolutionary character of Marx's critique, which is not to be found in any concocted promise of a worldview or total system of enumerated socio-economic facts and observations. Strictly speaking, it is to be found in a *theoretical science of value* that Marx viably grounded on a dialectical

1 Althusser 2009, p. 31.

2 Backhaus 1980, p. 99.

method of analysis, the revolutionary disposition of which proceeds from a critical aim directed at the structural relations that sustain the commodity form. Hence Backhaus exhorts his readership to recognize the gravity of Marx's theory of the value-form, the cardinal significance of which Marx himself announces in the foreword to the first volume of *Capital*: "For bourgeois society, the commodity form of the products of labor or the value form of the commodity is the economic cell-form. To the superficial observer, the analysis of these forms seems to turn upon minutiae."³

It is an important admonishment, then, recurrently promulgated across the erudite channels of theoretical scholarship and thrashed out among the variegated forms of party organization, which we should attend to again and again: that there is perhaps nothing more negligent, treacherously rash even, than reading Marx through the purpled lenses of bourgeois economy. A strictly economic or positivist understanding of *Capital* will fail (quite miserably) to appreciate the critical-theoretical dimension of this work, a profoundly unique and revolutionary dimension that indicates an unmistakable break with classical political economy as such.⁴

Thus, in keeping with Marx's theoretical practice and, in hopes of addressing unresolved questions about the category of value, this paper aims to scrutinize relevant aspects of political economy through the gifted lenses of Marx — the rigor of his method — alongside the periodic aid of a synthetic framework of analysis pieced together with methodological principles and established concepts I have borrowed from both Althusser and Lacan. Althusser — because, like Lenin, he asserts and provides a formalized foundation for the autonomy of Marxist theory,⁵ and because the intellectual efforts borne along by Althusser's 'symptomatic reading' of *Capital*, as well as his subsequent elaborations of Marx's theoretical science, have since allowed us to apprehend the intricate complexity of the structural real both constitutive of, and constituted by, the capitalist mode of production underpinning the social field as such. Lacan — because as Samo Tomšič spells out in his

3 Marx 1990, p. 90.

4 Althusser was insistent that humanism — the idea that us humans bear universal attributes which must be recognized, naturalized, etc. — is itself a positivist enterprise, too; perhaps even a displacement of economism into other terms. More than just the 'Man' of bourgeois thought being a unified whole masking exploitation, one can argue that humanism designates an "ideology of surveillance" insofar as an understanding of 'Man' depends on very specific "circumstances and education," viz., on arranging the world in a certain way (see for instance, Rancière, 2011).

5 "Marxists [...] have unfortunately paid insufficient attention to this phenomenon of the survival and revival of formulas beyond the conjuncture that called them into existence: they prefer to tear each other to shreds rather than make the effort required to understand the auxiliary laws (for these laws are never fundamental, except perhaps in extreme cases of closely balanced conflicts) governing the relationship of their formulas to variations in the conjuncture" (Althusser 2006, p. 24).

vigorously lucid book, *The Capitalist Unconscious: Marx and Lacan* (2015), it is Lacan's discovery of the homology between surplus-jouissance and surplus-value that legitimizes the claim that "the general equivalent ... a Commodity in which [the values of] all commodities are reflected ... supports the infinitisation of satisfaction"; namely, the capitalist drive behind the valorization of value⁶ (and although it might seem like an inscrutably occult way of putting things — though I will expound on all this later, my intention is to leave no enigma opaque — valorization has its basis in the impossibility of enjoyment, or, what is the same, in an original absence of value).⁷ And because I will be mobilizing Marx through both Althusser and Lacan it would be remiss of me not to include, at certain moments, the influential work of Slavoj Žižek, not simply because of his intellectual relationship with these figures, but moreover, because I find both his heterodox readings of Marx and his critical engagement with Althusser to lend favorably to the notion of value as an *overdetermined* category: the postulation that value, as the subject of valorization, comes into existence in the very domain of its determinations.

In other words, and to say something brief about method, even if, to paraphrase Marx, doing so before demonstrating results might get confusing, I am beginning my analysis of value from the same point of entry as had Marx. I am setting myself the task of beginning with the *abstraction of value*. To start here with the abstraction of value and to treat it both critically and analytically, to discover its more frangible and even clashingly discrepant aspects — in order to enable a fuller, more punctilious comprehension of the underlying drivers of its discursive authority — is to begin with value as it typically appears in political economy: as a category that both classical and neoclassical economists alike seem to presuppose as always-already given.

Accepting that the abstraction of value is neither a simple matter nor exclusive from the concrete (even if that requires, later on, a bit of deductive reasoning from synthetic truths, which, at the very least, reserves the necessary space for contingency), there is nothing unsound about starting in this fashion. In fact, it is precisely in this capacity — as an *ideal* expression, i.e., as a presupposed category — that value is first subjected to the process of exchange, thrown into the rotary motion of capital's self-valorization, where it finds itself inexorably caught up in a volute series of formal changes: from its vacillations between use-value and exchange-value, to its production of surplus-value, the creation of profit pursuant to the sale of a commodity on the market, value *comes into existence in the very domain of its determinations*. This is, *in nuce*, what I

6 Tomšič 2015, pp. 123-4.

7 At the most fundamental level, this is an issue of lack, which reflects the excess foreclosed to symbolic capture, and the excess deriving from such a lack. In other words, lack and excess are simultaneously counterpart and specular image of each other.

mean by value being overdetermined, though I will have more to say about this as my analysis unfolds.

II. Introducing the problematic of value as an overdetermined category

As most Marxologists are already aware, starting with the basic premises from which Marx had set in motion his analysis of value — that labor as such is the "substance" of value and that the latter's measure of magnitude is labor-time (Ricardo's labor theory of value) — and insofar as human labor "bears the mark of a determinate social structure,"⁸ one can successfully demonstrate that a science of value unavoidably develops into a science of the underlying structures of social relation; that essentially, value-*form* is the manifestation of a given mode of production. The proceeding analysis, then, will follow a similar path laid by Althusser and Étienne Balibar in the collaborative work, *Reading Capital* (1968), which recasts our social domain as a luxated structure, i.e., as a "[dis]articulation of *two* different instances": namely, an "economic" instance and a "socio-political" instance.⁹ The specific problem I will be working with herein, however, is pertinent to a question Balibar addresses: "how does a specific mode of production determine the relations between [these two] instances of the [social] structure?"¹⁰

This question, indeed an analytically fecund one, seems to suggest that our social relations, as effects of "a structure of structure," are more or less determined by underlying matrices of relations of production. In effect, and as I hope to cogently illustrate, these underlying relations structure our affective relations (which bind us as subjects — *suture* us even — to ideology and our various "existential" situations) and thereby govern our given forms of life in a manner markedly homologous to the structure of signification associated with language:¹¹ specifically, the system of signifiers that precipitates the performative production of a system of values, which gives rise to varying phantasies of *telos* (note, for example, that in a world structured by and around the capitalist mode of production, the union between use-value and exchange-value is based on the phantasy of ever-growing needs).

The crucial takeaway from this is at least twofold: (i) value (especially, if not specifically, exchange-value) obeys the same laws as the signifier, and (ii) value as a fixed attribute is as fictive as the context in which it is taken up insofar as value is an effect of pure difference, or, in the case of political economy, insofar as value — which is both

8 Rancière 1971, p. 37.

9 Balibar 2009, p. 247.

10 *Ibid.*, p. 246.

11 "Speech is first and foremost [an] object of exchange" (Lacan 1991, p. 47).

constituted by and, constitutive of, the complicated antagonisms associated with structures of social relations — is an effect of the uncompromising non-relations (sites of tension) at the heart of the social totality as such. To put it differently, value is *overdetermined* by an ephemeral and multifarious arrangement of differences, or, as Saussure put it: “in any semiological system, whatever distinguishes one sign from the others constitutes it. Difference makes ... value.”¹²

This, however, does not in any way prevent value qua value from producing real effects that transcend its fictive base. Real decisions are based on presuppositions of value every day. Thus value can dictate a course of action. But this we already know, as evidenced by the perilous relationship between capitalist and worker, or the banal sale of a commodity on the market.

Of course, it is not lost on me that all of this is implicated in a terribly complicated “historical” process, by which I mean a terribly complicated *theoretical* process that treats history as an epistemological object rather than an actual temporal movement. Even so, bracketing off any speculative discussion regarding its origin, I assume value is purely “social” insofar as it belongs to a unique class of symbolic artifacts.¹³ The oft-ineluctable mystification of value, however, obfuscates the sociality that value essentially *is*: to reemphasize a claim made earlier, value is first and foremost an effect of the uncompromising non-relations (sites of tension) at the heart of the synthetic social totality. To put it bluntly, the source of value is inequality. Thus, as I see it, value serves merely to conceal such inequality in its attempts to thereby retroactively positivize the social field as such.

It is therefore my hope that the present paper will illuminate that which we do not often see because we see it all too often: namely, that

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de Saussure 1966, p.121.

13 This paper treats value in the same manner Lévi-Strauss treats the incest prohibition in his *The Elementary Structures of Kinship* (1969), namely, as something that “is in origin neither purely cultural nor purely natural [...] In one sense, it belongs to nature, for it is a general condition of culture [whether or not this is anthropologically true will not be taken up in this paper; it is thus my admission, and potential fault, that value as a general condition across all cultures is merely being assumed here and taken up as a working hypothesis] ... However, in another sense, it is already culture, exercising and imposing [itself] on phenomena which initially are not subjected to it” (Lévi-Strauss, 1969), pp. 24-5). In other words, culture, according to Lévi-Strauss, is essentially what nature is not. Anything that is a generality must be natural; hence *genera* for all species, and general (universal) laws like that of gravity, velocity, entropy, etc.; all these are what we would call natural. Culture, on the other hand, is the exception to this general state of nature. It is certainly the case that the incest prohibition (including its various iterations and derivatives, e.g., law, performative, ritual, etc.) exists generally in and across all cultures, but nowhere else in nature is it to be found. This, in effect, marks the irreducible divide between “culture” and “nature”; man is parasitized by a symbolic order, so the story goes, for it is not simply the case that the incest prohibition is what the human being makes, but rather: the incest prohibition is the very thing that characterizes the human being as being human. It is precisely in this sense, then, that in the last analysis value carries the same symbolic weight as symbolic law itself — viz., that value is “imposed on phenomena which initially are not subjected to it,” which warrants me to posit value as a kind of symbolic artifact.

our lived “reality” serves as a factitious screen, the masking mechanism of which (i.e., value) simultaneously conceals and signals, distorts and displays, slows down and projects, the gaps in the symbolic structures that are both representative of, and accountable for, the *real* structure of (non) relations that continue to reproduce such a screen. An ongoing analysis of value, I believe, will offer tremendous aid in exposing the logic underlying this complex process of structuration while also providing an outline for what I hope is an original and compelling theory of value to be distinguished both from its narrow economic valence and its mobilization in humanism, ethics, and so on.

Thus, to begin chiseling away at the overall generality of this basic albeit theoretically-knotty inquiry, that of value as such, with the intention to carve out something more defined, more specific, I am led to ask the infamous question so many others before me have already posed:¹⁴ How does value assume the specific form that it does? Additionally, what can be said about the realism of capitalism — how does this “realism” make capitalist values hardwired in a world where value itself may not even exist in the *positive* sense?

The notion that things that do not exist, nonetheless, in their non-existence, have real effects is central to a theoretical elaboration of the concept of overdetermination. Such a notion is also central to a Lacanian-Althusserian-Marxist project insofar as such a project is “sustained by the dual and conjoint observation of presences and absences.”¹⁵ As a further note, David Pavón-Cuéllar writes that Althusser’s materialist dialectic, centered on Althusser’s own conception of overdetermination, “does not exclude exceptions, surprises, symptoms, contradictions, and even indeterminacy,” which renders his work “compatible with the Lacanian approach to discourse.”¹⁶ One might even say that with respect to Althusser’s concept of overdetermination, the *per se* social structure,

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This is a question Marx himself posed: “Political economy has indeed analysed value and its magnitude, however incompletely, and has uncovered the content concealed within these forms. But it has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product” (Marx 1990, pp. 173-4). Other academic Marxists (including Althusser et al. and Backhaus) who have also returned to this fundamental question include but are not limited to: Christopher Arthur, ‘Dialectic of the Value Form’, *Value: The Representation of Labor in Capitalism*, ed. D. Elson (London: CSE Books/Humanities, 1979); Michael Eldred and Marnie Hanlon, ‘Reconstructing Value-Form Analysis’, *Capital and Class*, 13 (1981), pp. 24-60; Ruy Fausto, *Marx: Lógica and Política* (São Paulo: Editora Brasiliense, 1983); Patrick Murray, ‘The Necessity of Money: How Hegel Helped Marx Surpass Ricardo’s Theory of Value’, *Marx’s Method in Capital*, ed. Fred Moseley (Atlantic Highlands, NJ: Humanities Press, 1993); Tony Smith, *The Logic of Marx’s “Capital”: Replies to Hegelian Criticisms* (Albany: State University of New York Press, 1990); Hiroshi Uchida, *Marx’s Grundrisse and Hegel’s Logic*, ed. T. Carver (London: Routledge, 1988); Howard Williams, *Hegel, Heraclitus and Marx’s Dialectic* (New York: St. Martin’s Press, 1989); Jindrich Zeleny, *The Logic of Marx*, ed. T. Carver (Totowa, NJ: Rowman and Littlefield, 1980).

15 Althusser 2009, p. 20.

16 Pavón-Cuéllar 2015, p. 414.

i.e., a “complex totality,”¹⁷ is notably akin to Freud’s conception of a point of condensation: a collective figuration with which a good deal of displacement has combined to form the composite social structure in which we find ourselves implicated today — namely, capitalist society.

For these reasons, and for the sake of further developing the concept of overdetermination (to be conscripted into a theoretical science of value), let us assume that the complex totality of social relations — the only realm in which we know for certain that value is saddled onto phenomena that initially are not subjected to it — is, to summon both the body and practice of psychoanalytic structuralism, structured like a language. Or, to be more specific: The social relations constitutive of capitalist society are structured according to the logic of a particular abstraction, one which is real nonetheless: that of the commodity form, which Marx revealed as being “constitutively split,” meaning the *difference* between use-value and exchange-value is immanent in the commodity as such.

To invoke the latter seminars of Lacan and the recent work of Tomšič, the governing logic of the value of the commodity form is an iteration of the logic of the signifier (or, what amounts to the same, the logic of signification as such).¹⁸ The hallmark of this logic is its distinctive recursivity. Like the signifier, value is nothing but a relation to another value, which effectively sets in motion an “intra-discursive” dynamic that, as I will demonstrate, has as its basis a certain causal absence, namely, the privative form of non-identity; a “nothing that counts for something” as the quip goes. All this is important to keep in mind for understanding value as an overdetermined category, which, as I will illustrate later on, is also at play in the logic of the signifier.

III. Drawing implications from the homology between surplus-value and surplus-jouissance

Now, there is a concern that Marx might never have finished developing his theory of value. In fact, it is fair to say that at first blush one might be hard pressed to pin down an adequate demonstration

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17 A term Althusser uses which designates a social totality that is de-centered, the elements of which are “asymmetrically related but autonomous, i.e., contradictory” (Althusser 1977, p. 255). To elaborate on this, Althusser effectively retrofitted Marxism to his theory of *overdetermination* and structural causality (a concept that has its basis in, and thus is borrowed from, psychoanalysis; specifically, Freud’s psychoanalytic theory of the dream-work) in which, as Knox Peden succinctly puts it, “individuals serve as the bearers of competing and often contradictory forces.” Althusser’s application of the theory of *overdetermination* posits historical change not as “a matter of dialectical unfolding,” but rather as an entire ensemble of moments “in which competing ideological worldviews and structural factors start to breakdown” (cf. Peden 2015).

18 As Lacan himself stated: “It is enough to open the first volume of *Capital* in order to become aware that the first step of Marx’s analysis of the fetish character of commodity consists precisely in the fact that he addresses the problem on the level of the signifier as such, even if the term itself remains unpronounced” (Lacan, *Le Séminaire, livre VI, Le désir et son interprétation* [Paris: Éditions de La Martinière, 2013], p. 371).

of the way in which the “fundamental concepts of the value theory are dialectically structured,” or, to put it differently, of how value assumes precisely *this* or *that* form.¹⁹ After all, Marx presents his value-form analysis in at least four different versions, not all of which are entirely consistent with one another. The present paper, however, proffers an approach towards rectifying this problem by attempting to show that the form of appearance of value is none other than the form of concealing the fact that, at the so-called generative-causal level, there is *nothing* to conceal. In other words, the appearance of value, especially in its general equivalent form (the way in which one commodity can be expressed relatively in another commodity), conceals a non-identity: i.e., labor-power, which Marx designated the subject of exchange-value.²⁰

As Tomšič puts it,

[t]he gap between representation and production cannot be localised because it is everywhere and nowhere in the labour process. No quantification can draw a limit, where the production of use-values ceases and the production of surplus-values begins, and correspondingly, where labour is paid and where unpaid surplus labour begins. The problem [lies in the fact] that labour-power is already produced as structurally inadequate and non-identical.²¹

Therefore, an examination of the role of value in the mode of capitalist production calls for analysis of the concept of *surplus-value*. Thanks to Marx, this particular form of value can be defined accordingly: surplus-value is unpaid labor. Or, to be more specific: surplus-value is the difference between the value of labor-power and the value created by labor. In economic terms, it is an excess value “realized only in circulation,” which stands over and above an initial cost-value. Surplus-value is thus a newly yielded value produced through the sale of a commodity, and it exceeds the initial cost-capital that is advanced for the production of said commodity. Therefore, surplus-value accounts for the phenomenon of capital gain better known as profit, a dialectical outgrowth of the circulation of exchange-values.²²

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19 Backhaus, “On the Dialectics of the Value-Form,” pp. 99-103, *passim*.

20 As Tomšič writes: “Use-value manifests in the relation between commodity and consumption, making of the former both the sign of a need and the sign of a psychological subject, to whom the need can be attributed. Exchange-value, however, concerns the relation between commodities themselves and is apparently without a subject. Marx then shows that this is not the case because in the world of commodities there is one commodity that forms an exception: labour-power, the only commodity-producing commodity. This exception means that exchange-value is *not* without any subject ... but only without a subject of need (psychological or empirical subject)” (Tomšič 2015, p. 29).

21 Tomšič 2015, p. 61.

22 See, for instance, Marx 1970, pp. 26-35, *passim*; see also, Marx 1973, p. 321.

It is important to acknowledge that this integral component of capitalist production had run its course without proper notice for quite some time. Until Marx, the *concept* of surplus-value was lacking despite always-already playing its indispensable role in the capitalist mode of production. Addressing this matter, Althusser writes:

When Marx criticized Smith or Ricardo ... because they were unable to distinguish between surplus-value and its forms of existence, he was in fact attacking them because they did not give a *concept* to the fact that they had managed to 'produce.' We can clearly see that the mere 'omission' of a word is really the absence of a *concept*, since the presence or absence of a concept is decisive for a whole chain of theoretical consequences.²³

Here, one might ask what place the figure of a *chain* has in the metaphors of production, especially when one is dealing with a classification (or lack thereof) of surplus-value, the existence of which is necessary for the reproduction of the capitalist mode of production.²⁴

23 Althusser 2009, p. 187.

24 To explain why surplus-value is necessary for the reproduction of the capitalist mode of production, we must recall, as previously mentioned, that it is the sale of a commodity that produces surplus-value, which in turn produces a profit for the capitalist. The value of a commodity "produced in the capitalist way" can be summed up in the following algebraic equation: $C = c + v + s$ (where C is the commodity, c the constant capital, v the variable capital, and s surplus value; I will explain what these terms denote in a moment). As Marx writes, "[i]f we subtract surplus-value from this value of the product [i.e. the commodity] there remains a bare equivalent ... for the capital-value $c + v$ expended in the elements of production" (Marx 1970, pp. 25-6). Now, I will define the components enumerated before us: constant capital $< c >$ is that part of capital expended on "the means of production," such as the raw materials, the instruments of labor (machinery), etc. Constant capital does not undergo any quantitative alteration, i.e., it does not get expended on that part of the production process that produces surplus value. However, variable capital $< v >$ is that part of capital expended on the acquisition of labor-power. Variable capital acquires its name because it denotes that part of capital that is "continually being transformed from a constant into a variable magnitude" (Marx 1990, p. 317). Thus variable capital *does* undergo a quantitative alteration of value in the production process: through the sale of a commodity it reproduces its own value, and it also produces a value that exceeds the start-up cost of its production: namely, surplus value $< s >$ which, again, is realized only in the sale of a commodity. So, to recap: the value of a commodity "produced in the capitalist way" is equivalent to the advanced capital, $< c >$ and $< v >$, necessary for producing a particular commodity $< C >$ the sale of which yields a surplus-value $< s >$. This equation ($C = c + v + s$), Marx shows us, can be further simplified: $C = k + s$ (where, again, C is the commodity, s is surplus value, and k is simply $c + v$); thus $< k >$ denotes what is called *cost-price*: that part of the value of the commodity that replaces what the commodity costs the capitalist himself: the consumed means of production and labor-power. As Marx explains, *cost-price* "expresses the specific character of capitalist production" (1970, p. 26). The reasoning behind this (which, as the reader will soon see, bears the mark of an antinomy *par excellence*) is such that, from the capitalist's perspective, the cost to produce the commodity is measured only by the expenditure of advanced capital. But there is indeed a discrepancy here, for as Marx points out, *labor* gets elided in this equation. From the capitalist's perspective, labor appears to be adequately compensated for. But this is never the actual case. From the laborer's perspective, she does not get compensated at all for the surplus-value that the commodity sale generates for the capitalist. Therefore, surplus-value, a value in excess of the initial *cost-price*, is equivalent to *surplus-labor*, namely, *unpaid labor*. This is how a capitalist makes a profit; it is nothing more than theft in disguise. Anyone who claims otherwise is an economic casuist.

The formalist critic might be quick to point out that the figure of a chain in this instance evokes the linkages involved in the processes of production; the accumulation of raw materials, the divisions of labor necessary to produce a product out of these raw materials, the selling of said product on the market, and so on. But to complex the matter even more, we are dealing with the absence of a *word*, which, as Althusser tells us, is "really the absence of a *concept*" for surplus-value and its "forms of existence." Thus, there is clear indication of an elision of a crucial link in the chain, as it were. And yet, Althusser's insistence that the "presence or absence of a word is decisive for a whole chain of theoretical consequences" conveys the strong impression that this chain nonetheless remains intact — consequences ensue — despite the "omission" of one of its links, *surplus-value*, which we know from Marx is a necessary link in the chain of capitalist reproduction.²⁵ Why, then, would Smith and Ricardo leave this link out, or better yet, *how could they?*

Perhaps this is a question best suited for semiology, insofar as one might say that this is a problem that does not concern what a word means inasmuch as *how* a word means. Moving a tad beyond formalism, it may prove helpful to look to the structure of the chain of signifiers obviously at play here. After all, what is being posed is a question, the grammatical structure of which is confined within the rhetorical boundaries of figural meaning (*viz.*, the evocation of a *chain* and its *links* in the metaphors of *production*). But it is yet unclear whether the concept at stake in this "semiological enigma" is in the difference, fine as

In any event, as Marx explains, the *cost-price* must always "repurchase the elements of production consumed in [the commodity's] manufacture" (*ibid.*, pp. 27-8). The capitalist invests constant and variable capital (*cost-price*, i.e., k) into the production of a commodity. The commodity is then produced, by laborers, and subsequently sold on the market. The sale of the commodity produces revenue, which is not only equal to the initial *cost-price* (which is necessary to repurchase the elements of production), but the commodity sale also generates a surplus-value, which the capitalist accrues as profit, of which the worker never sees a cent. What we are dealing with here, Marx writes, "is an accretion not only to the consumed capital made good out of the cost-price of the commodity, but to all the capital invested in production" (*ibid.*, p. 35). Moreover, the more profit generated, the more the capitalist can invest in better, more efficient means of production, which in theory lessens the demand for manual laborers: the more automated the production process becomes, the less manual labor is necessary. The less labor is necessary the less it is in demand, and the higher unemployment and underemployment will rise, thereby creating what Marx calls a "standing reserve army of labor," or what is the same, a "relative surplus population." And the higher unemployment and underemployment ascends, the further consumption in the marketplace will contract, whereby a drop in commodity sales inevitably ensues, and likewise a decline in company profits. Once this occurs, however, industry can pull workers from the "relative surplus population" who are willing to sell their labor-capacity for cheap, thereby galvanizing the reproduction of capital anew. Hence it is the mad dance of the commodity form and the surplus-value it creates (and for that reason the presuppositions provided by finance capitalism), including the obscene obverse of which is the blatant exploitation of labor and its own surplus forms, on which the reproduction of the capitalist mode of production rests.

25 See n. 24. Also, as Balibar writes: "In the series of expositions that have the title 'reproduction,' Marx always prefaced the exposition of the reproduction peculiar to the capitalist mode of production, which is capitalist *accumulation* (the capitalization of surplus-value) and its peculiar conditions" (Balibar 2009, p. 291).

it may be, between the literal and figural meanings. According to the late deconstructionist, Paul de Man, “The grammatical model of the question becomes rhetorical not when we have, on the one hand, a literal meaning and on the other hand a figural meaning, but when it is impossible to decide by grammatical or other linguistic devices which of the two meanings (that can only be incompatible) prevails.”²⁶

If, as de Man informs us, the tension immanent to this impossible choice engenders a rhetorical retreat from the problem at hand, and if “[r]hetoric radically suspends logic and opens up vertiginous possibilities of referential aberration,”²⁷ then perhaps the literal meaning of the question under discussion is asking for a concept (that of surplus-value) whose full existence is being denied by the figural meaning of the *chain* and its implied *links*. To unpack this, we may want to turn to Lacan, who tells us that “a signifier [a link in the chain of signification]²⁸ is that which represents a subject for another signifier [i.e., another link in the chain, as it were],” and that, moreover, the signifier “makes manifest the subject of its signification. But it functions as a signifier only to reduce the subject in question to being no more than a signifier”; thus, “[i]f we wish to grasp where the function of the subject resides in this signifying articulation” we must understand that when a signifier represents the subject for another signifier, “there results that, at the level of the signifier, the subject fades away.”²⁹

This account maps on nicely to the processes of production of the commodity form insofar as we must understand that, as regards the capitalist mode of production, when a commodity represents the worker to another commodity, there results that, at the level of the commodity, the worker fades away.

It is therefore likely, then, that these citations from Lacan’s seminar place us closer to a satisfactory account for Ricardo and Smith’s elision of the concept of surplus-value in the chain of relations constitutive of and, constituted by, the capitalist mode of production. But perhaps it is worth considering one last point concerning surplus-value itself, which Lacan addresses in his seventeenth seminar, which is namely that: “[w]hat Marx denounces in surplus value is the spoliation [i.e., theft] of *jouissance*. And yet, this surplus value is a memorial to surplus *jouissance*, its equivalent of surplus *jouissance*.”³⁰

What Lacan means by *jouissance* is something that is “*beyond*

26 de Man 1979, p. 10.

27 *Ibid.*

28 “The signifier as such refers to nothing if not to a discourse, in other words, a mode of functioning or a utilization of language qua link” (Lacan 1998, *Book XX*, p. 30).

29 Lacan 1998, *Book XI*, pp. 207, 236.

30 Lacan 2007, p. 81.

the pleasure principle,” namely “a senseless libidinal surplus, experienced as a lack, which is ineradicable from the symbolic field, i.e., from any knowledge.”³¹ Lacan is suggesting here that surplus-value is commensurate with, if not equal to, surplus-*jouissance*: the experience of the loss of that which elicits a temporary pleasure or satisfaction. Thus, as Lacan puts it, surplus-value results from the capitalist’s extraction of the worker’s *knowledge-at-work* — a certain kind of surplus, or “entropic addendum,” produced during the process of production of a commodity.³² Surplus-value, then, according to Lacan, is the result of the capitalist’s act of surreptitiously taking away from the laborer the laborer’s libidinal excess: a symptomatic byproduct, as it were, of the processes of capitalist production, viz., the laborer’s “knowledge-at-work,” something that exceeds, though is nonetheless peculiar to, the very product that the worker produces: the commodity. And the capitalist, as we know, does not recompense the laborer for this additional value the commodity generates, namely, a surplus-value initially generated during the production process of the commodity but not *realized* until the commodity’s sale on the market transpires. Hence, as Fabio Vighi aptly puts it, “Marx’s surplus-value represents the valorization of a surplus which originally belongs to labour-power qua commodity, but which the capitalist has not paid for.”³³ This brings us closer, then, to that primordial moment in which value arises from — *and conceals by taking the place of* — the exploitative (non) relation between capitalist and worker.

In any event, whether absent or not, elided or not, this word, on which the entire fate of a concept seems to rest — *surplus-value* — appears to direct, as Althusser expressly suggests, a certain movement of a certain chain-like concatenation of consequences. It would also seem that surplus-value has all the earmarks of, if it is not equivalent to, Lacan’s concept of *jouissance*, a libidinal excess that plays a determinant role in an entire series of unconscious processes at the level of the subject.

31 Vighi 2010, p. 11.

32 Lacan also writes that, “[w]hen the signifier is introduced as an apparatus of *jouissance*, we should thus not be surprised to see something related to entropy appear” (2007, p. 49). Entropy, a knotty subject indeed, refers to a lack of order or predictability. To borrow a stock definition, entropy represents “the unavailability of a system’s energy for conversion into mechanical work.” This is quite compelling, actually, for we know from Marx that surplus-value is, on the one hand, something that does not always get reinvested into the cycle of commodity production. Rather, it often accumulates and capitalizes as profit (until the rate of profits begins to fall). And yet, on the other hand, surplus-value is something subject to vary according to circumstance, i.e., it is something that, arguably, *refers to a certain degree of lack of predictability*. As Tomšič puts it, entropy is a “scientific reference” used to theorize “structural imbalances”; as such, the notion of entropy, writes Tomšič, supports “Marx’s analysis of the extraction of surplus-value from the consumption of labour-power” (Tomšič 2015, pp. 70, 200).

33 Vighi 2010, p. 40.

We ought to consider these critical observations, then, when we ask how it is that Smith and Ricardo were unable to give a concept to surplus-value despite producing the fact of its existence. *Whence this dereliction?* What one might realize is that a concept lacking by dint of its word's omission ought to be recognized for what it is: a *symptom*. This is, after all, what Althusser is claiming. And it has everything to do with the project of demystifying the “*telos*” of capitalism and emancipating the worker from his enchainment to the very battery of signifiers — the autonomy of value — that sustains the reproduction of capital. And the reproduction of capital, recall, is reliant on the phenomenon of capital gain better known as profit, a dialectical outgrowth of the circulation of exchange-values.

IV. Whence, then, this thing called value?

The question one might be led to ask, then, is whether or not industrial capitalism (wherein profit is reliant on the manufacturing of goods) is a necessary condition for the emergence of finance capitalism, which is characterized by a subordination of the processes of production to the accumulation of profits. After all, there can be no profit without the sale of a commodity, right? Common sense might therefore lead one to believe that industrial capitalism offers itself as a blood meal for finance capitalism. In other words, finance capital seems as *if* it is reliant on the manufacturing of goods, as *if* it feeds on the surplus-labor necessary for creating surplus-value. This may seem to be the case in a straightforward sense, but according to Žižek, following from Kojin Karatani's reading of Marx's analysis of the commodity form, things are not so straightforward: what one might assume is finance capital's reliance on industrial capitalism is much closer to an illusion that is posited retroactively. Industrial capitalism, as it turns out, may in fact require the presuppositions provided by the programs of finance capital in order to establish an item of merchandise worthy of generating a profit. In other words, a product of labor has to accomplish what Marx correctly identifies as a sort of *salto mortale* (a leap of faith in the Kierkegaardian sense) “in order to assert itself as a commodity”.³⁴

The price of [a commodity expressed in money], while on the one hand indicating the amount of labour-time contained [in the commodity], namely its value, at the same time signifies the pious wish to convert the [commodity into money], that is to give the labour-time contained in the [commodity] the form of universal labour-time. If this transformation fails to take place, then the [commodity] ceases to be not only a commodity but also a product; since it is a commodity only because it is not a use-

34 Žižek 2009, p. 50.

value for its owner, that is to say his labour is only really labour for others, and it is useful for him only if it is abstract general labour. It is therefore the task of the [commodity] or of its owner to find that location in the world of commodities where [the commodity attracts money]. But if the sale actually takes place ... then this difficulty, the *salto mortale* of the commodity, is surmounted.³⁵

Marx is correct, then, as Žižek points out, to assert that “the split [i.e., the *difference*] between exchange-value and use-value [embodied in the commodity] is the starting point” for a proper analysis of value.³⁶ It might seem like a sleight of speculation, but my argument here is that finance capitalism provides the very presupposition of value precisely to mask the relations of exploitation that lie at the basis of the commodity form. For the antinomic vacillation that occurs between these differences, which are immanent in the commodity itself, has its basis in the inequality at the heart of capitalist society. The category of value, in other words, arises from its formative conditions of inequality as perhaps an attempt to reconcile this inequality; but in the domain of capital, value is immediately caught up in the commodity form, which embodies the displacement of social antagonism (the commodity being the culmination of the passage from relations between people to relations between things). Thus value never catches up with itself, “it never recovers its credit,” as Žižek puts it. Value, therefore, is overdetermined insofar as it reproduces itself indefinitely in its field of determinations, in the processes of exchange and valorization, in an attempt to overcome the inequality it always-already embodies,³⁷ namely, the “gap between representation of labour-power in terms of exchange-value and production of surplus-value in the consumption of labour-power.”³⁸

Therefore, within the universe of capital, not only does value become real — become actualized, *realized* — through the effects it produces while caught up in the processes of exchange and capital's self-valorization, but once value is realized in and through these processes it also reproduces itself in its effects as a means to produce more labor through labor, such that, when “the capitalist buys labour power he gets in one and the same package surplus-value.”³⁹

35 Marx 1976, p. 390.

36 Žižek 2009, p. 51.

37 Even though this is a difference that is always-already present in the idea of value as such, it is manifest in its equivalent-form, i.e., the way in which one commodity can be expressed relatively in another commodity, ultimately, money.

38 Tomšič 2015, p. 60.

39 *Ibid.*, p. 63.

In any case, it is in this sense that one might say value is an effect of an effect: it is, initially, an absent cause, the position of which is taken up by an initial presupposition of value, which nonetheless produces real effects (e.g., the exchange of priced commodities for money, which generates capital in the form of profit) that then serve as the condition of possibility for the realization of value as such. This is why Marx posits exchange-value as the “necessary form of appearance of value”⁴⁰: money, the equivalent value-form in its “finished form,” appears in a double character: it is simultaneously a use-value *and* capital. As a use-value it “supports exchange”; as capital it “embodies the autonomy of value.”⁴¹ Thus, as A. Kiarina Kordela writes, capitalism is “formalist or purely ‘intellectual’ and ‘abstract,’ insofar as, from the moment at which money ‘express[es] the value relations between other objects,’ ignoring the particular ‘identity’ or qualities of these objects, ‘money passes from the form of directness and substantiality ... to the ideal form; that is, it exercises its effects merely as an idea which is embodied in a representative symbol.’ Even the materiality of money ... is a secondary effect.”⁴²

In other words, money — the apogee of expression of the equivalent value-form — is an effect of an effect, the cause of which is the fetishization of what essentially is a void: the radical absence of value that marks the site of its own inscription in the social field. Value is essentially what I call a privative form, which, to reemphasize a point made earlier, is displaced by capitalist presuppositions of positive value. At the heart of value there is *nothing* but social inequality.

Marx demonstrates this in Chapter 4 (The General Formula for Capital) in the first volume of *Capital*. In the process of valorization, Marx explains, value “differentiates itself as original value from itself as surplus-value.” Although both (value and surplus-value) are of the *same* form, this tautological form bears no content. In other words: value, as the subject of valorization, has no predicate that can say anything about itself until value itself is *realized* after an “original value” adds value to itself in its quest to “find itself” in the market. It is the creation of this “additional value,” then, that asserts and thereby provides, retroactively, the presupposition of value *as such*. To borrow an apt analogy from Kordela, just like the Father is created in the production of a child, the realization of value is created in the production of surplus-value, in the processes of exchange and valorization.⁴³ And the condition of possibility of this realization is none other than the concatenation of effects that ensues from the rotary

40 Marx 1990, p. 128.

41 Tomšič 2015, pp. 63-4.

42 Kordela 2007, p. 158 n. 11.

43 *Ibid.*, p. 39.

process of valorization peculiar to the capitalist mode of production.

What this strongly implies is that the ultimate product of the processes of capitalist production *is* the reproduction of the capitalist mode of production itself. At the molecular level, we see this reflected in the product of labor: not in the commodity as such, but in the surplus-value created from the sale of the commodity, which is necessary for the reproduction of the entire capitalist mode of production. Therefore, surplus-value, created in and through the act of exchange in the market,⁴⁴ effectively reproduces the condition of possibility for the value-form of the commodity — namely, the “cell-form” of the entire capitalist economy. Is this not precisely what Marx is getting at from the very beginning of Chapter 4 of the first volume of *Capital* when he writes: “The circulation of commodities is the starting point of capital”?

In other words, there is no proper beginning other than the rotary motion of capital itself: capital actualizes itself in its own self-positing; or rather, to be more specific, capital is value positing itself in the process of its self-valorization, an activity which presupposes an ontological absence (why would anything posit itself if there were not *already* a “self” to begin with?). And this absence functions as the “causal” basis of the processes of production and development of value as such. The starting point of capital, then, is anything but an origin: it is a structural procedure repeated everyday from which new economic forms are brought into being. It is through this repetitive process that value posits itself in the form of appearance of its opposite: surplus-value, which is created from the sale of a commodity, an actually existing, self-standing, thing.

What all this effectively demonstrates is that finance capital reveals the ultimate formal structure of the commodity — i.e., a transfer of value that, as Howard Engelskirchen puts it, “is often understood as empty of content except as constituted by money in exchange.”⁴⁵ But as I have already shown, according to Kordela, money “exercises its effects merely as an idea which is embodied in a representative symbol.” So, if value can essentially be attributed to the amount of labor expended on it (recall from earlier that Ricardo posited labor as the substance of value), then Marx was correct to posit labor-power as the subject of exchange-value. But the problem of enformation still remains. As Engelskirchen points out, labour-power is like Aristotelian matter: as such it is only undetermined possibility, formless; “labour only ever occurs historically within specific forms, as *enformed*.”⁴⁶ To

44 “In the first positing of simple exchange value, labour was structured in such a way that the product was not a direct use value for the labourer, not a direct means of subsistence. This was the general condition for the creation of an exchange value and of exchange in general. Otherwise the worker would have produced only a product — a direct use value for himself — but not an exchange value” (Marx 1973, pp. 266-7).

45 Engelskirchen 2007, p. 203.

46 *Ibid.*, p. 206.

understand how value is enformed, then, how value assumes *this* or *that* form, one has to resolve the problem between essence and appearance.

V. Value as a masking mechanism

We turn yet again to another important detail Marx provides us: not only is surplus-value realized only in the marketplace, i.e., only in the circulation of exchange, but this realization occurs, as I demonstrated above, “by [value] already being ideally *presupposed*.” That is to say, value is “determined before” it enters into circulation.⁴⁷ What this tells us is that, even if, e.g., the general opinion of, say, a gold watch is that it possesses a certain *real* value because of its metallurgical composition (i.e., gold), this “intrinsic” value exists, in essence, as a presupposition only. The value of the gold watch is a *presupposed essence*,⁴⁸ which implies a dubious degree of fictional teleology involved. To better comprehend what is meant by ‘essence’ here, let us look to a passage provided by Althusser in *Reading Capital*; he writes:

According to the economic or mechanistic hypothesis, the role of the essence/phenomena opposition is to explain the non-economic as a phenomenon of the economic, which is its essence. In this operation, the theoretical (and the ‘abstract’) is surreptitiously substituted for the economy ... and the empirical or ‘concrete’ for the non-economic, i.e., for politics, ideology, etc. The essence/phenomena opposition performs this role well enough so long as we regard the ‘phenomena’ as the empirical and concrete, and the essence as the non-empirical, as the abstract [i.e., as the ‘economic’], as the truth of the phenomenon. The result is to set up an absurd relationship between the theoretical (the economic) and the empirical (the non-economic) by a change in partners which compares the knowledge of one object with the existence of another—which is to commit us to a fallacy.⁴⁹

47 Marx 1973, p. 321.

48 In his book *Living in the End Times*, Žižek makes the observation that the three functions of money, which Marx had revealed in his analysis of money and its value-form, are markedly homologous to the three functions of the Lacanian triad, viz., the Imaginary, the Symbolic, and the Real. He writes: “Marx begins with ‘ideal’ money (to measure the value of a commodity, one does not need money, it is enough to imagine a certain sum of money that expresses the value of the commodity in question); he then passes to symbolic money (as a means of circulation, i.e., in order to buy and sell, we do not need money with real value [gold], since its representatives [banknotes] are good enough); but for treasure and so forth we need real money” (Žižek 2011, p. 192). But here Žižek neglects to address what is perhaps the most crucial point of the matter: what is *real* is not simply the valuable object itself, what is also real is the *effect* the fiction of value imputed onto the treasured object has on the subject. In other words, to quote Kordela, we are dealing with a certain kind of pleasure which “lies on the side of the real, the latter being an effect of the fictitious [the presupposed value — read: fetish — of the treasure-object] that nevertheless transcends fiction” (Kordela 2007, p. 168 n. 39).

49 Althusser 2009, p. 123.

The definition of essence Althusser is critiquing is one that derives from the empiricist’s model of knowledge, an *ideological* form of knowledge-production that constitutes what Althusser identifies as the “*specific problematic of the empiricist conception of knowledge*.”⁵⁰ The empiricist’s conception of knowledge, Althusser tells us, involves the misleading idea that the essence of an object is not just the object’s theoretical-abstract aspect, but moreover, that the essence of an object — its theoretical knowledge — can be abstracted out from the real object itself, thereby invoking the chimerical idea that there is a one-to-one correspondence between an object and its essence, as well as a one-to-one correspondence between the abstract knowledge of this object-and-its-essence *and* the object itself.

In other words, for the empiricist, the essence of an object, i.e., what the *empiricist* considers the theoretical aspect of an object, is none other than an *explanatory narrative*, which involves the phantastic conviction (read: unquestioned ideal) that that which represents knowledge of a real object is itself inscribed in the very structure of the real object as such, and can thus be appropriated from said object. This paradigm of knowledge — or rather, the empiricist’s pretension — insists that one can account for a thing’s underlying principles, its presupposed *telos* (assuming that it has one). It assumes that essence is, namely, an objective knowledge in and of a given object that can be appropriated from the given object and thereby serve as explanation for *why* the given object is what it is, the way that it is, and so on.

But such an empirical doctrine does not provide any explanation for *how* this knowledge as such is produced — thereby circumventing deserved analysis and critique of its own discursive practice, which is a detail Althusser insists we acknowledge if not press on directly.

Furthermore, the absurdity Althusser identifies in the empiricist model of thought is perhaps cast into sharper relief when we extrapolate the empiricist conception of knowledge to other extravagant discourses. For instance, if I were to ask a typical religious believer why the world is the way it is, if I were to ask for an explanatory narrative for the phenomenal existence of the world, the religious believer might tell me about God or some other divinity; that it is the one God who determines the truth of the world and its phenomena; that divinity is the “essence” of the world, and so on. If, conversely, I were to ask a neoclassical economist why the world is the way it is — and this is assuming our neoclassical economist is, in his own mind, a “secular” individual — more than likely he will tell me about the economy; how the *invisible hand of the market* asserts itself in the world of phenomena, determining certain movements, behaviors, aberrant or otherwise; that the (neoliberal) capitalist economy, with all its contingencies and vagaries, is the essence of the “real” world.

50 *Ibid.* p. 40.

According to this model of knowledge, the essence of a given phenomenon is erroneously treated as a meaningful explanation for what “determines” the phenomenon at hand. Essence thus serves as the *explanatory narrative*, or, what amounts to the same: essence serves, for the empiricist, as the theoretical aspect of a given phenomenon insofar as the empiricist engages theory as a means to explain definitively why the given phenomenon *is* what it *is*, does what it does, and so on. We can tentatively say, then, that *for the empiricist*, the essence of a given phenomenon is mistakenly treated as the theoretical aspect of the phenomenon, and the theoretical aspect of a given phenomenon is mistakenly treated as the essence of the phenomenon, that is, as its *explanatory narrative*, its *reason for being*.

But this is not how theory actually works. For it is clear that the problem with this particular, erroneous, conception of theoretical knowledge is that there are at least two concepts empiricism demands, concepts which cover over, quite ironically, something which these two concepts themselves cannot master: namely, what is meant by *reason* and *being*.

To make myself clear, what is implicit in the proposition — “The essence of a phenomenon is its *reason for being*” — is the notion that both *reason* and *being* cannot be accounted for without the aegis of a rigorous and purely theoretical science, the practice of which, according to Althusser, must entail two guiding principles: (1) the exclusion of any recourse to any ideological trappings, which also involves a necessary foreclosure of any external guarantees for internal validity; and (2) one must be able to specify the place and function of the appropriation of knowledge as regards the object under scrutiny, which involves posing our question in terms of a “true form of scientificity.”⁵¹

Here, one might be prompted to ask what is meant by: “*a true form of scientificity*.” Well, Althusser tells us that: “it is not just the form of systematicity that makes a science, but the form of systematicity of essences (of theoretical concepts) alone” that constitutes the “true form of scientificity.”⁵² Or, what amounts to the same: the true form of scientificity is the “unified system of concepts.”⁵³

Further, Althusser tells us that there are “two positive determinations” that “constitute the conditions for the scientific character.” These two determinations are: (1) the “reduction of a given phenomenon to its essence (of what is actually the given to its concept)”⁵⁴; and (2) the “internal unity of the essence (the systematicity of the concepts unified behind their concepts),” viz., the form of systematicity,

51 *Ibid.*, pp 60, ff., 90-96, *passim*.

52 *Ibid.*, pp. 92-3.

53 *Ibid.*

i.e., the unified system, of the concept.⁵⁴ But as one may quickly pick up on, this results in an odd formulation, for it essentially states that the two positive determinations that constitute the conditions for *x* (a unified system of concepts) are: *n* (the reduction of a given phenomenon to its theoretical concept) and *x* itself. In other words: *x* is a determinant constituent of its own conditions. So what does this paradox mean? What are its implications?

On the one hand, Althusser merely wants to sketch for us a science that legislates its own concepts, its own scientificity. On the other hand, this merely indicates that the conditions for a particular form of conceptual systematicity, and the latter’s attendant processes of knowledge production, both fundamentally and ultimately reflect the general conditions of their own structure of contemporaneity. Or, put differently: the synchrony of a given object “*is*” its theoretical concept, i.e., its *explanatory narrative*, and this narrative is conditioned, and thereby more or less determined, by its respective historical time, i.e., its respective *time of periodization*, the unit of which, as Balibar tells us, is a particular mode of production.

This explanatory narrative, then, gets asserted in the world in such a manner that it conceals, by taking the place of, its own theoretical lack. In other words, *essence does not really exist* in any positive sense of the term; one can think essence only as that which appears in its place. And what appears in its place, what takes the place of this theoretical lack, is the concept: a constitutive element of the explanatory narrative that is ascribed to a given object, the formation of which is determined in part by its historical and material source, which is itself determined in the last instance by a predominant mode of production.⁵⁵

It is no coincidence, then, that one is able to see in the proposition — “The essence of a phenomenon is its *reason for being*” — the banal opposition between thinking and being, the very question of the relationship between knowledge and being, the heart of philosophy as such, being torn asunder, undergoing a sort of rupture. One might even say that it is in this manifest fissure, in this irreducible divide between knowledge and being, that fruitless and absurd assertions like “The *essence of a phenomenon* is its *reason for being*” get etched into stone

54 *Ibid.* p. 93.

55 To put this in the parlance of psychoanalysis, our blind attachment to knowledge represents something symptomatic about our thinking, which is to say: our blind attachment to knowledge represents the truth not only about our non-knowledge but about our *non-thinking*, too. Althusser’s method of *symptomatic reading* effectively locates the very gaps in our knowledge, it locates where thought itself is not consciously at work, where the Other is always-already thinking for us. Thus it is by way of a fascination (read: fetish) for knowledge, that the empiricist — and for that matter the dogmatic bourgeois-idealist, too — “forgets” that he is being exploited by capital to produce the conscious knowledge that he has. The scientific epistemology that Marx and Althusser proffer encourages and instructs one to grasp the foundational structure(s) of knowledge as such, which are unconscious *and* material. This is what’s at stake in Reading Capital.

and lodged ever so tightly. Thus Althusser's injunctive advice — that we must always remain attentively chary of “judgments which close irreversibly with a false obviousness [the] very space which [seems] to be opening before reason” — is something we ought to take seriously. For it suggests that the onus is on the Marxist to continue to produce and sustain, for as long as capable, these real theoretical lapses; to inform other discourses that the explanatory narrative for essence conceals the fact that there is *no* essence simply because there is no coherent, stable, positive meaning for both *reason* and *being* on which an adequate definition of essence would seem to depend.

So when Marx states that the value of a commodity is “ideally *presupposed*,” that it is “determined before” it enters into circulation, we now have a far better idea of what we are *essentially* dealing with concerning value: namely, a fictive element that covers over its own privative form of a real lack, the effects of which are nonetheless as real as the given object of value itself, and which exceed the lack of harmonic relations from which it emerges. Thus value is an effect of the inequality (pure difference) at the heart of capitalist society. As such, value serves to conceal this inequality in an attempt to thereby retroactively positivize the social field by providing an explanatory narrative of why we need what we need in order to satisfy what we lack. But as I have tirelessly attempted to demonstrate, the *real* relations underpinning the reproduction of capital, relations of exploitation, are what activate the property of *value*, conferring on the category of value its determinant role in the capitalist mode of production as commodity form.

Thus, we are dealing with figurations of a signifying structure here, for the value of the commodity form operates according to the logic of the signifier, thereby representing the entire battery of other signifiers — namely, relations of production and their respective value-forms. For if the commodity form is none other than the *equivalent value-form*, which is essentially “identical with other kinds of labor” and is “directly exchangeable with other commodities,” then not only does the *equivalent value-form* possess a metonymic character (recall, as I demonstrated above, that the *equivalent value-form* of the commodity represents in displaced form the entire system of productive relations of which it is a part), it also represents a certain degree of metaphoricity by which one is able to think value as such — for the commodity form is the ultimate horizon of social relations in capitalist society.

Metaphor and metonymy, the two pillars of any signifying structure. Thus the *topos* of capitalist society is structured according to the governing laws of the signifier.

Such a complex social totality, then, reveals itself to be an intricate latticework of relations consisting in imbrications of force relations and local circulations of various factors, at times competing against one another, at times neutralizing one another, at all times constituting a

particular conjuncture, which, *in toto*, effectuates a factitious screen that conceals the *real relations* forged in order to sustain the reproduction of this very screen. A theoretical science of value, I argue, provides an effective method for *reading* the abstract essence in the transparency of this concrete existence of ours. It is a wretched existence based on the exploitation of transforming labor-power into a commodity, the specific value-form of which functions as the masking mechanism of concealment; which *effectively* veils over the inequality at the basis of capitalist society.

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Journeying on the Roads Not Taken: The Possessive Individual, the Commons and Marx

Massimiliano Tomba

*To think of these stars that you see overhead at night,
these vast worlds which we can never reach.
I would annex the planets if I could; I often think of that.
It makes me sad to see them so clear and yet so far.*
(Cecil Rhodes)

*Even a whole society, a nation, or even all
simultaneously existing societies taken together,
are not the owners of the globe.
They are only its possessors, its usufructuaries*
(Karl Marx)

Abstract: I want to analyze three dimensions that characterize the process of accumulation: the intervention of the extra-economic violence of the State; the new property relations; and the new anthropology of the possessive individual. I will investigate these three temporalities, which constitute the preconditions on which the capitalist mode of production is based in Europe, from the point of view of the long war against the commons, of the origin of private property relations, and of the possibility of reorienting the trajectory of modernity in a different direction with respect to that configured by the capitalist mode of production.

Keywords: Marx, Commons, Private Property, Possessive Individualism, Accumulation.

The capitalist era presents itself as a centuries-long war against the commons. In the course of this long war, attacks have been made on the ancient collective right of the guilds in the name of individual liberty, and the modern collective right of associations of workers in the name of the sovereignty of the individual. Where and how every collective form “has been re-translated and transformed into a problem related to a sum of individuals.”¹ The individual has become the fundamental category of politics and of economics. But this individual is the product of a gigantic inversion with respect to so-called traditional societies, in which instead priority is given to the group and community over the individual.

This essay deals with how this *inversion* imposed themselves and seek continually to impose themselves through colonial violence exercised both within and outside of the West. Colonial violence, in fact, as thinkers from Fanon and Gandhi through postcolonial studies have taught us, is not just the sacking of resources and the exploitation of labor-power, but is also the reconfiguration of the relations of law and

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1 de Certau 1986, p. 795.

property and the construction of an individuality that conforms to modern capitalism. Decolonialization remains blocked halfway if it is not also the de-colonization of the possessive individualist produced by the colonial devices of capitalist modernity.

I will follow the vicissitudes of the war against the commons, rethinking and re-assembling some texts by Marx. The definition of capitalist production that opens *Capital* is well-known: “The wealth of societies in which the capitalist mode of production prevails presents itself as an ‘immense collection of commodities’; the individual commodity appears as its elementary form.”² Wealth, understood as use value that satisfies particular needs, is a constant of the various modes of production. Wealth appears as “an immense collection of commodities” only in a determinate configuration of the relations of property and of production, i.e., in the capitalist one. Marx describes its history and its protohistory in terms of the “so-called original accumulation,” that is not only the accumulation of capital, but of the conditions of its production and reproduction. It is the accumulation of political power that guarantees the consolidation of the new relations of private property and intensive accumulation of the new type of human that corresponds to these. The separation of the producers from property in their own working conditions requires the internalization of new behaviors that conform to possessive individualism on the one hand,³ and the disciplining of new forms of work of the expropriated on the other.

I will analyze the three dimensions that characterize the process of accumulation: the intervention of the extra-economic violence of the State; the new property relations; and the new anthropology of the possessive individual. I will investigate these three temporalities, which constitute the preconditions on which the capitalist mode of production is based in Europe, from the point of view of the long war against the commons and of the possibility of reorienting the trajectory of modernity in a different direction with respect to that configured by the capitalist mode of production.

Many Accumulations and Other Trajectories

“The land belongs to nobody. It is not a commodity, protests Lola. It must be in the hands of those who work them. We use it in order to take care of our families and live with dignity.”⁴ In the south of Spain the workers at a farm in March 2012 decided to occupy 400 hectares of land of the agricultural company Somonte before it was sold by the government

2 Marx 1977, p. 125.

3 McPherson 2011.

4 <http://www.bastamag.net/Andalousie-des-centaines-d>. On this episode, see Dardot and Laval 2014. See also: <http://www.somonteeldocu.org/es/>

to speculators. The workers did not demand *ownership* of the farm, but the *use* of the land: “Human beings belong to land. We should respect it and watch over it,” said another occupier. A project of organic farming was started on land where twenty years before nothing was grown.

I began with the experiment at Somonte because it allows me to define the perspective from which I intend to watch the tension between property and commons and the different possible configurations of this relationship. Indeed, we need to begin from a historical consideration, and therefore, if we want to rethink Marx, by re-reading him starting from the chapter on original accumulation. In this way we can show how different temporalities of protomodernity met in a determined constellation, leaving more or less unexplored alternative trajectories. These, however, are not totally abandoned, but are continually reactivated by the numerous insurgencies that have sought to redirect the course of modernity.

It is well-known that the capitalist mode of production could not take form as such without workers deprived of the means of production. These are not necessarily formally free waged workers. The capitalist mode of production is in fact compatible with various unfree forms of work.⁵ If capital makes use of formally free workers it is because it meets them as a result of a different temporality: as a result of the struggle against feudal servitude and slavery. The freedom of the “newly freed men”⁶ was and is open to diverse possibilities: on the side of subjectivity, it is the result of numerous struggles by the serfs and slaves to free themselves from servitude and to withdraw themselves from the dominion of masters and the guilds. On the side of the nascent capitalist mode of production, that freedom is then subsumed in a new apparatus of dominion and control: the “newly freed men” are stripped of the means of production, deprived also of the guarantees offered by the feudal system, and, finally forced to sell their own labor power. However, the freedom obtained by the newly freed at the cost of hard struggles could have taken another trajectory and reconfigured the material of the feudal order into another form. Indeed, the “transformation of feudal exploitation into capitalist exploitation”⁷ is not a necessary historical outcome.

We could say that there is not only one original accumulation, but diverse accumulative processes of capital and political power combined together in an intensive process of anthropological construction: the modern possessive individual. Even in this case the Calvinist ethic, if on the one hand it prefigured the true character of the type of human

5 van der Linden 2007.

6 Marx 1977, p. 875.

7 Ibid., p.875.

adapted to capitalism⁸, on the other it also gave rise to a demand for local control against absolutist reign, demonstrating possible communitarian forms not based on a monopoly of force.⁹The original constellation of so-called capitalist accumulation, without reading history teleologically, shows not a linear path from feudalism to capitalist modernity, but a co-axis of temporality open to diverse outcomes. Indeed, diverse historical trajectories intertwine themselves and join themselves together: the expropriation of the rural producers,¹⁰ the dissolving of the feudal obligations¹¹, the enclosures¹², the Protestant Reformation and the theft of the ecclesiastical estates¹³, the restoration of the Stuarts and the “abolition of the feudal constitution of the soil” with the birth of private property on these foundations¹⁴. Different events joined together in constellations, through the systematic use of extra-economic violence, in a war of private property against “communal property (*Gemeindeeigentum*)”¹⁵. Regarding the latter, Marx is extremely interested in the modifications of communal property in the Russian and extra-European context that he studies through the works and from his dialogue with Maksim Kovaleskij.¹⁶ Common property is not identifiable with the public property of the state, but regards a form of communitarian possession regulated by custom and tradition. An example of it, in the European context, is the manifesto of the German peasants in 1525, called the “Twelve Articles” that demanded the use of and the restitution to the community of the woods, the pastures, and the common lands unjustly appropriated by the lords.¹⁷ Or, in England, the conflict that arose around “common rights” and “common grazing”, defended by the Diggers, and against the enclosures.¹⁸ If Thomas Hobbes is celebrated in the official canon of political thought among the theorists of the state and of modern possessive individualism, Thomas Müntzer and Gerard Winstanley are the representatives of an alternative canon of

8 Weber 2012.

9 Wolin 1957, pp. 42-53.

10 Marx 1977, p.883.

11 Ibid., p.883

12 Ibid., p.885

13 Ibid., p.884

14 Ibid, p.884.

15 Ibid., p.885.

16 While we await the critical publication of MEGA, the notes on Kovaleskij are found in Harstick 1977.

17 Blick 2004, pp. 321-327.

18 Thirsk 1967, p. 200.

the innumerable practical and theoretical insurgencies against private property. Müntzer evoked the community of goods created by God relinking agrarian communism and common property of the *Markgenossenschaften*, which in Germany managed to survive until the 19th Century¹⁹; Winstanley reactivated the Christianity of the original community and of the communism of goods, the right of the commons against the enclosures. Christopher Hill recalls, Winstanley “had grasped a crucial point in modern political thinking: that state power is related to the property system and to the body of ideas which supports that system.”²⁰ Marx, as we have said, follows this transformation through the research of Kovaleskij who describes them in terms of the passage from common possession on the part of the community to its dissolution and to “individualization” in individual private property.²¹The process of “individualization” is dual: on the one hand it regards the transformation of common property from being “inalienable” into private property and object of exchange, on the other hand the transformation of the relations between the members of the community in relations between competitive individuals.

If we want to continue to think with Marx, it is worthwhile making a distinction between this Marxian reflection on individuality/individualization and the one in the *Grundrisse*, where we read that “man individuates himself only through the historical process”²². In the exposition of historical forms in the *Grundrisse*, we find that the gradualism of the individualization of the human being can be assisted through the progressive dissolution of the community. The exposition is teleologically oriented and often does not avoid dancing the waltz of the Hegelian triad:

Relations of personal dependence (entirely spontaneous at the outset) are the first social forms, in which human productive capacity develops only to a slight extent and at isolated points. Personal independence founded on *objective* dependence is the second great form, in which a system of general social metabolism, of universal relations, of all-round needs and universal capacities is formed for the first time. Free individuality, based on the universal development of individuals and on their subordination of their communal, social productivity as their social wealth, is the third stage. The second stage creates the conditions for the third.²³

19 Rudolph 1975, p. 562.

20 Hill 1983, p. 9.

21 Marx, *Exzerpte aus M.M. Kovalevskij*, in Harstick 1977, pp. 57-8.

22 Marx 1973, p. 84.

23 Marx 1973, p. 158.

There is a progressive logic to history that orders the development of individuality into three stages: personal dependence, material dependence, free individuality.²⁴ Twenty years later, after the failure of the Paris Commune, the studies on the competition of capitals on the world market, and the historical and anthropological reading on non-capitalist communities, Marx redefines the coordinates of his own analysis. In his comment on Kovaleskij, as well as in the ethnological writings,²⁵ Marx presents a history with more levels and possible trajectories:²⁶ the dissolution of communitarian property has had different outcomes in different social-political-economic contexts, such that European development ceases to be normative and instead can be better included in the extra-European perspective. Marx, for example, criticizes Kovaleskij for having found “Western-European feudalism” in the relations of the Indian community.²⁷ The later Marx took leave of the metahistorical use that he himself had made of the category “feudalism” in the *Grundrisse*, as well as of much later Marxism that has continued to interpret the “pre-capitalist” societies through the category of “feudalism.”²⁸ The question is not only historiographical. Looking at Europe from an extra-European perspective it is now possible to demonstrate how the same elements that are involved in Western capitalist modernity, could have taken different form and therefore, how they can be configured in a non-capitalist structure. In other words, the process of individualization was open to different social, property and anthropological configurations from those of modern proprietary individualism.

The modern individual is not born from a linear process of dissolution of the ancient communitarian relations, but is forged in the centuries-long war against the commons and every form of collective. The individualization of the property relations are not the result of a spontaneous economic development, but have required a multitude of forms of violence, including colonialism that, as in India, destroyed the social relations founded on family relations.²⁹ The war against the commons that has required the constant intervention of the extra-economic violence of the state, of

24
I have developed this critique in Tomba 2013.

25 Marx 1972.

26 I agree with Kevin Anderson, one of the editors of a critical edition on Marx, when he notes that the theoretical kernel of the *Ethnological Notebooks* consists of a “multilineal model of historical development” as opposed to a unilinear one. Anderson 2002, p. 90. See also Krader, *Introduction*, in Marx 1972, pp. 1-85.

27 Marx, *Exzerpte aus M.M. Kovalevskij*, in Harstick 1977, p. 76.

28 Anderson 2010, pp. 210-1.

29 Marx, *Exzerpte aus M.M. Kovalevskij*, in Harstick 1977, p. 88.

innumerable “Bills for the Inclosures of the Common”³⁰ and that continues still to this day. The new individuals are products of the “converting the little farmers into a body of men who must work for others” by enclosing the commons.³¹ The term chosen by the defender of the enclosures, John Arbuthnot, who Marx cites in the chapter on Accumulation, could not be more fitting. The expropriation of the small farmers would not be complete without the “converting” to a new faith: private property and possessive individualism. This converting to the “free will” individual of *homo proprietarius*, even if the owner of only one’s own labor power, comes up also against the will of the subject, who must accept the new faith through a painful mental and orthopedic treatment. The small farmers expelled from the countryside and transforming themselves into vagabonds were punished, reduced to slavery, and in some cases, hanged, as if their miserable condition were an act of voluntary delinquency.³² There is nothing new in the so-called neoliberal doctrine that treats the poor as responsible for their poverty in order to push them to accept any kind of work and of pay. It is by means of extra-economic violence by the state that the bodies and minds of the expropriated rural population were disciplined and were forced, even if recalcitrant, to sell their labor power; and so also the systematic hangings were necessary to impose the rules of modern private property and to destroy any memory of customary right that permitted the workers to take part of the wood chopped or of the goods unloaded from a ship.³³

At the dawn of the capitalist epoch in Europe, and then again and again in the colonial history of so-called European civilization, the individuals were disciplined and individualized through a bloody legislation that contemplated even putting them into slavery. Marx recounts the story, clothing himself in the persona of an ancient chronicler:

- Henry VIII. 1530: Beggars old and unable to work receive a beggar’s licence. On the other hand, whipping and imprisonment for sturdy vagabonds. They are to be tied to the cart-tail and whipped until the blood streams from their bodies, then to swear an oath to go back to their birthplace or to where they have lived the last three years and to “put themselves to labour.” What grim irony! In 27 Henry VIII. the former statute is repeated, but strengthened with new clauses. For the second arrest for vagabondage the whipping is to be repeated and half the ear sliced off; but for the third relapse the offender is to be executed as a hardened criminal and enemy of the common weal.³⁴

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Marx 1977, p. 885.

31 Marx 1977, p. 888.

32 Ibid., p.896.

33 Linebaugh, Peter 2003.

34 Marx 1977, pp.896-8.

- Edward VI.: A statute of the first year of his reign, 1547, ordains that if anyone refuses to work, he shall be condemned as a slave to the person who has denounced him as an idler. The master shall feed his slave on bread and water, weak broth and such refuse meat as he thinks fit. He has the right to force him to do any work, no matter how disgusting, with whip and chains. If the slave is absent a fortnight, he is condemned to slavery for life and is to be branded on forehead or back with the letter S; if he runs away thrice, he is to be executed as a felon. The master can sell him, bequeath him, let him out on hire as a slave, just as any other personal chattel or cattle. If the slaves attempt anything against the masters, they are also to be executed. Justices of the peace, on information, are to hunt the rascals down. If it happens that a vagabond has been idling about for three days, he is to be taken to his birthplace, branded with a red-hot iron with the letter V on the breast and be set to work, in chains, in the streets or at some other labour. If the vagabond gives a false birthplace, he is then to become the slave for life of this place, of its inhabitants, or its corporation, and to be branded with an S. All persons have the right to take away the children of the vagabonds and to keep them as apprentices, the young men until the 24th year, the girls until the 20th. If they run away, they are to become up to this age the slaves of their masters, who can put them in irons, whip them, &c., if they like. Every master may put an iron ring round the neck, arms or legs of his slave, by which to know him more easily and to be more certain of him. The last part of this statute provides, that certain poor people may be employed by a place or by persons, who are willing to give them food and drink and to find them work. This kind of parish slaves was kept up in England until far into the 19th century under the name of "roundsmen."³⁵

- Elizabeth, 1572: Unlicensed beggars above 14 years of age are to be severely flogged and branded on the left ear unless some one will take them into service for two years; in case of a repetition of the offence, if they are over 18, they are to be executed, unless some one will take them into service for two years; but for the third offence they are to be executed without mercy as felons. Similar statutes: 18 Elizabeth, c. 13, and another of 1597. [2]³⁶

- James 1: Any one wandering about and begging is declared a rogue and a vagabond. Justices of the peace in petty sessions are authorised to have them publicly whipped and for the first offence to imprison them for 6 months, for the second for 2 years. Whilst in prison they are to be whipped as much and as often as the justices of the peace

35 Marx 1977, p. 897.

36 Ibid., p. 898.

think fit... Incurable and dangerous rogues are to be branded with an R on the left shoulder and set to hard labour, and if they are caught begging again, to be executed without mercy.³⁷

The capitalist mode of production operates, since its birth, through devices that produce a new anthropology, that is "a working class, which by education, tradition and habit, looks upon the requirements of that mode of production as self-evident natural laws."³⁸ The new mode of production molds, through its own institutional processes, the human type that conforms to it, indispensable for the reproduction of the system. Violence can quiet down when the laws of the new mode of production rise to the rank of natural laws and the individuals *convert*, that is they accept them as such, having lost even the "the very memory of the connection between the agricultural labourer and communal property."³⁹ But just as that same violence reappears at every trace of insubordination, that memory re-emerges ever new in the thousands of struggles against the new enclosures. As is the case in the numerous insurgencies inside and outside of Europe. As is the case in the indigenous insurgency for the land. There is nothing exotic in these struggles. There is instead the possibility and the memory of another trajectory of modernity. Indeed, alongside the trajectory of private property and the modern state, on which course we encounter the names of Luther and Cromwell up to the Le Chapelier Law against the corporations, there are other trajectories, along which are articulated commons and associations. The names of the winners of that war are consecrated in the canon of the history of Western political thought and that have contributed to narrating the history of capitalist modernity in terms of progress and civilization. The names that represent the other trajectory are less well known, as in general are the names of the defeated: Gerard Winstanley instead of Cromwell, Thomas Müntzer instead of Luther and Jacques Roux instead of Robespierre.

The Rise of Homo Proprietarius

The individualization of the common property that has given rise to modern private property and given birth to the proprietary individual, has also converted the small farmer of the village community to the religion of private property and of money. This conversion has required, first of all, a different relationship to the earth: no longer collective possession on the part of the "incessant concatenation of the generations" but exclusive property of an individual who disposes of it according to his

37 Ibid., p.899.

38 Ibid., p. 899.

39 Ibid., p. 899.

own will.⁴⁰This is a genuine conversion/inversion: from a rei-centric relationship, in which the primacy of the thing (*res*), gives way to the primacy of the individual who exercises an unlimited and illimitable right over nature.⁴¹The first posed the primacy of the real: it was based on the connective fabric and on the groups that an individual was part of; the modern outlook sees instead the primacy of the sovereign subject over things. In the former, property was not modeled on the individual will, but corresponded to the complexity of the real order and to the multiplicity of *dominia utilia*.⁴²The modern outlook instead absolutizes individual will and reconfigures the juridical framework recuperating or even inventing the old Roman law, as is the case of the *ius utendi et abutendi*, a category all but non-existent in Roman law.⁴³

Hegel defined and justified the modern property right, writing that “Mankind has the absolute right to appropriate all that is a thing.”⁴⁴ Hegel basically translated in philosophical language the modern property relations to the extent that they were codified in the article 544 of the Napoleonic Code Civil of 1804: “Ownership is the right to enjoy and dispose of things in the most absolute manner.” Obviously this absolute right does not fall from the sky of abstractions. Theoretically it is the expression of a determinate way of understanding rationality and the will of the individual. Historically it is the result of the long war against the commons, whose dynamics extend to the colonial system. This history goes back to John Locke who denounced as an anachronism of un-civility and confined to the margins of the colonies the common possession of the land: “the wild Indian” wrote Locke, “who knows no inclosure, and is still a tenant in common.”⁴⁵ Establishing a dual dichotomy, spatial and temporal, Locke provides ideological instruments to colonialism and to the war against the commons: the enclosures represent civilization, while the common possession becomes temporally an anachronism and spatially something that regards the far “wild Indian.” The so-called Western civilization divides the world synchronically and diachronically in barbarians and modernity imposing a mentality oriented toward modern Western relations of property and values.⁴⁶This mentality, i.e. the mentality of the *homo proprietarius*, is based on a new kind of relationships between individuals and between individuals and nature or,

40 Schwab 1992, pp. 75-6; Grossi 1988, pp. 226-254; Grossi 2006.

41 Grossi 2006, pp. 84-6.

42 Grossi 1980.

43 Scialoja 1928, pp. 262 ss.

44 Hegel 1991, § 44.

45 Locke 1980, p. 19.

46 Bowden 2009, pp. 211-4.

in other words, a new epistemic subject-object relationship.

In order to justify the right of appropriation of the land, Locke devalues the land, transferring to human activity the valorizing potential. Everyone, argues Locke, has property in their own person and from this derives the fact that the labor of their bodies and the work of their hands, “are properly his”, and therefore the exclusive right to appropriate to themselves all that which they have removed from nature by means of their own labor.⁴⁷The object is removed from the common natural condition through labor, which adds something that “excludes the common right of other men.”⁴⁸ It is here that lay the frontal attack on the right of the commons: “if we will rightly estimate things as they come to our use, and cast up the several expences about them, what in them is purely owing to nature, and what to labour, we shall find, that in most of them ninety-nine hundredths are wholly to be put on the account of labour.”⁴⁹ Human labor constitutes the title for appropriating nature, that in itself, in the Lockean view, is worth one-percent or less. In this new relationship, which constitutes the basis of modern private property, human activity becomes the source of value and nature is reduced to appropriable and exploitable material through labor. Hegel condensed the foundation of this modern juridical anthropology in the definition of the person as infinite free will, form which he developed the concept of private property.⁵⁰ He shows that the modern relationship of private property descends from the same principle of freedom that has unhinged the relations of lordship and serfdom between human beings. The individual, argues Hegel, “relates itself to a nature which it encounters before it” which, from the point of view of infinite will, is a limit that removes inasmuch as that limitation contradicts the very concept itself of infinite will.⁵¹ In other words, free will finds a limit in the external thing and removes this limit by appropriating it. The person, inasmuch as he “has the right to place his will in any thing,” removes from that thing its exteriority imposing on it his will, his ends and his soul.⁵² And so follows “the absolute *right of appropriation* that which human beings have over all things,”⁵³ a right that makes the human being the “lord over all of nature.”⁵⁴

47 Locke 1980, p.19.

48 Locke 1980, p. 19.

49 Locke 1980, p.25.

50 Hegel 1991, §§ 34-35.

51 Ibid , § 52 A.

52 Ibid., § 44.

53 Ibid., § 44..

54 Ibid., § 37 Z.

Nature, which in “reference therefore to the will and property... has no truth.”⁵⁵ is transformed into something dead, worthless, and exploitable by infinite free will. Simultaneously, the human being emancipates himself from relations of lordship and serfdom and becomes a formally free individual.

With this move, Hegel linked the modern concept of freedom to that of private property and of state coercion. In fact, Hegel argues, free will encounters another free will and from this meeting comes the necessity of not harming the freedom of others: from this point of view, concludes Hegel, the true foundation of law is “juridical prohibition” and the right of coercion.⁵⁶ Interpersonal relationships become contractual relationships between owners, such that in place of the immediate relations of domination⁵⁷ arise symmetrical juridical relations mediated by a third party, the state. In other words, taking the idea of abstract freedom understood as the freedom to do whatever one wants without harming the freedom of others, means to pose limits to freedom, and therefore juridical prohibitions and the state, as the true foundations of freedom. This abstract notion of freedom, to which the conceptions of liberals and the naïve anarchists often turn, presuppose the coercive power of the state even when they oppose it.

Hegel showed how free will, modern private property relations and state belong to a unique constellation. If the will is free, it is in fact then also possible that the will of the individual violates the established contracts and so damages the person and the property of others. For this reason, Hegel inserts in the section about law both the offense and the penalty as restorations of law. In the legal machine delineated by Hegel, the offense is even not an anomaly, but springs from the same source as law: the free will that, being abstract, is also always free to violate the law. But violating the law, the bad citizen also paradoxically confirms it in its most intimate nature, which that of being a “coercive right.”⁵⁸ The bad citizen acting in a way contrary to the norm does none other than confirm his own will as infinite free will, confirming in this way at the same time the very foundation of modern law. What matters is that this opposition to law remains within the context of law. Here we find substantially what Althusser demonstrated for the functioning of the ideological state apparatuses: to the interpellation of the police officer – “Hey, you there” – we can respond as a good citizen or we can also not respond at all or turn away and ignore it. The citizens are, that is, “free to obey or disobey

55 Ibid., § 52 A.

56 Ibid., § 38 and § 94.

57 Ibid., § 57 A.

58 Ibid., § 94.

the appeal,”⁵⁹ but what is important here is the fact that the citizens can represent themselves as free of a certain kind of freedom. They remain in the ideology of the law even if they disobey it: in this case they become subject to the coercive power of the state. The juridical sphere, in fact, for Althusser as well, comprises both the repressive apparatus of the state and the ideological apparatus.⁶⁰ The question, which brings us far from Althusser, regards the construction of the *homo proprietarius* starting from a conception of freedom that comes to constitute the self-representation of the subject and the law.

It is once again Hegel who brings us face to face with the real problem. The modern concept of free will, which gives rise to the formal equality of human beings founded on the universal-legal conception of individual freedom, also gives rise to the right of appropriation by human beings of everything. If we accept that the subject of law is free and equal, we must assume the presupposition – infinite free will – from which property and the appropriation of nature are derived. Showing the nexus between free will and property, Hegel formulates the most refined defense of modern private property, a defense that allows him to define as rational the modern-European property relations, and to de-classify as irrational forms the prior communitarian systems based on common property.⁶¹

Conforming to his philosophy of history, Hegel rereads teleologically the Roman agrarian laws understanding them as the struggle between the communitarian system and the “more rational” system of private property in land. The stages that led to modern relations of property are thereby defined as more rational than the defeated forms of right and so the latter have had to give way to modern right. This teleological vision, which is not only Hegel’s, works both geographically and historically. Different political and juridical relations than the Western-European ones are inventoried among the backward or a yet undeveloped phenomena: infantile stages of Western history.

A Desert Planet Without Time

“It is far too easy to be ‘liberal’ at the expense of the Middle Ages” noted Karl Marx.⁶² Materialist historiography shows us the relationship between the birth of the *formally* free proprietary individual and the exploitation of labor and of nature. The new proprietary anthropology takes form on the basis of a social formation in which the exchange between things takes priority over human relations. It is this that Marx

59 Althusser 1971, p.178.

60 Ibid., p.149.

61 Hegel 1991, § 46 A.

62 Marx 1977, p. 878 n.3.

sought to analyze in his notes of 1844 commenting on the *Elements of Political Economy* of James Mill.⁶³ The key category to denote the difference between capitalist and non-capitalist social formations is that of *inversion*. Capitalist modernity presents itself *prima facie* as an inversion of the personal relationship between individuals into relations mediated by money between individuals and things. But there is something more. This inversion introduces a new element, often missing in critiques: *the absence of limits*. The latter is a characteristic of the capitalist mode of production that Marx also emphasized in his mature writings in *Capital*. “For man himself - in a savage, barbaric condition – therefore, the amount of his production is determined by the extent of his immediate need, the content of which is directly the object produced. Under these conditions, therefore, man produces no more than he immediately requires. The limit of his need forms the limit of his production...The extent of his production is measured by his need.”⁶⁴ Marx does not elude here the Eurocentric prejudices of his times when he defines subsistence economies as barbaric. That notwithstanding, the distinctions enable him to pose an important question: exchange for the sake of exchange, that is the indifference to use value that Marx will describe in the circuit of buying in order to sell, breaks the equilibrium between production and needs and the measure of production. It is at this point that human relations are reduced to relations between things and the human being becomes a means for other humans: in other words, is “dehumanized.”⁶⁵ The expression chosen by Marx, “dehumanized man” (*entmenschter Mensch*), is certainly a loan from Feuerbach. The reference is to an original human essence integrated into nature and successively alienated because of religion in Feuerbach, by economic relations for Marx. From this perspective, the reference to dehumanization is teleologically oriented toward de-alienation and the recovery of an original organic relationship with nature and the human race. But there is a different way of seeing the question. The expression *entmenschter Mensch*, instead of referring to an original human essence to which we need to return, expresses the anthropological configuration of the inversion of capitalist modernity. When exchange between human beings becomes exchange between things, “abstract relations of private property with private property”, the thing loses its meaning of human property and it becomes a universal mediator of the relations between human beings, that “do not present to one another as men.”⁶⁶ All,

63 Marx 1986, p. 31

64 Karl Marx, *Comments on James Mill*, p.31.

65 Ibid., p.33.

66 Ibid.

including morality and individuality, become an article of commerce.

The modern individual is exiled from the community with other humans because by now he or she enters into relations with other humans through the medium of property and has relations with others only if they are useful to him or her. In these pages, as likewise in the *Manuscripts of 1844* and *The Jewish Question*, Marx does not hypothesize human nature but forcing the semantics of the term community (*Gemeinwesen*) defines the separation of the human being from the community (*Gemein-wesen*) in terms of a separation of the self from one's common essence (*gemeines Wesen*). In the conclusion to *The Jewish Question* Marx cites a long excerpt from Rousseau that is worth reproducing:

Whoever dares undertake to establish a people's institutions must feel himself capable of changing, as it were, human nature, of transforming each individual, who by himself is a complete and solitary whole, into a part of a larger whole, from which, in a sense, the individual receives his life and his being, of substituting a limited and mental existence for the physical and independent existence. He has to take from man his own powers, and give him in exchange alien powers which he cannot employ without the help of other men.⁶⁷

Marx comments: “All emancipation is a reduction of the human world and relationships to man himself.” The true emancipation is possible only by combining the transformation of external circumstances with the “changing of human nature” and “transforming every individual” such that they can recognize their own strength as the strength of the human community. In this way Marx sought to bring together human and social emancipation, not homogenizing them, but imagining them as two sides of the same emancipatory process. There is a term that Marx uses and that can be useful for holding together these two sides of emancipation. This term is “practical (*praktische*) emancipation.”⁶⁸ In the preface of 1841 to his *Essence of Christianity*, Feuerbach utilized this same term affirming that the scope of his book was substantially “therapeutic and practical.”⁶⁹ The meaning of therapy is not, either for Marx or for Feuerbach, that of turning the individual into an atheist, but rather that of reconciling man with himself and with others. This change, *therapy*, does not take off from the hypothesis of some human nature, but presents itself as the superseding of reified relations between proprietary

67 Marx 1975, p.167-168.

68 Ibid., p.155.

69 Feuerbach 1841. p. viii

subjects and the end of the absolute right of the subject over nature.

What is relevant in this young reflection by Marx is its attempt to hold together the transformation of external circumstances with the self-transformation of the subject and the changing of "human nature." These pages have been much too hurriedly relegated under the rubric of the humanist and prescientific Marx.⁷⁰ Historically that distinction between a scientific Marx and a humanist Marx can make sense, but now, in a different historical conjuncture, problems also change. If we pay attention to the lack of limits of the capitalist mode of production, we find in *Capital* not a rupture, but a deeper analysis on a new terrain. Marx describes the movement of capital as "without measure" and "limitless" (*Maßlos*)⁷¹. The difference is that Marx does not explain further this lack of limits starting from money and exchange, but rather from production, oriented no longer toward use value, but to the valorization of value: "Use-values must therefore never be treated as the immediate aim of the capitalist."⁷² If the capitalists produce use values, the most diverse kinds, it is only because they need a sellable support for his value. This dynamic, that is limitless, produces ever new use values, ever new needs and a new type of human with immeasurable needs. But it produces new use values as always identical barer of exchange value: a phantasmagoria of indifferent differences.

Everything is upside down. The proprietary individual celebrated by Hegel as infinite free will, is for Marx a simple function of capital: "it is only in so far as the appropriation of ever more wealth in the abstract is the sole driving force behind his operations that he functions as a capitalist, i.e. as capital personified and endowed with consciousness and a will."⁷³ If capital cannot be moralized, it is not because of any intrinsic evil on the part of the capitalist, but because the capitalist is a mere function of a limitless process. In this way, Marx shows the emptiness of the exaltation of the individual will of possessive individualism, transferring individual will to the process. In other words, the passions of the proprietary individual have become the passions of capital.

Capitalist modernity is characterized by the lack of limits that denote both production and a mentality: modern property as a limitless right of appropriation on the part of the subject. This mentality found its poetry in the words of the English magnate and Prime Minister of Cape Colony Cecil Rhodes: "To think of these stars that you see overhead at night, these vast worlds which we can never reach. I would annex the planets if I could; I often think of that. It makes me sad to see them so

70 Althusser 1969, p.11-12.

71 Marx 1977, p.253.

72 Ibid., p. 254.

73 Ibid., p.254.

clear and yet so far."⁷⁴ The lack of limits is not only the characteristic of a mode of production, but structures the relation between the human and the world. A relation that, as today seems evident from all sides, has destructive and self-destructive footprints.

Certainly, as we have continually recalled, the modern outlook is born when the individuals free themselves from the authoritative restrictions of the old feudal order. This is a new concept of freedom that tends to identify itself with dominion over oneself and one's own acts. At the same time the articulated story of traditions and consuetudes are leveled and the real becomes a zone of expansion of the will of the subject: the new proprietary subject stands on a deserted planet and outside of time. *Deserted*, because it is the subject that creates *ex nihilo* the order of an Earth declared appropriable because *res nullius*. *Outside of time*, because the link between generations is broken, memory has vanished, and the proprietary subject stands as sovereign of the present.

Alternative Trajectories: The Reactivation of the Commons

The exit from the capitalist mode of production is not found at the end of a course of stages that oblige humanity to follow the path taken by Western Europe. As happened for so-called original accumulation described by Marx, so as well the origin of private property does not follow a teleological path predisposed to the dissolution of the Medieval order. Medieval legal material contained diverse possibilities from those developed from the order of modern property. If this was the European historical outcome, there is an immense mass of extra-European material, and therefore of historical temporalities, that has followed different paths and in which the property relations differ radically from those of the modern West. Relations that are incompatible with those of European law and that allow us to relativize further the historical episode of the modernity narrated to us by the dominant Western historiography. The freeing of the serfs and of the land from the feudal bonds contained different historical possibilities. There are futures that remain encapsulated in those pasts. The late Marx offers us the opportunity to rethink these alternatives in the immense mass of ethnographic and anthropological notes on which he worked in the last years of his life.

It is as Marx wrote to Vera Zasulich who asked him for insights for interpreting the stages of accumulation in vogue among Russian "Marxists": "Nowadays, we often hear it said that the rural commune is an archaic form condemned to perish by history, scientific socialism and, in short, everything above debate. Those who preach such a view call themselves your disciples par excellence: 'Marxists'... So you will understand, Citizen, how interested we are in Your opinion. You would be doing us a very great favour if you were to set forth Your ideas on the

74 Stead 1902, p. 190.

possible fate of our rural commune, and on the theory that it is historically necessary for every country in the world to pass through all the phases of capitalist production.”⁷⁵ Marx replied that Russia is not constrained to pass through the “the fatal dissolution of the Russian peasants’ commune”⁷⁶, but could instead become “an element of collective production on a nationwide scale.”⁷⁷ In the drafts edited by Marx for the letter to Zasulich⁷⁸, strata of historical time are made to grind against one another. There is the future blocked in the past that can be freed by the contemporaneity of the archaic: “The history of the decline of primitive communities (it would be a mistake to place them all on the same level; as in geological formations, these historical forms contain a whole series of primary, secondary, tertiary types, etc.) has still to be written.”⁷⁹ The type of historiography that the late Marx refers to serves him not as a linear image of historical time, but as a geological stratigraphy; strata of time are superimposed upon one another and are co-present to the view of the geologist. The rupture is in the combination of these strata and not in any necessary outcome of the capitalist mode of production. The co-presence of strata gives rise to tensions among various temporal trajectories.⁸⁰ Marx does not counsel the Russian populists to embalm the agricultural commune with its patriarchal structures, but neither to follow the so-called “Marxists” and to destroy it in the name of a historical development that would have to pass through capitalism in order to arrive in the end at socialism. Marx counsels instead to take the rural commune’s possible trajectory of collective possession that could enable it to avoid the path of modern European private property.

In one of the rare passages in which Marx tried to sketch the image of postcapitalist relations, he wrote that from the point of view of communist society “the private property of particular individuals in the earth will appear just as absurd as the private property of one man in other men. Even an entire society, a nation, or all simultaneously existing societies taken together, are not the owners of the earth. They are simply its possessors, its usufructuaries (*Nutznießer*), and have to bequeath it in an improved state to succeeding generations, as *boni patres familias*.”⁸¹ Marx redefines the terms of the constellation of proprietary relationships. In the first place no subject, individual or collective, that is “of one’s own

75 Vera Zasulich to Karl Marx, February 16, 1881 in Shanin 1983, p.98-99.

76 Ibid., p. 121.

77 Ibid., p. 121.

78 Marx wrote four drafts of the letter. Shanin 1983, pp. 3-39.

79 Shanin 1983, p. 121.

80 Harootunian 2015.

81 Marx 1981, p. 911.

epoch” is owner of the earth. To attribute property to a collective subject, be it the State or the nation, does not change anything in the relationship. The Marxian image transcends the temporality that links property to the present. The concept of property is redefined as possession and usufruct, the *ius utendi et abutendi* becomes only *ius utendi* on the part of the human generations linked by the duty to relate to the earth as “boni patres familias.” The trans-temporal dimension produces a double semantic slippage: property becomes benefit, and law becomes the “duty” to pass the earth onto successive generations in an improved condition. The term “usufructuary” employed by Marx has the advantage of referring to a right to enjoy the thing according to the use to which it is destined, without alienating or destroying it. A right that supersedes the provincial conception of the time and that is conceded to generations past and to come. It is therefore a right that is anything but limitless and in which nature is that which is owed. The temporal provincialism that leads us to think of ourselves as the lords of the present is superseded, together with the proprietary individualism that makes of us the lords of nature.

The challenge thrown down by Marx to modern relations of property opens possible bridges to other traditions. With that reactivated by Müntzer and Winstanley. But also with the indigenous temporality of the Navajo people: “we don’t inherit the earth from our ancestors, we borrow it from our children.” It is not a matter of adopting their cosmology, but of redefining the story of property relations in which a determinate anthropology and representation of the cosmos takes form. This seems to me the path to undertake for putting into contact with each other the traditions interrupted by European modernity with extra-European ones. Think just of how the question of property relations was put into question by Gandhi in relation to a non-possessive conception (*aparigraha*) of property,⁸² and continues to be central to indigenous rights. If we only abandon the arrogant Eurocentric vision of the philosophy of Western history, different property traditions can enter into contact with alternative trajectories of Western modernity. These alternative trajectories re-emerge in the current crisis, which is not only an economic or financial one, but is the expression of atomized relationships and of environmental devastation in the name of privatization. All this today pushes us to cut the Gordian knot of private property that affirms the absolute dominium of the proprietary subject over material goods. The relations of property show their obsolescence not only in the immaterial production of ideas, knowledge and communications, but above all in the unsustainability of the current mode of production and of the relations of private property in relation to the environment.

82 Patel 2014.

The centuries-long war against the commons could have gone differently. However, it is not a matter of doing history over as a “what if”. Those blocked possibilities await being reactivated in alternative strata of time and traditions that can put the Diggers and radical Puritans in communication with the associations of the Paris Commune, the Russian *obščina* and the Indian communities. We have to work inside these alternative traditions and their excess with respect to the present. This excess reemerges ever new every time the dissatisfaction with the present grows stronger. When the emotional temperature of a society rises, so do communitarian and traditional nostalgias that the more reactionary tendencies of the present can use to their advantage. The emancipatory forces have nearly always remained deaf to the needs of strata of the population that express romantically their sense of dissatisfaction with an alienated life. And doing so they leave that liberatory potential to flow toward the most reactionary right.

But there is another way to see the archaic. It consists in thinking and reactivating the provisionally defeated forms and showing in the “archaic”, in the missed possibilities, the new trajectories for the present. The “archaic” allows us, first of all, to re-dimension the universalizing pretensions of capitalist modernity. “The *time which has passed away since civilization began* – quotes Marx from Morgan – is but a fragment (u. *zwar sehr kleines* – adds Marx in German) of the past duration of man’s existence; and *but a fragment of the ages yet to come*.”⁸³ Capitalist modernity is delimited to a miniscule episode in the story of humanity. The existence of non-capitalist forms, such as for example the Indian communities, in which “most of the products are destined for direct use by the community itself, and are not commodities”⁸⁴ shows temporal strata in which alternative possibilities to those of capitalist modernity remain open.

The question returns to proprietary relations. In *Ancient Society*, which was one of the readings of the late Marx, Morgan observes that property had become an “unmanageable power” and “the human mind stands bewildered in the presence of its own creation”, and he hoped for a time in which “human intelligence will rise to the mastery over property.”⁸⁵ If, in the inverted relationships of modernity, property dominates humans, we must revive a social and anthropological form capable of dominating property. Morgan writes regarding this: “It will be a revival, in a higher form, of the liberty, equality and fraternity of the ancient gentes.” Marx sees this revival as the possibility of “a

83 Marx 1972, p. 139.

84 Marx 1977, p.478.

85 Morgan 1963, p.561. These passages are requoted in Marx 1972, p.139.

higher plan of society.”⁸⁶ He imagines a society in which “socialized man, the associated producers, govern the human metabolism with nature in a rational way, bringing it under their collective control instead of being dominated by it as a blind power.”⁸⁷ The possibility of this alternative is anything but simple. It is not the outcome of mechanistic historical tendencies to transcend the capitalist mode of production. It requires a triple transformation. An anthropological transformation: “socialized man” in place of the proprietary individual; a social and economic transformation of the relations of production and property; and a different conception of history that allows us to see in what-has-been possible trajectories, which are still open. To abandon the possessive individualism of *homo proprietarius* different social relations are necessary, but also different relations with past and present. A relationship starting from which the human being is not self-represented as the lord of nature and of the present.

I want to conclude returning to the land of Somonte. The occupants demand not property, but the right of use. This was the meaning of the statement: “the land is not anyone’s.” It is not a question of expropriating the land, because you don’t expropriate what cannot be appropriated. The expropriation discourse is still inside the logic of modern property law, and all it does is change the owner. Instead we need to reimagine a different relationship with property, which reactivates in a complete new configuration the archaic conception of *dominium utile*.⁸⁸ This notion contained in fact a different anthropology, non-individualistic, that first of all made reference to a different and shared property, according to the different degrees of utility and use. Second, the reference to *utilitas* meant a limit and a content to the property relation, that could not understood as an abstract one. The modern conception of private property made a very selective use of Roman law and even re-invented it. Indeed, there are further archaic strata of Roman law that would have allowed for going in the opposite direction to that of the dissolution of collective property. Instead of considering the earth *res nullius*, appropriable to the first occupant, a category that has justified European colonialism, Roman law contemplated in fact also the category of *res nullius in bonis*; un-appropriable things and places outside of time.⁸⁹ A strata that re-emerges in the tradition of the defence of the commons: “the earth is not anyone’s.” To this a-temporal dimension of un-appropriability corresponds in fact a determinate mode of use that can never become abuse.

86 Morgan 1963, p.561. Marx 1972, p.139.

87 Marx 1981 p.959.

88 Grossi 2006, pp. 70-74.

89 Thomas 2002.

It is the merit of Dardot and Laval to have paid attention to the instituting praxis of the common.⁹⁰ But it is worthwhile to consider a problem. In their just critique of every abstract universal, the instituting praxis that establishes rule relative to use in common remains indeterminate in a form of universality that regards only those who expect to take part in governing the common. The rules that discipline the use in common of the earth can be founded on co-decision, but nothing authorizes thinking that in the absence of trans-temporal links between generations, that those decisions, inasmuch as established in common, would not lead to a new type of intensive exploitation of the earth. In other words, in the absence of qualitative criteria of orientation of praxis, use is always on the verge of transforming itself into abuse or extractivism. The risk is that of formalism: un-appropriability is defined by Dardot and Laval as “that which must not be appropriated;” so that there can be things subtracted from appropriation, we must renounce “becoming the owners” and “prevent ourselves from appropriating them.”⁹¹ But this possibility, appropriation, we have seen, is linked to the modern conception of free will. The theoretical and practical difficulty lies in the transcendence of the outlook of possessive individualism together with the anthropology that lay at its base. Certainly the practice of commoners can be understood at the same time as the practice of changing property relations and that of re-subjectification or self-transformation. But their combination requires the activation of an anticipatory, prefigurative temporality, withdrawn from the domination of the relations between means and ends. It is here that ethics falls together with politics. The notion of commons, their un-appropriability, as happened in the archaic relations of consuetudinary, has the advantage of reclaiming to itself a temporal dimension that exceeds the historical present and that binds the present generations to those of the past and future. Marx sought to reconfigure this outlook through the category of “usufructuaries” of the earth, which did not belong to any present subject, neither the state, nor the community, nor the multitude. With this it is not only the modern concept of property that is put into question, but also the temporal monopoly over the present. Property is not put into question by negating it abstractly, or entrusting ownership to some collective subject. Rather, we must redefine the property relations through stratifications of use of property and of the quality of use. It is that which the Communards did in Paris in 1871. The fact that they refused measures of exploitation or of the abolition of private property was not a limit; they redefined the property relations starting from the different modes of use through the cooperative associations. Today this experiment can be reactivated

90 Dardot and Laval 2014.

91 Ibid., p. 529-532.

through dialogue with indigenous peoples' land rights. For the indigenous Mesoamericans, for example, it is not the land that belongs to people, but the people that belong to the land. For this reason, the land is not saleable, it cannot be bought or sold, and as far as regards Western conceptions, it cannot even be worked. Seeding the earth is not work, but a loving relation, understandable only in a cosmology of Mother Earth (*Pachamama*).⁹² If the present ecological crisis induces the West to look to these other relationships with the environment to the end of reactivating a loving relation between the earth and her children, unfortunately you cannot choose a cosmology the way you choose a film to see on Saturday evening. If romanticism see the past with nostalgia, the New Age, which is its other face, sees the exotic as if it were a commodity that is available in the supermarket of superstitions. You don't choose a cosmology: it is rooted in the individual and collective consciousness of a society, in the constantly repeated practices of everyday life and in the conceptions of individual liberty. There exist privileged points in which to put into practice the gap between different conceptions of life in common. These points include, for example, that between the Western conception of property and the relations of indigenous people to the soil. This gap is a gap between temporalities. But not in the sense that one is advanced, while the other is arrested. Rather as in the differences between temporal trajectories that have had the same time to develop themselves, but whose paths have diverged. Other trajectories can show possible futures. However, the communication between these temporalities is a task that requires the self-criticism of Western categories and of the current relations of property and the conception of individual free will that constitutes its fundament. It requires experiments in which new forms of life are anticipated. People have the right to change property relations.

92 Dransart 1992.

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Economic Crises, Historical Regression and Social Conflicts: An Essay

Raquel Varela and
Valério Arcary

Abstract: The hypothesis of this article is that social pact carried out by European states collapsed irreversibly in southern Europe and it was seriously questioned in northern Europe, after the fallout of the global economic crisis in 2008. At various levels, most markedly in southern Europe than in the north, it has opened a historical dynamics of social regression. Greece, Portugal and Spain, for example, “Latin americanized” in three years with poverty rate growing to 40 to 50% of the population. However, in urban contemporary societies, the destruction of the average living conditions of the majority of the population could never be done “cold”, that is, no colossal resistance.

Keywords: labour, austerity, revolution, economic crisis, class struggle, capitalism

Where there is a will there's a way

Popular Chinese wisdom

*Times change, as do our wills
What we are - is ever changing
All the world is made of change
And forever new qualities*

*(..) Of evil remains resentment
and of good (if there was any) the longing.*

Camões

Introduction

The wager of this essay is that the social regulation accomplished by the European States has entered in irreversible collapse after the precipitation of the world economic crisis in 2008. In different forms, more gravely in the South than in the North of Europe, a historical dynamics of social regression has already begun. Greece, Portugal and Spain, for example, have become “latin-americanized” at a frightening rate in the last three years.

Nonetheless, the destruction of the mean conditions of existence of most of the population in contemporary urbanized societies never takes place “in the cold”, that is, without colossal resistances. The challenge,

thus, for the European working class is to construct an impacting social force capable of preventing the socio-economic measures that are promoted by the Troika and implemented by the national governments. The emergence, in 2016, in France, of a resistance of hundreds of thousands in the streets, of movements like the strike in Greece, of the “a rasca” generation¹ in Portugal or the unsatisfied with the Spanish State, the largest numbers from decades in Europe, signaling a new rioting amongst the youngest.

If, however, an answer does not arise from the organized workers movement unified with the youth on an European scale, it will be impossible to defeat the adjustments that the European bourgeoisie needs to do in order to preserve their global market position and to avoid the drop of values of the security titles. This process is yet in dispute. We must remember that, in current conditions, the destruction of the social pact that sustains the most advanced world would suffer international consequences. A defeat this serious would establish a new relationship of power between classes. This answer is yet to be constructed. There is still time. Internationalism is no longer just a fair pragmatic formula, but has become a necessity for trade unions and politics in general.

The European working class of the early twenty-first century is different from the proletariat of thirty years ago, but this does not authorize the conclusion that it is weaker. It is a less homogeneous working class in many dimensions, in comparison to its prior generation, because the social weight of the industrial working class is smaller. It is a class with more social and cultural differentiations, with a smaller degree of participation on the organizations that represent them. And, it is also, a class less sure of itself, worn-out after decades of small defeats that were accumulated.

But, it is also bigger in numbers, more concentrated and much more academically instructed. It is a class with the potential to attract to its field the majority of the pauperized middle classes. It is a class much more aware of the international amplitude of its struggle and furthermore, much more critical than the older unionized and political directions: social-democracy and Stalinism. It will have to learn, in a near political future, the real greatness of its strength. It must break up from the influence of old apparatuses and construct new organizations as instruments of struggle to be able to collectively represent their interests. It will have to discover how to break the political limits of the domination of the electoral regime that protects capital.

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¹ “Geração à Rasca” is the name given to a set of protests that took place in Portugal and other countries around the 12th of March 2011.

Economists and historians: crises and revolution

A popular wisdom teaches us that all crafts has its vices. Economists and historians have different points of views when the theme is the relationship between economic crisis and social conflicts. Both have no trouble in recognizing the growth of social conflict, as a tendency, when the impact of economic crises deteriorates the conditions of existence of the working class. However, even if inspired by a Marxist tradition, the focus of each discourse is different. There are too many reasons for this mismatch but, we advance here the two major ones.

The first one is based upon the fact that, on the last one hundred years, we witnessed more severe economic crises than social collapses. The economical crises of capitalism were recurrent but only through exceptional circumstances these precipitated revolutionary situations. The crisis related to the underproduction of pre-industrial societies were conditioned by the fluctuations of the farming world - soil erosions, dry periods, floods, earthquakes, epidemics - or, because of political and war pulsations, i.e., exogenous factors to the economic life, therefore random factors. On the other hand, the crisis on the capitalist era were provoked by endogenous reasons and assumed the form of regular cycles. Those destructive collisions of over-accumulation of capital and underproduction of commodities has been predictable for the past one hundred and fifty years and there is a broad repertoire of knowledge available from distinct orientations in order to comprehend it. The explanations as to why only in certain societies the economic crisis was a trigger of social discontent are diverse and the answer lies on the previous history of each nation.

The second one is that economists were educated not to be impressed with the “exterior” drama of events. For sake of their education, they seek the ‘internal’ laws of the capitalist system: the regularities, the cycles, i.e., the manifestation of a predictable pattern. Marxist historians on the other hand, have another theoretical inclination: they are enthusiastic to find within an apparently disoriented sequence, within the confused or chaotic chain of the facts, a conducting line of explanation that ties it all to class struggle. They contextualize the economical crisis looking for periodizations that consider other variables, beyond the strictly objective determinations.

One thing is for sure, the economical crises of the contemporary world were a necessary condition to the opening of revolutionary situations, but not enough of a reason to make the people willing to revolutionize and throw down a government. In fact, the normal conditions of domination, at least until the Second World War, the sacrifices imposed on the way of life of popular classes in those countries where the process of transition of agrarian economy to urban economy - i.e., almost all Latin America, Asia and Africa, perhaps, some areas of the Mediterranean of Europe - were absorbed without major tensions as temporary measures for different reasons. Maybe,

because a perception of serious injustice was not clear enough, or perhaps because it looked like it could be compensated ahead when a recovery would take place, or yet, because it was still possible a transitional return to the agrarian world, or because the political directions of workers inhibited or slowed down the gravity of social riots. On fully urbanized countries it was very hard to contain the social destabilization caused by economical crisis as it became clear after the German tragedy right after 1929².

Economists could be theoretically more optimists on their investigations (optimists in terms of self-confidence in relation to their conclusions), because they have assumed as a presupposed thesis that the behavior of the individuals are rational and predictable. Even when they consent that the modern society is divided into classes and admit that, as a premise, the decisions that the individuals are conditioned by social pressures, they prefer to consider that classes are coherent in their interests. In other words, they disregard inconsistencies that are manifested within situations that a class effectively live and also, the conscious degree that this class managed to build based upon their interests. The methodological danger of economicism is to imagine that, in the context of social life, two instances of the same cause essentially provoke the same consequences and to construct a theoretical model emptied of space and time, where classes made out of flesh and bones and struggles simply disappear. When the theme are the economic crisis, the risk of an economist approach consists in neglecting that within history there are regularities, but there are no replays - repetitions are not possible.

On the other hand, historians learned to live with the theoretical unsafeness, because they accept the fact that there are no direct correspondence between the economic interests and the political behavior of classes. A dominant class or a dominated one could act against their immediate aspirations in order to future gains, or the contrary, to sacrifice their perspectives in name of immediatism of their needs, depending on many factors, amongst those, the reciprocal quality of the directions of the class struggle. Historians look at conflicts privileging the analysis of the political relationship of power that the social classes embedded their disputes, and reconstructing the fields of possibilities that were set on a certain situation. When they let themselves be blinded by the passion of their theme, historians can be excessively condescending with the past and, if consumed by skepticism, can become dangerously cynical.

2 HOBSBAWM, Eric J. **History of Marxism VI**. Translated by Carlos Néilson Coutinho [et alli]. Rio de Janeiro, Paz e Terra, 1985.

Nevertheless, it was not a particularly controversial topic in historiography to recognize that the economic crises in contemporary urbanized societies have tended to bring about social conflicts and, in rare circumstances, revolutionary situations. Recessions are destructive interruptions. They are potentially a moment of maximum vulnerability of capitalism. Clashes in the productive capacity generate immediate changes in the relationship of forces, because the escape of the crisis increases the competition between the companies and the States, and requires an increase in the exploitation of workers. When they are not able to defend themselves, the system gains historical time to recover itself.

The historical limit of capital was and remains as the limit of the process of valorization. Its expansion was dependent on the possibility of extracting the surplus value through the depreciation of wage or by increasing the work intensity; the possibility of reducing the costs of reproduction of labor by cheapening of commodities that account for popular consumption; the ability to increase productivity by replacement of living labor by dead labor; the expansion of the world market; and increased financialization; and commodification of public services.

However, there are not technological innovations that, by themselves, could be sufficient to preserve capitalism. The introduction of new technologies does not reverse the decline in the average rate of profit which regulates the pulse of the capital. The world market expansion limits are running out on their last frontiers, Asia and Africa. The dangers of an unregulated financialization manifested acutely in this last economic crisis.

In short, without increasing the exploitation of labor, and without the protection of the countries at the center of the world market through raising the transfer of wealth of the periphery, capitalism has no future. The expropriation of the work should be considered, however, on the scale of the world market. The export of crisis costs to peripheral countries was one of the historical features of how the imperialist countries preserved governability in the center of the system. But this too had and still has its limits. The national bourgeoisies in the semi-colonial countries, especially those where the majority of the population is already urbanized, can not risk social confrontations with its workers without careful political calculations. Therefore, there is not a strictly economic escape to the crisis. The escape of each crisis depends on a political and social outcome.

In contemporary times, the possibility of increasing the extraction of surplus value has been conditioned on the degree of radicalization of the class struggle. Capital has learned from the experience of

previous economic crises, and fears the dangers of misrule. The working class cannot watch the destruction of its achievements without fierce resistance. Therefore, the outcome of this crisis remains still open.

Crisis and Conflicts: the example of Portugal post-Troika (2008-2016)

“We want a strong State in the economy,” many argue in Portuguese society nowadays, especially Keynesian economists. They insist that the neoliberal project is to remove power from the State and that the answer to this “liberal fanaticism” is the struggle for strengthening the role of that State.

We do not share this hypothesis. We have never had so much State as we do today and the center of egalitarian and free social demands, the heart of emancipatory projects (which have to respect the individual freedom, which is not a footnote in social change, but their heart), consists of removing force from this State and returning it to the base organizations of society, originated in places where people work, live and to other places yet to be invented, in a period where the informal and home-based work has gained giant proportions (50% of the employed population are in these precarious work conditions).

Through its economic weight, the State conditions private economy in order to maintain and expand its profit margin, no matter that the same profit can transubstantiate in income as Public-Private Partnerships. There is a certain democracy of shares in that procedure. Thus, the market shares determine the preference of the State for the salvation of certain types of capital, resulting in a simultaneous erosion of wage levels and the existence of small independent producers, i.e. those that produce according to their own strategy in a given competitive market. Small dependent producers, i.e. those that produce for a customer, a larger group, are only actually a department conditioned by its unique customer strategy. The State today conditions through public debt and other fixed income, such as public-private partnerships, whose rate of return is only higher (in some cases, 14%, 18%) in the drug business; the State regulates labor flexibility, creating a tangle of laws, internships, etc. (And not, as they wrongly say promoting the “deregulation”, since flexibility is deeply *regulated* by the State), which promotes and creates job insecurity and unemployment; the State determines wage cuts to the public sector, which serve as entrainment and example for wage cuts in the private sector; the State never got so much tax revenue in its history; the State substitutes the traditional employer-employee conflict, assuming by way of general laws (overtime, unpaid internships, regulation of flexible hours, etc.); the cuts of mass wages (direct and indirect cuts); the State encourages the privatization of public assets, directly expropriating basic services (WSD,

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SS, DE) or using public funds to directly support private businesses (private health, private banking, among others).

The State that almost everyone lovingly embraces in the southern European society is the social State. Strictly speaking, the social State is historically above all the *social wage*: people pay taxes and social contributions they want to see returned in public services that the state does not give, but returns. Second of all, the social State is not a gift of the State, it was born against the State, under the factual situation where armed workers in 1945 in northern Europe, and in the social struggles of 1974-1975, with the Portuguese revolution and its contagion to Spain and Greece in 1974-1975 - when an increase and extension of pension reforms and the unification of health services in public health services planned and general and free education for all occurred.

The State of nowadays increasingly appears as what it always was: an increasingly complex tool (with agents and structures, particularly often with the contradictory agents of the State itself) to promote concentration of social wealth in the hands of few, and not a public source of confidence and public welfare for majority living under their rule. In Portugal for instance in the year 2014, there was 870 millionaires who had a fortune equivalent to 45% of GDP (GDP is what is produced by the whole population).

The welfare management of unemployment, the recapitalization of companies, securitization of the Social Security fund, the commodification of the social functions of the state, the very management of the workforce at the headquarters of social consultation - the European neo-corporative tripartite model of management of the restructure of labor - all these changes have been made and implemented having as their epicenter the strengthening of the State and its role in the double-strand aspect as the regulator and the funder getting more and more present, and not by its absence, as erroneously attributed to the so-called “neo-liberal phase.” The State has not diminished. Rather, it has been reinforced.

No political party with parliamentary representation in southern Europe suffrages today a defense of a distinct society, an alternative way of social organization, refusing any social utopia. This attitude is observed programmatically. Even the promise of full employment - although we live today with real unemployment of 25% in southern Europe, in Portugal the same - has disappeared from the public campaigns of these parties which, without exception, insist on putting the emergency programs - minimum wage, unemployment benefits - as a panacea for the historical problem of poverty caused by unemployment and low wages, today more than the relocation, unemployment is the wage regulator. The lack of exits, which causes individual despair, it is seen with the naked eye in the reproduction of dominant discourses. Recovery policies of the bankrupt assets in 2007-

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2008 are, from right to left, known as 'austerity' and 'escape from the crisis' is a rhetoric tool used by all, hiding the fact that, since 2009, a minority sighted relieved because it would be out of the crisis it had entered in 2007 and 2008 - the bank and the bankrupt assets of large companies - and the other part of the population, the majority, who work for a living, and small and medium-sized enterprises, entered this crisis. The 'money' has not evaporated, it simply went from one side to the other.

In agony to decrease wages in order to recover from the largest fall in profit rates of history, the policies applied since 2008 dared a historic jump, to destroy the social basis of democracy-liberal regime, created by the social pacts of 76- 78 in Portugal, Spain and Greece. However, this led to the opening of a Pandora box. It is yet to be proven if the stability of regimes will subsist to the degradation of the conditions of living of the vast majority of workers. "Peace" in southern Europe today has two names: political police/dictatorships or broad social rights (1975-1986). All other historical times, in our contemporary epoch, are marked by the ungovernability and dialectically have as a consequence the obstacle to accumulation, euphemistically invoked outside the critical scientific means, such as "social stability."

The development project post 1975, the "Europe with Us" - a model of relative impoverishment in which profits and wages grew together, that is, the rich became richer, but the poor were less poor, the essence of the social-democratic project - has collapsed. The progressive modernization of southern Europe was a failure, and consolidated modernization through retrocess. "Give me a war and I shall make the GDP grow!" Destroying fields, closing plants, eliminating the production capacity, disinvesting in training the workforce and science, encouraging the forced emigration ... The throwback model prevails in the political choices of those who have been at the helm of the destinies of these countries - the model of cheap labor. Which is incompatible with the development of wealth and well-being of the population.

History is a process, not a fatality. It's a film, dynamic, and not a static photograph. We are the ones doing it, in its tragedies and joys, a process made of social subjects and not a divine teleological delusion. It comprises choices, pacts or conflicts, defeats or victories, sometimes also ties, though, we know these are not lasting.

The economic decline after 2008 was not avoided, but it produced a massive proletarianization, urbanization and education of the overwhelming majority of the population, combined with the achievements of the revolution, especially the social State, may be the social force capable of emerging welfare idea for the population. As Friedrich Hebbel

said, quoted by Antonio Gramsci: "To the youth it is often censored the belief that the world begins only with them. But the old believe even more strongly that the world ends with them. What's worse?"

Management of Crisis or Crisis of management?

This crisis does not stem from a management problem, but the urge to remunerate bankrupt capital with public funds has brought to light a series of moral scandals, corruption and mismanagement associated with great leaders of banks or companies. *Too big to fail, too big to jail...*

They did not fail. The liabilities were nationalized to a historical dimension, but the assets remained protected. The phenomenon helped to explain to the major media the crisis as a problem of corruption and mismanagement. But we can not confuse the *appearance* of the phenomena with its essence. That is, as they look/appear and how they are in fact. The shadows and the reality.

Balzac, in his burlesque satire on debt - '*The art of paying off your debts and satisfy creditors without spending a cent*' - explains that "among the lenders we may have, there are always some sensitive and kind that end up liking the debtors."

While in 2008 the director of a large German company advised its staff to read Karl Marx's *the Capital*, the televisions around the world sought to find in the fever the causes of the disease. Insisting that the greatest crisis of the post-war capitalism was a problem of evil men at the helm of a good system.

George W. Bush literally and openly said in 2008, staring his fellow citizens right in the eyes, that if they did not authorize the trillions of aid to General Motors or Bank of America, the largest companies in the world's largest economy would bankrupt and dragged world capitalism to a great depression. These values, known as the "money helicopters" that Ben Bernanke, chairman of the FED, the US central bank system, poured on Wall Street (New York stock exchanges) will be advanced by the State and then paid with taxpayers' money - that is, with a real drop in wages of 25% in the US since 2008. Although some demonstrations then wield a Wall Street door to sign that read "Jump you fuckers!" - referencing the shareholders suicides of 1929 - but, this time, no one jumped. And American capitalism was saved not because it was a robust system, but because the biggest public support of the entire history of mankind was mobilized to its aid.

First, the colonial exploitation, then the neocolonial exploitation, after the transformation of China into the world's factory to produce

goods for 70 dollars a month. From crisis to crisis, poverty and barbarism, capitalism in its downward phase of historical mode of production, monopoly capitalism (2/3 of the workers of the world who work in SMEs work in fact, as already noted, in large corporations subsidiaries) was now saved by the State, i.e. the wage cuts, rising unemployment and the erosion of the social wage. Thus began the massive impoverishment of the middle classes in developed Europe and the US, something that the periphery of the world already knew long ago.

Without the Bushs, Madoffs, Oliveiras and Costas and Salgados of this world, the world economy would progress? Nope. But it is clear that the exponential increase in corruption - a slurry that every day opens new holes before the amazement of millions of honest people who live of their work - is not a lapse. The more the value of private capital is dependent on the State, the greater is the corruption. It made more honest people to depart from the top companies, leaving a morass of amorality and management when bankruptcies come forward.

We live in an 1929 delayed crisis. It is not a financial or *subprime* crisis, but a cyclical crisis that begins in US industrial production, in its military, automotive industry, and has its most obvious symptom at the financial level, with the stock market crash and the collapse of Lehman Brothers and of stock markets. But let us not confuse pneumonia with fever.

Pneumonia is the *tendential falling of the rate of profit*, caused by the contradiction between production for the needs and profit. Fever is the stock market collapse, the way the crisis *appears*, showing the depreciation of property, because of deflation in prices of production, here lies the *essence*. We say this without diplomacy: whoever does not realize the law of labor-value stated in Marx's *Capital* cannot explain the society where he or she lives. The law of value is to the economy as the law of gravity is for physics. Economists, on their majority, in the form of political commentary or academic work, act as if money produces money. Exalting on ascents and descents of the stock markets as if they had life of their own, and even the critics of what is called "neoliberalism" - the neo-keynesians - consider that we live in a 'casino' economy, and that the main problem at the root of the crisis, would not be the contradictions of production, but instead the lack of regulation of the financial system.

But if we live in an economy dominated by the financial sector, in this casino like model, why are financial aid worthless without the wages of the people?

What happened in 2008 was a massive help to the financial sector

and three months later, they've looked at the people and said: "Now it's up to you, with your reforms and paychecks, so pay!" Because what was proved by this crisis is that the production, the salary and labor are crucial. The securities and the shares without work are just worthless pieces of paper.

The economic cycles of the capitalist production, described in Marx's *Capital*, which occurred in the nineteenth century, roughly every 10 years and nowadays every seven years (are mapped by the Department of North American trade) have a life cycle that can describe as follows: crisis period, expansion, accumulation peak, crisis... the origin of the cyclical crises is the devaluation of property by constantly increasing capital (investments, machinery, technology, etc.) in relation to variable capital (wages). In the capitalist mode of production, crises derive from the overproduction of capital and not scarcity, as in the Middle Ages. When the *cost of labor*, the only source of *value*, increase against the constant capital, there is an increasing devaluation of property, which makes it to fall the average rate of profit. , Thus the crisis.

Usually at the end of the cycle, before entering in crisis (i.e., before a drop in profit rate, deflation of output prices, etc., which often manifests itself with falls in the stock markets), there is a high rate employability of the labor force or unitary labor cost. In this crisis, unemployment reached unprecedented structural levels, which means that the degree of depreciation of capital - and the need to trigger the most devastating counter-cyclical measures - this time was much higher. We are on top of a volcano. We are, from the standpoint of capitalist production, at a historical fork.

In the US, contrary to what is erroneously referred to in the manuals, the unemployment rates of 1929 were only reversed when the US entered the war in 1941. It was the war economy, transforming the *unemployed into soldiers*, productive forces in factories on machines of destruction, which reversed the accumulation crisis.

Since 2009, at least, the order emanating from the European Commission is to capitalize the bank. The advent of the 2008 crisis has banks in possession of a number still unclear toxic assets. Since then, each State tried to use all his strength to change these toxic assets (devalued) by fresh assets (with value).

These aids to banks led the government to observe impassive and serene a debt in which Portugal, increased from about 69% in 2008 to 102% in 2011. When it reached 102% "markets shook-up", i.e., shareholders feared getting stuck with a default in their hands. The titles pass to the

category of waste and the PS government, resigned, with the approval of the PSD and CDS, asking for help to the *troika*. After the 'distress call' the debt jumps to 130%. The State is bankrupt now more than ever, specially referring to the payment of the public debt and, way much more bankrupt than it was before requesting the loan. The rescue became a kidnapping.

It wasn't on the grounds of "monetizing the capital invested" that was requested the loan of the *troika*, but on the grounds to "avoid State failure." But well, the State was not bankrupt. It was in good health, and only comes into rupture after saving these capitals and Portugal banks. Only the salvation of the assets of BPN and BES putted together corresponds today to 10% of GDP. But virtually all banking was soon in 2008, connected by a catheter to public funds. The loan itself from the *troika* stipulated that its value of 70 billion euros, was to recycle the public securities categorized as waste and, not to pay salaries and State functioning, and 12 billion to recapitalize the banks. Worthless securities, just painted paper, were exchanged for securities value (wages, pensions, social State).

At the level of the ECB, they have had, on one hand, a historic fall in interest as well as in the mandatory deposits of banks at the ECB (the interests were in March 2015 at 0.15% and the minimum deposit at -0.1%). The ECB also loosened its policy both in facilitating access to credit directly through the ECB - which in normal situations is highly unadvisable and costly - as it became much more flexible in accepting guarantees of banks (accepting dubious securities as collateral). On the other hand, the public debt offered a safe investment (albeit with the intervention of the *troika*, in the case of Portugal), allowing the exchange of assets. In the case of Portugal, in 2009 it was created a line of guarantees offered by the State of 20 billion euros (Sócrates Government) and a credit line of 12 billion euros (under the *troika* program). All this implies that the whole bank system is bankrupt, and it only survives if it is connected directly to the State by a catheter of capital.

If we recall the BPN - whose operation of nationalization was announced as "profitable in the future" by José Sócrates - this deduction becomes indisputable: taking the president, Oliveira e Costa, who took some vacation time at home - which the press then called a "house arrest" - the former reference shareholders retained ownership of only part of the group with no toxic assets. And those who work for a living fully paid the bill through the constitution for the loan from the *troika*. Therefore, the conclusion is that the BPN, although it didn't broke, from a formal standpoint - it should have, and the State should have been limited to ensure the deposits at a medium level. But the BPN was "saved" by the State. And this rescue was requested, so that the State didn't let the

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investors who saw their fortunes shaken by the crisis in the bank to leave. Therefore, to say that the State has lost about 9 billion euros is only half of the story. The other half of it, is that some avoided to lose around 9 billion euros: its investors. In the "spirit" of entrepreneurship that they preach because they are investors, they should have supported the risks of their own activity.

Today, the interests of the debt represent the largest share of the State budget, more than the entire budget on education or health. We are talking about 8 billion euros in interests. In the Middle Ages, to live out of interests was considered usury, in the twenty-first century its awarded with *honorary* doctorates and crosses of merit.

The countercyclical measures ("austerity measures") that followed, in order to pay the interests of this debt, consist of *the expropriation by accumulation*: 1) raising taxes; 2) unemployment, precariousness and salary reduction; 3) privatization of public enterprises; 4) substantial reduction of the social functions of the state, which is accompanied by a general movement of commodification of public services. During this process, as already mentioned, the country has achieved over 50% of poor population and 30% of millionaires. Perhaps, it will be marked for history from this immense social change the following phrase: "the Portuguese people lived beyond their means." The Portuguese people? Which Portuguese people?

At its first moment, the crisis does not affect the workers. On the contrary, there are falling prices, as occurred in Portugal in 2008. But, what happens is that measures to "overcome the crisis", to reset the average rate of profit, based on the destruction of wealth by getting rid of products to keep the prices, or as in 1929, to burn coffee inside locomotives, not allowing it to get in the market which would bring prices down. To maintain profit rates is necessary to sabotage the economy, to destroy production and wealth, causing millions of unemployed and miserable workers. What is commonly called on the television the "decrease of the unitary cost of labor" has a counterpart which is never explained, to "increase the return on invested capital." These are the two sides of the same coin. Pedro Ramos, former director of the department of national accounts, the National Statistics Institute (INE), made the calculations and found that the weight of the work for others and on their own, dropped from "53.2% of gross in domestic product in 2007 to 52.2% in 2013 (...). The labor factor lost 3.6 billion. The capital surplus gained EUR 2.6 billion."

The Commissioner for Economic Affairs, Pierre Moscovici, in early 2015 concluded that "five countries - France, Italy, Croatia, Bulgaria and Portugal - had excessive imbalances requiring decisive political action

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and specific monitoring.”The concern was legitimate - from his point of view, or from that of the interests which he defends.To understand this, we must enter the political economy grounds, in other words, to grasp the weight that politics has on the economic expectations of the *troika*.

The imbroglia made by Moscovici is this: how to simultaneously reconcile the price recovery of their properties, expressed in income/ interest earned by the capital in the compensation of the debt, as well as the governance of the European Union itself and its countries.

Crisis or Opportunity?

One of meanings of the word crisis is “dangerous situation or moment, difficult or decisive.” On the other hand, the crisis appears as “opportunity”. The definitions are suitable for the usage that the entire society has made out for this word with respect to the events of 2008.

What is dangerous, difficult or decisive for those who live of their jobs? Like any cyclical crisis that occurs in the capitalist system since the early nineteenth century (this type of crisis is a solely related to capitalism, since the pre-capitalist crises were shortages crises, shortages caused by bad harvests, wars, etc.), it manifests itself primarily by an overproduction of capital. An expression of this are the economic bubbles, but on a deeper level we have, for example, the physical quantity of produced houses which are far beyond necessary and, with prices much higher than the reasonable. It is observed also an increase in the unitary labor costs, most particularly in the US, which are the system engine, and therefore, making the crisis to be global. Looking from another angle, we see a deflation (decrease of value) in both the price of the property as in the price of goods. All this is, to a worker, is the best that could ever happen: the prices are falling.

The same cannot be said for banks and for the industry (whether for goods or services) that depend on the price of this property to ensure the interest, dividends or income earned, based on the capital invested there. Therefore, these sectors react to the crisis with counter-cyclical measures aimed at reversing the profit fall cycle. Central banks cut interest rates to create liquidity, companies dismiss personnel or close, to stanch the profit drop (to throw oranges in the garbage to avoid selling them at a price below the average profit rate, using the image of 1929) and governments dump their helicopters full of money into banking and industry, to exchange the assets devalued by valued ones, i.e. for reforms, wages, public companies. One exchanges real wealth - wages and public goods - for undervalued securities. It is precisely this movement to *combat the crisis of capital's valorization* that begins the *crisis of devaluation of wages*. It is important to understand that this is not about the same crisis, we are

not all in the same place in this boat - there are people in the basement, most of them, and some on the deck and others at the helm.

The interests of the public debt before the *troika's* intervention in Portugal reached unbearable values. Insupportable because they walked to the imminence of a pure and simple default. In other words, banks and other rentiers holders of these securities were about to get a hand full of nothing. The intervention of the *troika* assured that these securities were systematically exchanged. The State operated the exchange of previous securities classified as waste for new bonds rated and guarantees of EU member States. Hence the lower interest rate. However, the differential aspect between the interest before and after the loan had been covered with a sharp increase in the volume of debt, which had magically grown about 30%. Therefore, a short slice of interest is paid but now, on a much larger cake, which brutally increases the amount to be paid. The extra growth of the cake has to be guaranteed with the direct and indirect salaries (utilities) and workers pensions - the only good trading currency left. The perception of both the government and the *troika* was right - there was no alternative to ensure the earnings of capital but to swallow with an unprecedented political determination the workers' wages and their pensions of retirement - because someone had to pay the bill!

What was the real alternative? To drop the private capital. What would be the cost of this way out alternative? It would be high, certainly, but not as high as the cost of the escape *a la troika*. To drop these private capitals would cost us the long time it would take to rebuild the country, because of the course that the Portuguese economy took in recent decades and that has weakened its productive fabric as a producer of goods or social wealth. All this process of favoring the return on capital, from privatizations and concessions (PPP), carries in itself heavy costs for the State which, in the end, result in an incentive to fixed income without investment or expenditures, i.e., are in fact subsidies to sabotage production. But the cost of these enabling profit / income policies turned out to be unrealistic and beyond the means of a whole nation, which essentially depends on your own work. In these circumstances, the price to pay for any alternative exit or escape that faced the, so called equity markets would be high, but in any case, would never be as high as the cost of what was said as the “only possible way”, that of the *troika* and of the so called parties of the power arc.

There are those who have proposed an alternative - the parliamentary left opposition, among others, have argued in Portugal the renegotiation of the public debt. The argument that we leave here is this: a favorable renegotiation to the majority of the Portuguese population will be faced by the “markets” as a *default*, a suspension, which will lead to a flight of capital. Therefore implying, in both cases, public control over

the banking and financial system, risking that the country could get even worse without capital to start investments and production.

The European Commission is well aware of the minefield which is stepping into. On one hand, is experiencing a period of deflation that cannot foresee a miraculous way out. In order for us to understand this, it should be noted that the interest rate of the European Central Bank (ECB) is at historically low levels of 0.05% (March, 2015). Why is this important? Because this is one of the measures to reverse the cycle. And its ceasing to exist. It is precisely through such rate that the ECB ultimately, defines the amount of liquidity (money) there is in the market. Taking that into the account, we are in an ascending period of the economic cycle and, if everything was normal there would be no reason for that rate to be so low. The normal behavior of central banks is precisely to rise that rate in rising periods of the economic cycle, to be able to decrease them on the descendent period. Functioning as the truest countercyclical weapon, and it doesn't matter if the justification parameter to use is inflation. To put and to take money is nowhere different from the behavior of anyone who opens or closes a tap depending on your need of more or less water. This starts to become quite clear to Brussels and Frankfurt - that the tap is running out of water, which would be disastrous when the next downward cycle period comes. And the truth is that it will come. That was what Keynes use to call the *liquidity trap*.

The world economy continues on the brink of the danger of facing a depression. The interpretative key of the situation links to the evolution of this crucial issue. The prospect of an international economic stagnation for up to a decade, deserves to be characterized as a historic stage of the decline of capitalism. The social and political consequences are unpredictable. The impoverishment and therefore, the growth of social inequality should open a situation of social conflicts which is only comparable to the seventies, perhaps even the thirties. Europe remains the weakest link in the system, in particular the degree of risk exposure of its financial system, full of rotten papers, and addicted to cheap money released by their central banks.

The feeling of relative relief that arose in the first half of 2012 compared to the undisguised concern of the second half of 2011, was achieved because, the renegotiation of Greece's debt was finally completed. And the European Central Bank released a mega-loan for financial system in an astronomical proportion of almost a trillion euros. The other alternative on the table, the contractionary policy from Merkel's barbarians, the German pre-Keynesians, who demanded a constitutionalisation of austerity, inspired by the neoliberal countries of the eurozone (a policy advocated also by some sectors of the Republican

Party in the US), is even more worrying.

But this break-time should not reduce the uncertainty at stake. Unemployment in Europe is still increasing, particularly among young people: in Spain it exceeded the incredible level of 50%. The evolution of the job market in the US economy remains in a catatonic-growing pace, but for now, the FED did not make a new round of quantitative easing (QE), i.e. the emission of dollars, the financial tsunami that Obama promotes to make exports more expensive for Asia, Africa and Latin America. Relations between the center and periphery of capitalism should know reactionary changes as re-primarization and, in some regions, deindustrialization and denationalization as well as recolonization.

The argument of this article is that the vertigo of this historical decline threatens Europe. And a much more dangerous future, politically speaking, rises at the horizon, in a worldwide scale. Three terrible projections are presented as more than plausible, but probable in a near future: (a) the confirmation of the trend of an extreme drop in the average wage in all core countries (US, EU and Japan), reducing the distance that separates the production costs with peripheral countries (Latin America, Asia and Africa); (b) unemployment exceeds 10% of the economically active population at the European scale, but exceeds 20% among young people. For the first time since 1945, if the younger generation doesn't fight with determination to succeed, it will be poorer than the older; (c) the withdrawal of public policies of the so-called social welfare, and the social security of the older population, unemployment social support, and access to free education of the youngest, three of the priority targets of those adjustments.

It has always been variable, in each society, the capacity of absorption of this inequity elevation. What was considered monstrous, and yet, bearable for the masses in some nations, such as the hyperinflation above 100% per year (Brazil, 1982/92), or unemployment over a third of the economically active population (Argentina, 1995-2001) and that proved to be unacceptable to others (Bolivia, 1985).

It has been argued at lengths by liberal inspired scholars that the crises would be a form of austere economic regulation - strict, severe, but necessary; even benign, because even if they've produced, temporarily, the destruction of less efficient companies, they also allowed to create later on, more favorable conditions for growth. They've added that European economies needed to adapt to the competitive adverse conditions in the world market. The ruin of the European model of social policies would be offset in the future by productivity gains. This type of analysis is, however, unsustainable.

History has always been a battleground of ideas and it is not only the future that was in dispute. The distinction between what in the past was progressive, from what was regressive which was supposed to be the core of any historically contextualized research. But it is less simple than it may seem.

To understand the apparently chaotic transformations in this sequence, which ones were changes that opened the way for a less unequal world, and those which preserved injustice, should be the first duty of a serious research. The most elementary intellectual honesty is tested at the moment of separating what was progressive from what was reactionary.

An analysis inspired by Marxism should, with even more reason, try to discern the meaning and significance of the transformations. What happened can and should be explained, because it was inserted in a field of possibilities. The capitalist economic crises were not natural fatalities such as earthquakes. What is irrefutable is that the crisis opened in 2008 remains far from over, and no one can predict the destructive cost of what is yet to come.

The most serious of all the crises of capitalism was, of course, the crisis of 1929 and by far, the most catastrophic one. The ten years that followed the “crack” of the New York Stock Exchange were the most sinister decade of contemporary history, and culminated in the Second World War. History suggests, however, that any serious economic crisis of capitalism has produced some degree of social unrest and political instability in each of the affected countries and, more often, on entire continents. However, the impact of global economic crises in the last hundred years did not affect equally the different nations, and the sacrifices imposed within each country were distributed disproportionately among the classes, which resulted in increased social injustice.

The shock waves from the economic destruction, with its terrible social consequences were less catastrophic in the economic crises after 1929, mostly because Keynesian policies have shown greater efficiency in the long term, dampening the apocalyptic consequences of a depression across all related in this line. This is how the central banks were created, remembering that they did not exist before 1929, as well as a whole preventive financial architecture, which demonstrated great effectiveness for more than three decades. However, this protective armor via the stimulation of household consumption, and state demand culminated in an inevitable credit crisis.

The strategical limits of “austerity”

The fiscal Keynesianism of recent years was a preemptive response to the fear of a workers’ and popular reactions to mass unemployment, if the recession degenerated into depression. It is better a devaluation of the dollar, than the unemployment above 20% of the economically active population in unemployment of the US. It is better the increase in the issuance marketable securities and increase of the debt, than to have the factories occupied. It is better the inflationary pressures, than the marches of hundreds of thousands in the streets. It is better the fiscal deficits than general strikes. It is better the compensatory social policies than the falling of governments. But these emergency responses culminated in 2011 with the danger of default in Greece and Portugal, among others.

The State debt is nothing but the anticipation for the present fiscal revenues of the future, the taxes that will be paid in the years to come and, in the longer term, for future generations. Unlike companies, States cannot fail, but may fall into situation of default or bad debt based on the incapacity of the scrolling interests, with the moratorium of the debts.

The time of economic crises has always been one of the moments in which the possibilities of transformations accelerate. The leaders of key States within the European Union do not disguise or conceal their determination that, in order to preserve its place in the world system, they will have to recover positions in the world market. However, this strategy cannot be painless, therefore, conflicting. In order for Europe to manage to hold positions in the distribution of the cake of wealth in the world market, other continents and countries will have to lose them.

Historically, the political repertoire available for this reposition were five alternatives: (a) the substantial reduction of the average wage, through a reduction in real wages, even if the nominal/titular has no variations (i.e., the inflation), or via the increase of the unpaid work journey, by the pressure of high unemployment, i.e., the elevation of extraction of absolute surplus value in order to increase the competitiveness of its productive capacity; (b) accelerating the renewal cycle of fixed capital by introducing new technologies that reduce costs and decrease the proportion of variable capital, increasing the extraction of relative surplus value; (c) the enlargement of the global market share via the expansion of external foreign trade which would compensate the reduction in domestic consumption; (d) the reduction of production costs by deflation of imports of raw materials, generating surpluses in the balance of payments; (e) the expansion of rentiers benefits through the exportation of capital, i.e. the growth of financialization.

These five strategies have limits of increase to their execution. There is a limit to increasing exploitation. This limit is not fixed, it is not strict, however, is not indefinite. There is a limit to the degree of exploitation, in every nation, the ruling class can impose on the proletariat, without very serious social conflicts. This limit is political and refers to the level of the tension that the “muscles and nerves” can endure. They are political and social variables that refer to the stability of electoral regimes. Greece lived over 15 general strikes in less than two years. These strikes, even with the fires, with the suicide of a retired worker in Athens in 2012; as well as the general strikes in Portugal and Spain between 2011 and 2012, some of the largest of their national histories, still occur under the framework of control of union apparatuses, therefore, no serious threat to the political regimes of capital domination. The presence of an extreme right wing election with 20% of the votes in the German-speaking countries and Scandinavia should be interpreted also as a yellow warning sign.

Second of all, there are limits to the immobilization of capital in the form of new equipments and technologies, not only because the scientific research progresses at their own pace, but because the risk of acceleration of the increase in production capacity are high in conditions of increased competition, therefore generating idleness: but to produce what, where, to sell to whom? There are also limits to the expansion of global market share. In the last twenty years the growth of international trade market grew at the rate of 5.4% per year, according to the WTO³, while the world GDP growth was a little higher than only half this rate⁴, even considering the huge results of some Asian countries such as China and India. Fourth, it does not seem simple that Europe can count on a deflation of commodity prices, in particular, the most crucial commodity, oil, due to international geopolitical conflicts.

Finally, there are limits to the financial flexibility of the last thirty years, where it became clear after the bankruptcy of Lehman Brothers in 2008, and the global scandal of CDS. The proposal of regulation of tax havens or of controlling the derivative markets hung in the air. The avalanche of fictitious capital almost led to the destruction the financial system of the US, and by contagion, the panic almost plunged the world

3 The WTO website offers statistics regarding the growth of world trade markets and can all be found here: <http://stat.wto.org/StatisticalProgram/WSDBViewData.aspx?Language=E>
Research done in march, 2012.

4 The UN website offers statistics regarding annual series that trace back from 2011 to 1946 and can all be found here: http://data.un.org/Data.aspx?q=Gross+Domestic+Product&d=SNA&f=group_code%3a401%3bitem_code%3a8
Research done in march, 2012.

economy into a depression⁵. Therefore, and because there are other disputes of interests between the US and Germany, there are tactical differences between Washington politics and Berlin: so, while Obama boosts monetary expansion, and favors the dollar devaluation, Merkel condemns and defends the euro exchange rate. The strategy in place, therefore, deserves to be qualified as a “flight forward” to gain time, and it has little consistency.

Let us explain: in the contemporary era, no society, no matter how reactionary are the forces of inertia of its ruling class, can remain immune for a long period of time to the pressure of economic, social and political changes, but internal mobility within the system have revealed themselves not to be very elastic. An anti-worker strategy and anti-popular “flight forward” decreases dramatically, the internal social cohesion of a nation, which cannot get stronger in the long term, its political stability, that is, to weaken the international system of States. In other words, the consequence of drugs prescribed may be worse than the effects of the disease.

Changes are necessary, with greater or lesser intensity, because capitalism is a system that, in our time is structured in the following form: (a) a global market where the social division of labor is very unfavorable for most nations, and inequality tends to increase; (b) an extremely hierarchic international State system, in which the possibilities of the States that are in the semi-periphery and in the periphery to raise the level of their integration was very little. In other words, contemporary capitalism is an imperialist order: perpetuates social and national inequalities, which means that the injustices and tyranny in the world are not diminishing. Unlikely, in the center and periphery, are simultaneously, getting worse.

When the economic situation is attenuated in a region, it deteriorates in another. What should be emphasized is that when the

5 Derivatives are financial assets that derived from the value of another financial asset or commodity. Can be also financial transactions that have as trading based on the price of an asset - securities of public or private debt, currencies, commodities - traded in the futures markets. Of all derivatives, the most dangerous seem swaps (credit default swaps, CDS). Swaps are a hedge, something like an insurance policy to cover (hedge) a possible debt default. But there are major differences with insurance. These operations are not regulated. The institutions that offer this type of contract are not required to maintain reserves related to these operations. CDS were invented by banks precisely to avoid the demands on reserves. If another institution absorbed the risk (in exchange for a premium), the bank could release its reserves. CDS were used also to circumvent the restrictions that pension funds had to lend funds to companies with insufficient risk rating. The current crisis has manifested itself as the financial crisis occurred when the devaluation of these papers, that is when they began to melt the fictitious capital. A study by Morgan Stanley reports that the volume of CDS contracts will come in 2012 and 2013, the height, respectively, 3.2 and 3.3 trillion. In 2010 and 2011, these stocks are up 1.3 - 1.6 trillion. Available in: <http://www.alencontre.org/index.html> Accessed in March 2012

ruling class in a country proves to be unable to make these changes in a negotiated manner, i.e., through reforms it precipitates a situation of social crisis. When the changes are postponed, the ruling class gains time, but the nation starts to decay. More serious, however, is the case when the ruling class of a nation not only demonstrates to be unable to carry out the reforms, but tries to lead the implementation of counter-reforms that are the destruction of the achievements of the previous generation.

The economic crisis opened in 2008 went through various stages, but still remains unsolved. It is possible that the stagnation that hit the central countries is extended indefinitely, or until the production costs have fallen to such a low level that investments in Europe, USA and Japan again become attractive. The deadlines for this process to be completed can be faster or shorter, conditioned by political and social possibilities for the regressive adjustment without causing uncontrollable social instability.

The economic mobility in the world in the last thirty years was greater than the political mobility. The changes in the morphology of the world market, the space where they dispute the role of each nation in the international division of labor, are still much more accelerated than the changes in the State system. In conditions of relative stability, i.e., while the impact of the economic crisis does not unfold into revolutionary or war situations, the policy remains slower than the economy. In other words, the international system of States has historically been more resistant than the world market.

The place of each country in the International State System when it precipitated the most serious economic crisis of the twentieth century, it all depended on four strategic variables: (a) the size of their economies, i.e., capital stocks, natural resources - as territory, land reserves, mineral resources, self-sufficiency energy, etc ... - and humans - amongst them, their demographic strength and the cultural stage of the nation - as well as the biggest or smaller dynamics of the industrial development, i.e., its position in the *world market*; (b) the political and social stability, bigger or smaller, within each country, i.e., *the capacity of each ruling class to defend internally, its system of domination preserving the order*; (c) the size and capacity of each State to maintain control of their areas of influence, that is, its military deterrent force, which depends not only on the field of military technique or quality of their armed forces, but also the greater or lesser degree of social cohesion in the society, therefore the State's ability to convince the majority of the people of the necessity of war; (d) the long-term alliances of States with each other, and the balance of power that resulted from formal and informal blocks, or its *network coalition*.

Following the crisis of the seventies of the twentieth century, the

European situation of stagnation potentiates the fall of dictatorships in the Iberian Peninsula - which opened to revolutionary situations - as in Greece, and finally the crisis of the dictatorships in the Southern Cone of South America. Long lasting regimes maintained by support from Washington during the decades of the cold war, as the Somoza dictatorship in Nicaragua and the Shah Reza Pahlavi in Iran, were overthrown by democratic revolutions. Japan has strengthened the world market, while Europe weakened.

The first economic crisis of the twenty-first century suggests that we will spend the next few years in major changes in the international system of States, and even the positions of each economy in the world market. The first one was the defeat of the political project that Bush, when in front of the White House, wielded in the last decade. Obama's election meant for US imperialism the need to admit the failure of its military occupation in Iraq. But 'Iraqization' in Afghanistan remains a challenge without no military solution.

The US seeks to gain military positions against the growing strength of the Taliban, but their allies, the British have acknowledged that negotiations with the moderate wing of the Taliban would be unavoidable. The tendency of a "Talibanization" of the Iranian regime grows after the fraud of the last elections. The endorsement towards fascism of the State of Israel turns increasingly unsustainable the Zionist policy, and it causes an increase in the "Iranization" of the Palestinian resistance, threatening the preservation of the dictatorship in Egypt, the most populous Arab country in the Middle East, which is "Palestinizing" itself.

The need for greater coordination between the US government and the European Union jumped with this crisis. The injection of trillions of dollars made it possible to avoid, at least among 2008/2012, transiently, a leap from recession into depression. But not only is it still not guaranteed a recovery of the economy, stopping the growth of unemployment, as there are new dangers on issuing currencies and on the growth of public debt. The devaluation of the dollar has meant a reduction in the average wage for the American workers, and cheapening US exports, but causes inflationary pressures and the devaluation of capital to holders of EDF bonds, threatening the dollar's position as a reserve currency .

In this sense, the US have 'europeanized' itself, economically, because the last stronghold of world capitalism - the first time since the thirties - is forced to live with unemployment rates equal to 10% of the economically active population. The FTAA project defeat in the previous historical period was also the expression of a new relationship of power in South America, which saw the rise of more independent governments in

Washington in Venezuela, Bolivia and Ecuador. The Latin Americanization of the social situation in Eastern Europe, with the advancement of social inequality, indicates that a new weak link emerged in the system of States. No one can predict the social consequences that an interruption would have for the a strong growth of the Chinese dictatorship over the last fifteen years.

Conclusive Notes

When men cease to dream, all mankind will be defeated
Leonardo Padura

The historic decline of the nation is a possible strong hypothesis. But, it is not the right one. The crisis of the accumulation mode reached levels of unusual contradictions. While we have on one side the birth of a monopoly - today apparently corseted by hundreds of 'companies' - on the other side an army of employed or unemployed workers are born. Where CUF/Siemens dominates in the health business, it is born on the other side across thousands of doctors who have lost their offices; where the EDP establishes more than half of their earnings in taxes fees, on the other side, thousands of people who spend four months to a full year in the cold are born, listening to the civil protection advises of how to use "blankets and to drink tea" in the twenty-first century; where Jerónimo Martins and Sonae group dominate the distribution, on the other side former farmers and small tradesfolk are ruined, who then go to the side of paid employees; where banks swallows in five years 47 billion, equivalent to 28% of GDP, we witness the birth on the other side of schools without teachers, unemployed teachers, students without classes, low growing quality of care and scientific education. How many scientists and doctors were expelled from the country or placed on the precariousness and unemployment levels in recent years? And this encounter results from of the history which its the identification of the majority of the population with the same common program.

A program that can take shape: political freedom, real democracy, the right to work, social State, transparency in public management, expropriation of banking and of the financial sector. This program may have more political force in Europe, because it has more social base, and not only in Southern Europe, than a right-wing program based on protectionism, xenophobia and on the conflict between people and nations. But there is a historical time - that today we would not know how to calculate - to unify this diffuse program into consistent and democratic political projects. Or watching the social breakdown and a cataclysmic replay of 1939-45.

In order to organize society and promote social welfare to everyone is not acceptable to sabotage production, pay farmers not to produce,

close factories and businesses, destroy productive capacity, put 47% of the population in poverty and halt the development of science and technology, as it has been done. What should be done is to ensure that the strategic companies - banking, water and sanitation networks, energy, communications, etc. - are kept under public, democratic control. With all, and the effort of all, the responsibility of everyone, for everyone. Why the population has no public control over their companies, public companies, the State? With this investment mass it ensures that all who are able to work will produce and the working day is reduced, ensuring the production of goods and services - against the shortage - and enforcing the sustainability of the welfare state.

The recovery of the spirit of *full employment* is a historical emergency, one of the unshakable certainties of our civilized common destiny. Full employment is the only way to avoid wage relegation applied to the whole society and it is the only guarantee of sustainability of the welfare State and for Social Security. It is a minimum civilizational requirement, is the protection of "children and parents", who were in the programs and public campaigns of social democratic parties in the 70s and that today, with five times more unemployed, were abandoned. Trade unions and leftist parties put them in a corner of their programs, with very small letters. Or, worse, replace them by the requirement of an unconditional basic income, which is a check for survival given to all people, not as a counterpart required for an effort for the production for society. Portugal reached the maximum level of unemployment of its history and no party - any party - made full employment a flag, from 2008 until the present day.

Real democracy as it screams in the streets of Hong Kong, London, Brasilia and along Wall Street does not correspond the regressive projects or the hopelessness, its quite the contrary. A globalizing advancement of the economy was accompanied by unspeakable tragedies in Africa, the Middle East, an endless plunder of countries living between imperial invasions and domination of despotic monarchies, but was also born in these years, a civilizational internationalism that demanded things that until the 50's were taken as privileges, such as minimum requirements of civilization: health for all, are demanded on the streets of London; screams for public transportation of quality in Sao Paulo; secular and free education is flag in the streets of Madrid. The welfare state built as a concession to the workers movement, for this to be accept being disarmed in 1945 - who does not remember the epic scene of the 1900 of Bernardo Bertolucci where, while trying to convince the *partisans* to surrender their weapons - they've shouted "but we are armed against the boss" and at the other side the answer: no, "the war has ended, but so did the bosses"? It was not over, but it gave way the means to the construction of the welfare

state, which today is a great civilizational flag in the developed, urban and educated world. This “common heritage” of living labor, employees, manual or medical workers, peacefully unifies a precarious electrician in southern Europe and a Swedish conservative lawyer - there is a minimum of civilization, health, education, social security afforded by high rates productivity, which requires that the State, who compulsively collects taxes, to return services and common goods, taken as the minimum mark of the common welfare. The welfare state is one of the last to be targeted by this accumulation process, and its erosion could generate a massive resistance of the people against a State that does not act as trustee of the contributions of the population to the same social status. And it has become more and more clear another state, a more visible and more hassle - the one with an umbilical link between private and public accumulation funds, which the most obvious example is the tax leakage of big business. This State is organized in a regime - the democratic representative - whose crisis is visible not only in Portugal but in the whole Southern Europe - whose the abstention is between 40 to 60%. From this standpoint, the standpoint of the regime, we are in a historical transition in which the regime and labor rights are in a violent confrontation. This crossroads brings a revisitation of the past - the tendency to a “bonapartezation”, or for a dictatorship of the capitalist State which does not exist or political rights are severely restricted, can't be found today a social base as obvious as it could in the past - no one doubts that in Western countries to ensure accumulation by means of the restriction of political freedoms which will generate a mass of social conflicts.

If there is no reason for a religious pessimism, the key question of the organization is yet to be answered. One puts an end to fear by building alternative political and social organizations that give strength and protection to the people, so that they feel they can fight while being supported.

How should it be done? That is the most difficult question. How to organize a dispersed, atomized, precarious and cyclically unemployed workforce? What to do with the trade unions? Will they know how to renew themselves or will they commit a hara-kiri, refusing to adapt and preferring to die with their bureaucracies? How to power structures parallel to the State to create social solidarity and political force? What parties do we need? Basically, the key question is this: how to transform the depressive individual hopelessness into civilizational collective strength. Individuals despair, but societies find ways out.

Translated by Rodrigo Gonsalves

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Capitalist Bulimia: Lacan on Marx and Crisis

Fabio Vighi

Abstract: When, in the late 1960s and early 1970s, Jacques Lacan confronted Marx's critique of the political economy, he went to the heart of its most crucial notion: surplus-value. In developing his psychoanalytic approach, he claimed that Marx's surplus-value occupies the position of the symptom/*sinthome* as a kernel of non quantifiable enjoyment (*jouissance*) that defies valorisation. This paper offers an interpretation Lacan's discourse theory, highlighting its socially critical character as it appears, particularly, in the Capitalist discourse (the fifth discourse that subverts the structure of the previous four). It then focuses on Lacan's approach to Marx's understanding of surplus-value, arguing that by reading surplus-value as symptom, Lacan gets to the heart of the enigma of the capitalist mode of production as unveiled by Marx. Finally, the paper examines the relevance that Lacan's reading of Marx might have for the understanding of the crisis of contemporary capitalism and its substantial deadlock.

Key words: surplus-value, Lacan, Marx, symptom, capitalism, crisis, bulimia.

Introduction

There was a time when Jacques Lacan took Marx very seriously. So seriously that, despite not being a Marxist, he was able to think through some of the most crucial consequences of Marx's insights into the capitalist mode of production and its reliance on the value form. The fact that he felt obliged, in the early 1970s, to introduce a Capitalist discourse in addition to the four discourses previously presented (Master, Hysteric, University and Analyst) is a clear sign not only of the sociohistorical ambition of his psychoanalytic theory, but especially of its critical force, where "critical" stands for unadulterated concern with the *negative substance* that inheres in, and indeed drives, the social formation as such. Lacan's discourses are dialectical structures whose aim is to grasp the social totality in its particular historical and psychic configurations. Lacan's dialectical method confronts the specificity of a given sociohistorical constellation by conceiving it as a totality whose substantial character hinges on the way it negotiates its own grounding impasse.

The critical dimension of Lacan's late-1960s discourse theory lies therefore in its capacity to identify a *negative substantiality* within structural relations based on the symbolic dynamism of language. Subject, Other, Product and Truth: these four terms sustain Lacan's discourse and lend it its dialectical rigour, which incorporates negativity as the very engine of the discursive matrix. The Hegelian flavour of this relational construct is impossible to miss, for the movement and sustainability of the discourse itself, clad in its historical mantle, hinges

on the way it relates to its immanent contradiction, which is ontological and ineradicable. Lacan's discourse theory, in other words, provides glaring evidence that Lacan was a systematic thinker who held on to the categorial substantiality of sociohistorical formations. His "dialectics of misrecognition" is firmly based on a strictly speaking essentialist interconnection between subject and Other, two terms that can only be established via their interdependence: there is no subject without the presupposition of the Other qua functioning network of signifiers; there is no Other without the avowal or "libidinal investment" of the subject. What must be underlined is the ontological role of misrecognition within this relation. Ultimately, subject and Other in Lacan are fictional yet actual and socially binding forms of appearance. Their reciprocal mediations make the social discourse dialectical by attempting to negotiate the real gaps and inconsistencies that simultaneously sustain and disturb the discursive formations.

When, in the late 1960s, he took on Marx, Lacan was soon convinced that structural contradictions are given a precise name in his critique of political economy: surplus-value. In what follows I first offer a brief summary of my understanding of Lacan's discourse theory, highlighting its socially critical character as it appears, particularly, in the Capitalist discourse. Then I focus on Lacan's idiosyncratic approach to Marx's notion of surplus-value, arguing that by reading surplus-value as symptom, Lacan provides the key to grasping the enigma of the capitalist mode of production as dissected by Marx. Finally, I evaluate the relevance that Lacan's reading of Marx might have in relation to the ongoing crisis of contemporary capitalism.

Lacan's discourse as (negative) substance

To understand Lacan's Marx, we must begin from Lacan's particular conceptualization of discourse as a socio-symbolic structure whose underlying lack (gaps, contradictions, deadlocks and so on) tends to be "immanently subsumed" via symptomatic formations. Insofar as it attempts to negotiate the structural imbalance of the discourse, the symptom is substantial, and as such constitutive of the dialectical unfolding of the discourse qua social bond. Before expanding on the ontological function of symptomatic formations, let us briefly unravel the dialectical core of Lacan's discourse theory.

As anticipated, Lacan conceives discourse as a linguistic construct where subject and Other are, as it were, two sides of the same coin, so that neither can exist independently as an autonomous unit of sense. The precise constitution of this dialectical interlacing might be grasped if we consider Lacan's concept of language as simultaneously subjective (enunciation) and objective (enunciated), to the extent that it can only be postulated as *alienated subjectivity*, as the substantial alterity that constitutes and emanates from any subjective stance. Insofar as it

carries symbolic signification, language for Lacan is an alien (other) force that speaks through (and takes possession of) the self to the point of constituting its essence – distorting any message, enjoying structural priority over any pretence of subjective authenticity. At the same time, though, *it exists only for the subject*, inasmuch as 'there is no metalanguage',¹ no objectively functional system of signifiers that might guarantee faultless communication. The paradox, then, is that it is the substantial negativity of discourse (its ontological disjointedness) that decrees the symbiotic inseparability of subject and Other: as dialectically tied forms of appearance, subject and Other are, in Lacan, substantially "cracked", and this fundamental negativity is precisely what they share, i.e. what makes them, in Hegelian parlance, "speculatively identical". This is also why every discourse is necessarily based on misrecognition. Signification, and therefore communication, is by definition a *delusional* and *paranoid* affair, for it is ultimately predicated upon the subjective presupposition of the fully functional existence of the big Other, in its various historical manifestations. Although there is no metalanguage, we always secretly assume that there is one, as this belief is the very condition of possibility of signification. Every epistemology is thus, strictly speaking, fictional, a necessary fantasy based on the deceptive assumption of the existence of a neutral framework that a priori sanctions the formal possibility of knowledge.

And yet, Lacan claims that our ultimate horizon is not the epistemological one. For despite its necessity, epistemological alienation – whereby the Other "pulls the strings" and secretly informs our subject-positions – *can* be overcome, although only by "digging deeper" into the empty foundations of discourse qua social substance. It is at this level, where alienation (the delusional strategy that "anchors" every subjectivity to their historical Other) turns into *separation* (the intrinsically traumatic awareness that "there is no such thing as a big Other")² that we encounter freedom as the abyssal and unbearable inconsistency or disjointedness of our sociohistorical discursive constellation. For Lacan, freedom can only be posited in correlation with negative substantiality: "subjective destitution", "traversing of the fantasy", i.e. radical separation from the necessity of alienation. In Paul Verhaeghe's words: 'Alienation takes the subject away from its being, in the direction of the Other. Separation is the opposite process, inasmuch as it redirects the subject towards its being, thus opening a possibility of escape from the all-determining alienation,

1 This is claimed by Lacan in his texts 'Subversion of the Subject and the Dialectic of Desire' (1960) and 'Science and Truth' (1965), see Lacan 2006: 671-702 and 726-745.

2 Lacan introduces the concept of separation in *Seminar XI* (Lacan 1998: 213-14), where he links it with the theme of the 'superimposition of two lacks' as an *engendering* potential. For an excellent analysis of *alienation* and *separation* in Lacan, see Verhaeghe 1998.

and even a possibility of choice, albeit a precarious one.³ Insofar as we are referring to an unbearable freedom revealing the ontological gap within the epistemological framework that confers meaning upon our existence, its crucial function is, strictly speaking, revolutionary. In other words, freedom is the only condition that mediates the passage from an Other than needs to be left behind, to a different Other whose future consistency, inclusive of its specific symptomal “hinges”, must be built. Think of freedom, then, as a broken bridge between two different discursive shores, i.e. two different forms of sociohistorical alienation. The overarching Lacano-Marxian wager deployed here is that today the risky passage must be attempted if we are to avoid the catastrophic relapse into a model of social reproduction whose socioeconomic reliability is growing weaker and weaker.

The ambiguity of the symptom

In light of these preliminary observations, the central objective of Lacan’s discourse theory can be said to be the demarcation, within a given discursive structure, of the function of the Real of *jouissance* as the disturbing, stubbornly meaningless symptomal distortion that intercepts and renders phenomenologically graspable the discourse’s ontological deadlock. Every epistemological (discursive) order, for Lacan, has its symptoms, which literally embody the ontological (in) consistency of the order itself. Put differently, the Lacanian symptom proper is not a signifier or a metaphor to be deciphered, but rather the infamous *sinthome*,⁴ a silent, repetitive, acephalous knot of *jouissance* that gives form to the discontinuity of discourse while at the same time guarantying its consistency – herein lies its radical ambiguity. For this reason Lacan’s notion of discourse is based, paraphrasing Marx, on the “fall of the rate of signification”, which is verifiable through the symptom. Every linguistic and sociohistorical bond is necessarily perforated by its immanent impasse, which tends to drain it of sense while simultaneously infusing it with desire. If the enjoyment of, or over-identification with, the symptom is part of a conservative scenario, where it provides the solution to a conflict, at the same time it can lead to liberation. To be able to “make sense”, the signifying chain (language, organised in knowledges) slides toward its entropy, i.e. a symptomatic discontinuity that – as Lacan put it in his 1972 Milan talk – is not merely functional to the conservative reproduction of that discourse, but it also leads to a

3 Verhaeghe 1998: 180.

4 As is well known, Lacan elaborated on the *sinthome* in his 1975-76 seminar of the same name. The concept of symptom as the specific way in which the subject enjoys the unconscious, rather than a coded message that demands interpretation, was already introduced by Lacan in the early 1960s.

réussite, to be intended as a successful “re-exit”,⁵ the leaving behind of a specific discourse in order to open up the possibility of articulating a different relation of signification. The unconscious enjoyment of what the discourse is unable to articulate – its constitutive limit – is precisely what ties the subject to that discourse; and yet, it also provides the only possible way out. Hence the fertile ambiguity of the symptom as a potentially destabilising deadlock. The Lacanian understanding of “revolution” as astronomical rotation around an axis that leads to the starting point,⁶ is predicated precisely upon the somewhat traumatic encounter with the otherness of the symptom.

The formalised discourses that Lacan invented in those years of social struggles and utopias are algebraic structures composed of four elements tied in a fixed relation: S1 and S2 (the signifying chain); *a* (the “remainder”, the radical alterity intercepted by *jouissance*); and \$ (the subject of the unconscious, divided by *jouissance* and therefore pervaded by lack). The rotation of these elements on four fixed positions (Agent, Other, Product and Truth) determines four different discourses or social bonds (Master, University, Hysteric, Analyst), each of which, sustained by the alienation in/of language, has to deal with its own impasse. Such inconsistency can be explained as the discourse’s inability to take possession of an enjoyment asymptotically tending toward an impossible excess that, precisely because impossible, can only adumbrate its own emptiness. In this respect, enjoyment is the embodiment of the lack that opens up a fracture in the discourse, highlighting its instability, fragility and therefore transformability. It is precisely within this fracture that the symptom materialises as a “witness of truth”.

The key point that pertains to this notion of discursive structure is therefore the following one: the Symbolic (the “linguistic pact”, abstract mediation of the significations that constitute our existence), produces a meaningless residue, resistant to abstraction and therefore interpretation, that Lacan inserts in the register of the Real. As Žižek’s exemplary formula has it: ‘the Symbolic opens up the wound it professes to heal’.⁷ The armour of language opens up a wound that represents the obscure and at least minimally traumatic dimension of enjoyment – which, starting from *Seminar XVI*, Lacan names *plus-de-jour*, a surplus-enjoyment where the French *plus* denotes both excess and loss, thereby inevitably correlating to a *lack-of-enjoyment*. Secreted by the necessarily abstract (alienating) operations of language, surplus-enjoyment causes the continuous faltering of knowledge; at the same time, it is elevated to the sublime status of object-cause of inexhaustible desire.

5 Lacan 1978: 35.

6 See for instance Lacan 2007: 55.

7 Žižek 1993: 180.

This *plus* constitutive of enjoyment, then, has little to do with pleasure. Rather, it is a failure in the net of signifiers that constitute what Lacan explicitly defines ‘the market of knowledges’.⁸ Every society, however, must negotiate this residual part (which Georges Bataille, Lacan’s intimate friend, famously called *part maudit* or “accursed share”) that it produces and where it is secretly anchored. For this reason, Symbolic and Real are two sides of the same coin, dialectically inextricable. Every socialisation is both the cause and the effect of its own real impossibility: we communicate incessantly not only because we never fully understand each other, but more importantly because, deep down, the meaning of our own enunciation escapes us.

In this respect, language for Lacan is certainly a double-edge sword. On the one hand it carries the necessary abstraction (the *vel* or “forced choice” of alienation) that forms the basis of our subjective and social ontology; on the other hand, it is also the source of the frustrating senselessness that bedevils our existence, a profound and inexplicable dissatisfaction that we try to live with, more often than not by endeavouring to repress or deny it, attempting to overcome the anxiety it commands by giving in to the charms of the many objects of our desire. These objects parade in front of us in virtually infinite seriality. They can assume the consistency of a loved person, a religious faith, or, more appropriately for our times, the value-form that makes up the capitalist ether in which we are all immersed. Also for this reason, Lacan’s discourse theory is principally aimed at the totalising ambition of scientific reason informing capitalist modernity. This ambition, for Lacan, aims to liquidate the unconscious roots of any social ontology through the imposition of affirmative and self-referential knowledges, characterised by the ubiquitous availability of quantifiable values. It is precisely by articulating a critique of value *sui generis* that Lacan, in his discourse theory, could not avoid confronting Karl Marx.

The enigma of surplus-value

On May 12, 1972 Lacan held a talk at Milan University entitled ‘On the psychoanalytic discourse’, where he introduced an enigmatic ‘discourse of the Capitalist’ as supplement to, and subversion of, his discourse theory. However incomplete, his analysis clearly predicted the inevitable implosion of the capitalist mode of production. In *Seminar XVIII (On a discourse that might not be a semblance)*, of the previous year, Lacan had argued that ‘underdevelopment... increasingly evident and extended... is the condition of capitalist progress’, suggesting that it was going to become fertile terrain for renewed forms of racism and segregation.⁹

⁸ See the yet untranslated *Seminar XVI* (1968-69), *From an Other to the other*, session of 20 November 1968.

⁹ See untranslated *Seminar XVIII*, session of 13 January 1971.

Already from *Seminar XVI*, Lacan had started his original reading of what he regarded as the dimension of truth in Marx’s critique, focussing in particular on the question of the transformation of work and knowledge under capitalism, as well as on the central role of surplus-value within the capitalist social structure. These topics were further developed over the entire duration of *Seminar XVII (The Other Side of Psychoanalysis, 1969-70)*. Although politically conservative and hostile to the subversive rhetoric of 1968, in those years Lacan was nevertheless intent on tackling the central concerns in Marx’s critique of capitalism.

Crucial for Lacan’s investigation is, as anticipated, Marx’s own “discovery” of surplus-value, which Lacan equates to the discovery of the capitalist symptom: the half-open door revealing truth as the “impossible” of the capitalist discourse. At the start of *Seminar XVI*, Lacan proposes a homology between Marx’s surplus-value and the peculiar non-concept that he derives from surplus-value, namely surplus-enjoyment (*plus-de-jour*). While an analogy describes a relation based on similarity, a homology captures an identical mechanism within two different situations. And what mattered to Lacan was precisely the structural overlap between surplus-value and surplus-enjoyment: it is the same “scissor cut” at the heart of discourse, which renders legible the capitalist economy’s pathological dependence on its insatiable libidinal drive. Here, however, in order to understand how this dependence ends up fuelling a structural and historical crisis, we need to stress the fetishistic disposition of the capitalist discourse, which distorts the entropy of surplus-enjoyment by forcing its valorisation.

Marx himself, who had acknowledged the symptomatic ambiguity of surplus-value (in *Capital* volume 1, for instance, he refers to it as an entity which ‘for the capitalist, has all the charms of something created out of nothing’),¹⁰ ends up complying with the positivistic presupposition of its calculability. In underlining Marx’s ambivalence vis-à-vis his discovery, Lacan states, in *Seminar XVII*: ‘If, by means of this relentlessness to castrate himself that he had, he hadn’t computed this surplus *jouissance*, if he hadn’t converted it into surplus-value, in other words if he hadn’t founded capitalism, Marx would have realized that surplus-value is surplus *jouissance*.’ It is therefore as an attempt to free Marx from a Marxist tradition that “computes” surplus-value that we should read Lacan’s insistence on the symptomatic core of the latter, an obscure libidinal substance around which the entire discourse of the Capitalist rotates. Lacan understands that surplus-value, in the function unveiled by Marx, profoundly unsettles the scientific matrix that sustains and informs the social ontology of capitalism.

As is well known, Marx’s critique in *Capital* hinges on the connection between surplus labour and surplus-value: the “capitalist

¹⁰ Marx 1990: 325.

revolution” consists in the extraction of a quantity of non-remunerated labour that feeds into the rate of surplus-value – an “added value” in respect of the capital invested in the acquisition of that particular commodity called labour power. In turn, surplus-value transfers into the commodity and is realised when the commodity is sold. Ultimately, for Marx surplus-value corresponds to a measurable quantification of human labour that becomes the index of the exploitation of the worker,¹¹ from which profit is squeezed out. Without the vampire-like extraction of surplus-value from human labour there is no way for the capitalist to make profits.

Based on Marx's revelation – surplus-value as symptom, i.e. a minus (subtraction of valorised labour-power) that functions as a plus, accelerating the capitalist discourse – Lacan develops his homology. Insofar as it is necessarily mediated by labour, surplus-value is in truth surplus-enjoyment, an entropic and ineffable entity brought into contention by the signifier, which thereby sanctions that ‘there is no metalanguage’ – since every language and attendant knowledge is traversed and at the same time sustained by their own inherent lack and basic inadequacy. This is why surplus-enjoyment is an unconscious (live) knowledge that does not necessitate any “dead knowledge”, and as such it materializes in what Lacan, throughout *Seminar XVII*, calls *savoir-faire*: know-how or knowledge-at-work. Now, the great novelty brought in by capitalism and revealed by Marx lies not only in placing at the core of its own discourse the entropy of surplus-enjoyment, but more importantly in pinning on such surplus the mask of value. Lacan highlights the absolute ambiguity of the homology between the surplus of value and that of enjoyment: on the one hand, surplus-value is the proverbial “empty eye of the storm”, the intractable epicentre around which the voracious drive of the capitalist discourse turns; but on the other hand, it also captures the systematic conversion of this void into calculable value, which in psychoanalytic terms implies turning the object of the drive into a fetish. Following Marx's lesson, Lacan fully grasps the centrality of the object-labour, defining it, in *Seminar XVI*, ‘the sacred place of this conflictual element that is the truth of the system’.¹² What Lacan insists on is the mystification of the obscure meaning of the worker's *savoir-faire*. At the dawn of capitalism the worker is robbed not only of a specific amount of surplus labour-time (abstract quantity of energy), but especially of his ‘knowledge-at-work’, his innate creative capacity by definition tied to the intervention of unconscious signifiers: the ‘effect of truth’ intended as a crack within knowledge.¹³

11 See for instance how in chapter 9 of *Capital*, vol. 1, Marx (1990: 320-39) attempts to measure the rate of surplus-value in monetary terms.

12 *Seminar XVI* (1968-69), *From an Other to the other*, lesson of 20 November 1968.

13 As Lacan put it in *Seminar XVII*: ‘The effect of truth is only a collapse in knowledge. It is this collapse that creates a production, soon to be taken up again’ (Lacan 2007: 186).

The spurious quantification of *savoir-faire* (surplus-enjoyment) is what informs the process of capitalist valorisation and, with it, the type of society that such valorisation continues to reproduce. The spectral logic of desire is indeed closely emulated by capital, as it is often conceded. What needs to be remarked, however, is the fundamental distortion at the heart of such logic – a specific distorting operation affecting the most real aspect of the human condition, namely that intermittence or discontinuity of sense dialectically tied to the productive, expansive and subversive effect of truth. As we shall see below, the conversion of surplus-enjoyment into value feeds into the illusion of a discourse without semblance, i.e. liberated from castration and consigned to a mythical, omnipresent enjoyment. From a certain point in our history, the productive conflict of humanity with its own shadow matters less and less. Enjoyment tends to cease to appear as the perturbing effect of symbolic castration. Rather, such conflict is resolved by the new dogma of the affirmation of the value-form, which leads to the commodification of life in its entirety, and in particular as work. Already in *Seminar XII*, Lacan had noted how ‘an essential stage of our structure, which we call social but which is in reality metaphysical, in other words capitalism... is the accumulation of knowledge’.¹⁴ Reduced to a numerical unit as in the case of university credits, this knowledge becomes marketable like any other commodity, as Lacan will say to the students at the University of Vincennes (Paris VIII) in the well-known address of 3 December 1969.¹⁵

Now, it is precisely when stressing the schizophrenic character of the capitalist discourse – rationally devoted to the “valorisation of value” and animated by its mindless drive – that Lacan speaks about crisis. As he remarks in his Milanese talk of 1972, the discourse of the capitalist is ‘follement astucieux, mais voué à la crevaison’,¹⁶ wildly clever, but headed for a blowout. Lacan's homology, then, attempts to intercept the cause of the crisis of a mode of production that is extremely clever in affirming the logic of desire as a positive value, and yet historically exhausted, increasingly embarrassed vis-à-vis its own diminishing capacity to reproduce the social formation based on the accumulation of surplus-value. In a context where the desiring dispositif is both fully affirmed and pacified in the principle of valorisation – setting up an ideological apparatus, commonly known as consumerism, which triumphs without trouble over any external opposition – Lacan speaks of a “puncture” (*crevaison*) that will stop the mad race of the well-oiled capitalist engine. Let us see how.

14 Untranslated *Seminar XII, Crucial problems for psychoanalysis*, 1964-65, session of 9 June 1965.

15 See Lacan 2007: 197-208.

16 Lacan 1978: 48.

The ruse called perversion

The social link that best defines a modernity guided by scientific objectivity is named by Lacan ‘discourse of the University’. It emerges through a quarter turn anticlockwise rotation of the ‘discourse of the Master’ and it results in the hegemony of S2, intended as an all-pervasive, democratically achievable knowledge that easily converts into information. Within a society whose dominant epistemological model is expert knowledge and survey-dependent decision making, the master-signifier (S1) – which, in Lacanian theory, fixes the otherwise endless shifting of the signifying chain by imposing a tautological point of signification – loses its direct efficacy and drops in the “underground”, where, as Lacan cautions, his coercive power increases as it becomes invisible (unconscious).

Discourse of the Master

$$\frac{S_1}{\$} \rightarrow \frac{S_2}{a}$$

Discourse of the University

$$\frac{S_2}{S_1} \rightarrow \frac{a}{\$}$$

Discourse of the Capitalist

$$\downarrow \frac{\$}{S_1} \times \frac{S_2}{a} \downarrow$$

It is within the “neutral hegemony” of scientific objectivity that, at a certain point in modern history, the fifth discourse installs itself, actualising the potential contained in such hegemony. At the helm of the Capitalist discourse we find none other than the barred subject of the unconscious (\$) divided by an unknown desire, and at the same time diabolically persuaded that he can access truth, i.e. that he knows exactly what he wants (as the downward vector in Lacan’s schema suggests). This veritable delirium of narcissistic omnipotence of the capitalist subject, who aspires to bypass symbolic castration and related *jouissance* (surplus-enjoyment), establishes a social ontology founded upon a relentless act of recycling: the transformation/distortion of a (the senseless residue of the signifying operation and as such object-cause of desire in the Master’s discourse) into a universally countable and exchangeable *value* (University and Capitalist discourses).

If in the University discourse the attempt to totalize the field of knowledge encounters its limit in the production of anaemic subjectivities

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(consumers of comfort and security, sort of Nietzschean “last men” desperately unable to intercept the truth of the discourse, S1 // \$), with the advent of the capitalist nexus we experience the simulated potentiation of this anesthetised subject in the direction of a hyper-narcissistic personality “without unconscious”. Born out of the inversion of the first couple of the Master’s discourse (S1/\$), the Capitalist discourse revolutionises the logic of the previous four discourses, insofar as it attempts to transform their intrinsic impotence into the productive engine of sociality itself. If the Master’s discourse produced an entropic rest that remained unchanged, as such approachable only via desire and fantasy (\$<>a), the capitalist revolution proposed to rationally valorise, produce and exchange this meaningless residue, turning it into something universally achievable. As aptly put by Peter Sloterdijk, at the dawn of the capitalist era ‘the madness of expansion [turns] into the reason of profit’.¹⁷ It is not accidental that the discourse of the Capitalist, as outlined by Lacan on the blackboard at Milan University, reproduces a circular, logical and seemingly uninterrupted movement among its four terms, one that effectively generates the symbol of infinity (∞). Herein then lies utopia: in the attempt to create a horizontal movement of perpetual acceleration fuelled by the valorisation of surplus-enjoyment. Realising the process of neutralisation of the other that inspires the University discourse, in which it germinates, capitalism at the same time aims to provide an answer to the empty question that echoes in that discourse. Its wide-open jaws require endless ingurgitation of surplus-value, that is to say the incessant recycling and valorisation of the residual excess of the symbolic intervention that, with Lacan, we call *savoir-faire*. The commodification of excess (e.g. human, domestic, toxic, etc. waste) is thus more than just an increasingly lucrative segment of our economy; it is most of all the driving force of the historical dynamic we call capitalism. This is true also in existential terms, at the level of consumption. The radical alterity of the object-cause of desire (*objet a*) morphs into the ubiquitous availability and compliance of fetish-objects surreptitiously invested with “libidinal superpowers”, through which the (perverse) subject attempts to disavow the fundamental impotence of the social link, inasmuch as the latter holds the key to his own identity.

This is why the epoch of capitalist globalisation is also the epoch of generalised perversion – to be intended in Lacanian terms not only as pathologically abnormal sexuality, but especially as the desperate answer of a historical subject increasingly weakened and anguished by the progressive, seemingly unstoppable waning of the “capitalist big Other”. The historical paradox to highlight is thus the following: perversion becomes a sort of spontaneous ruse aimed at negotiating the suffocating anxiety generated by the anaemia of a world traversed by the metaphysics

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17 Sloterdijk 2013: 84.

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of scientific objectivity. What materialises is, in fact, a vicious circle: the “operation recycling” that affirms the planetary hegemony of value out of the distortion of surplus-enjoyment, ends up recreating surplus-enjoyment in the form of anxiety, which the subject tries to fend off by denying the declining efficiency of the symbolic structure. In more general geopolitical terms, perversion consists in disavowing the causative relation between the ongoing process of capitalist globalisation and the constant widening, at the borders of *but also within* urbanised areas, of territories populated by millions of human beings excluded from access to capital and thus to wealth and welfare. We are talking about a kind of socio-economic apartheid that might differ from its classic racist version in terms of magnitude, but nevertheless remains profoundly violent and discriminatory.

Let us recall that the secret objective of perversion, as theorised by Lacan, is not to transgress the law, but rather to bring back its authority, to the extent that it must appear inflexible and indestructible – as in the exemplary case of the masochist who stipulates a contract with the dominatrix who tortures him. Most manifestations of hyper-narcissistic exhibitionism that have invaded our everyday life, for instance, are perverse insofar as they betray the unconscious desire of subjective surrendering to the gaze of the Other, with the aim of securing the Other’s full satisfaction, consequently generating the illusion of its indestructibility while in turn safeguarding the ego (“they look at me, therefore I exist”). Offering oneself up to the Other is the most direct way for a subject beleaguered by anxiety to guarantee his own consistency. Following Freud’s breakthrough, Lacan argues that the main feature of the pervert is to become an instrument of the Other’s *jouissance* so as to establish or restore the Other’s authority. This goes a long way toward explaining why perversion is rife in times of crisis, as for instance in the martyrdom of the religious fundamentalist (in the name of a God whose authority is historically vacillating), or in the behaviour of the postmodern subject who, boasting a cynical distance from ideological lures, sacrifices all his life, body and soul, to the sacred altar of God-capital. This point is made by Žižek when he claims that perversion is a common feature of fundamentalism *and* western neo-liberalism insofar as it relies on positive knowledge rather than belief: ‘A fundamentalist does not believe, he knows it directly. Both liberal-sceptical cynics and fundamentalists share a basic underlying feature: the loss of the ability to believe in the proper sense of the term. What is unthinkable for them is the groundless decision which installs every authentic belief, a decision which cannot be grounded in the chain of reasons, in positive knowledge’.¹⁸ In short, the more symbolic efficiency declines and fragments under the heavy blows of an incessant, indeed global “valorisation of value” facing its

18 Žižek 2006: 127.

own crisis, the more the subject reacts “perversely”, immolating himself for the Other in the attempt to stem its draining. Differently from the neurotic, who endeavours to protect himself from the interference of a powerful law that threatens, as it were, to gobble him up, the pervert has to deal with a symbolic order whose fragility is so evident that it does not offer sufficient warranty of successful subjectivation. This is why the pervert cannot count on the arsenal of signifiers available to the neurotic, but instead tries to restore the authority of the Other libidinally, via his own active intervention in the Other’s breach. The pervert utilises his own libido precisely as a filler or stopgap, aiming to close once and for all the angsty chasm in the Other.

The nightmare of capitalist bulimia

But let us return to Lacan’s foray into the crisis of the capitalist mode of production. If it is true that any capitalist society is sustained by the ubiquitous valorisation of what, in itself, does not count and cannot be counted, then why should this mechanism enter an irreversible historical crisis? Here it is crucial to insist on the category of the drive, which Lacan situates at the centre of the Capitalist discourse – just like Marx, incidentally, who had called capital an “automatic subject” (‘ein automatisches Subjekt’).¹⁹ Insofar as it is acephalous, intent on repeating compulsively the same circuit around the missed object – surplus-value – the capitalist drive is blind toward the internal mechanism concerning the realisation of surplus-value, which leads to the concrete production of wealth on which our society depends. Already in *Seminar XI*, Lacan had examined the four components of the drive as catalogued by Freud as pressure, aim, object, and source,²⁰ suggesting that the drive is actually inhibited as to its aim (*zielgehemmt*), inasmuch as no object can satisfy it: paradoxically, the real (unconscious) aim of the drive is to repeat incessantly the circuit around the missed object. Now, if the declared object of the capitalist drive is the realisation of surplus-value into profits, which are then reinvested into the economy (capital accumulation), its aim is surplus-enjoyment, that is to say the infinite repetition of the movement (pressure) that brings satisfaction in the paradoxical form of a specific type of dissatisfaction – that of *never realising enough surplus-value*. As with the smoker, the gambler, the drug-addict or, as we shall see, the bulimic, the capitalist’s accumulation-related enjoyment is always partial, or else it coincides with the constant, compulsive deferral of full and complete satisfaction. Capital, in other words, coincides with its own movement of expansion.

19 Unfortunately, the English translations of *Das Kapital* tend to miss Marx’s dialectical point about capital as automatic subjectivity, translating *Subjekt* as “character” or otherwise (see Marx 1990: 255).

20 Freud 1915.

If this is the case, then surplus-value qua object of the capitalist drive matters only insofar as it performs the role of the invisible substance that sustains the gravitational orbit of the drive itself. The accelerating movement of the capitalist dynamic, in other words, hinges on its blindness vis-à-vis its founding cause, namely surplus-value, which therefore functions as the unconscious object-cause of the capitalist drive. 'Comme sur des roulettes', says Lacan in 1972: the discourse of the Capitalist runs very fast, as if on oiled wheels, indeed it could not glide more smoothly, and yet... 'it consumes itself to the point of consumption' ('ça se consomme si bien que ça se consume').²¹ What this suggests is that the historical strength and the fundamental weakness of capitalism overlap as the unresolved tension between object (goal) and aim of its drive. The unidirectional acceleration toward accumulation and self-expansion works only insofar as "it does not understand" the mechanism that triggers such acceleration. The reason for this is that real accumulation is increasingly linked to what today, ironically enough, we call "rationalisation" (scientific management aimed at increasing business efficiency), namely the process conducing to the progressive elimination of that labour power (variable capital), which represents the source of capital itself, the indispensable ingredient that makes capitalist valorisation possible. It is in this respect that the "objective" logic of contemporary capitalism qua "automatic subject" can be described in terms of bulimia: the voracious oral drive of capital continues to *ingest* but is increasingly unable to *digest*, i.e. to turn the valorisation process into substantial wealth. The reason for this failure is that, in its current historical configuration, the capitalist drive ends up sabotaging *beyond any possible repair* the very cause of accumulation, namely surplus labour, thus feeding nothing other than its own starvation. Once a certain historical limit is passed, in other words, the immanent contradiction of the valorisation process begins to haunt capitalism, increasingly pushing it to realise its own self-destructive tension rather than surplus-value.

The road to accumulation is therefore a very bumpy one and needs to be situated in its historical context. Here, however, it is not enough to resurrect Marx's old version of the "tendency of the rate of profit to fall (TRPF)", expounded in Part 3 of *Capital* volume 3. If Marx was no doubt correct in observing that saving labour time through technological progress had to have long-time adverse consequences for the rate of profit,²² at the same time he did not and could not foresee the historically-specific, momentous impact of technological advance on capital's ability to generate wealth. What is at stake today is therefore

21 Lacan 1978: 36.

22 Marx notes that 'this gradual growth in the constant capital, in relation to the variable, must necessarily result in a *gradual fall in the general rate of profit*, given that the rate of surplus-value, or the level of exploitation of labour by capital, remains the same' (Marx 1991: 318).

not only a *tendency* that, as Marx himself conceded, still allowed capital to resort to many counterbalancing factors; rather, the current degree of automation of production and drastic reduction of investment in living labour ends up threatening a fall in the *absolute* mass of profit,²³ as Marx had intuited in the 'fragment of the machine' in the *Grundrisse*.²⁴ If the increase in productivity through automation can be beneficial to individual companies, it nevertheless tends to reduce the total mass of value realised. In the past, this immanent contradiction only had a minimal impact on capitalism's ability to produce wealth and therefore sustain its self-expansion, for market and production extension have always allowed capital to engage more human labour than the amount it made superfluous. Not long ago, however, we have passed the point of no return. We have, in other words, reached an absolute historical limit, whereby the compulsive pursuit of accumulation through automation becomes fatally and irreversibly counterproductive. Bulimia is not just one of the so-called new symptoms of the contemporary subject devoid of symbolic contents and dominated by the death drive. It is also the brutal manifestation of the objective impotence of the capitalist dynamic today. With Lacan, we could say that the capitalist project to recycle surplus-enjoyment into surplus-value, in the context of a globally valorised society, fails. It is a failure incarnated in the return of surplus-enjoyment in the guise of a crisis by now unsustainable and inextinguishable, which speaks truthfully about the constitutive drive of capital, the "automatic subject" fundamentally blind to its own logic and aiming for self-destruction. This immanent limit, more antagonistic than any class struggle or external resistance, emerges historically at the start of the 1970s, precisely when Lacan draws his discourse of the Capitalist in Milan.

If the capitalist logic is driven, this means that, in its compulsive self-referentiality, it is always self-identical. What changes, rather, are the historical circumstances in which it displays itself. In this respect, it is mistaken to conceive of capitalist crises as necessarily cyclical and immanent to the self-revolutionising dynamic of capital. This is true only to an extent. The Long Depression of the late 19th century was overcome because industrial capitalism had at its disposal new means and especially geographical territories for its expansion; in a similar vein, the crisis of the 1930s, which affected a much higher level of industrial production, was tamed by the new model of Keynesian regulation as well as the Fordist organisation of production. However, when this last model of capitalist accumulation imploded in the 1970s, the answer was a an inflationary strategy based on public credit, which

23 This important point has been elaborated in depth by Robert Kurz (e.g. 2012), whose work is available in English only in fragments. For further considerations see Feldner and Vighi 2015.

24 Marx 1993: 690–712.

opened the gates for the neo-liberal revolution while the hot potato was passed on to the financial markets. The cause of this latest qualitative leap toward neo-liberal deregulation was the so-called “third industrial revolution” (microelectronics), which has drastically eroded the capitalist potential for value accumulation in the real economy. The advent of microelectronics has provided capital with a huge incentive to accelerate the process of automation in production, which has always informed its principle of competition. However, as anticipated, the increased elimination of workforce has drastically undermined the conditions for real accumulation, insofar as these are dependent on the extraction of surplus-value through the exploitation of abstract labour (wage work). If this was not the case, capital would not have fled in such a massive and unprecedented way into the disastrous spiral of debt and attendant financial bubbles, where the incessant creation of substanceless monetary capital can only be met with the explosion of an endless series of crises, in a situation of general social instability that is becoming increasingly difficult to manage.

To conclude, let us summarise the two main points of Lacan's reading of Marx. First, the centrality of surplus-value as the symptom where the historical dimension of the capitalist drive is anchored, together with the type of social reproduction it informs. Second, the specific pathology of contemporary capitalism as a finite socio-historical constellation, which I have defined as bulimic. Lacan's cogitations on Marx achieve a degree of intellectual lucidity that is rarely paralleled even in the Marxist camp. This is because, as we have seen, they free the notion of surplus-value from conceptual cages that posit its quantification and calculability. A paradoxical entity that can only be given as lacking, surplus-value is the “blind spot” of capitalist accumulation. The fact that the capitalist drive by definition misses the crucial function of surplus-value as the intangible hinge of the whole valorisation process, can only have devastating consequences today, when the potential for the creation of surplus-value is rapidly vanishing. Lacan tells us that, in its deepest connotation, the enigmatic object in question, the capitalist symptom, is unconscious knowledge, the “unknown knowledge” that moves the progress of “known knowledge” as real creative activity; *jouissance* as fertile correlative to *savoir-faire*. The type of exploitation of the worker inaugurated by capitalism, functional to value accumulation, corresponds primarily to this spoliation of surplus-enjoyment as the unconscious side of knowledge. From that moment on, we witness a self-expansive process of accumulation whose truth resides in the “minimal difference” between surplus-value and surplus-enjoyment, *mehrwert and mehrlust*. Žižek's lesson on the dialectical significance of the parallax view is crucial here: viewed from a slightly changed perspective, surplus-value appears as surplus-enjoyment, revealing the deadlock that bedevils any economic theory based on the

intrinsically spurious “self-valorisation of value”. If we take Lacan's reading seriously, the only way out of the current economic crisis implies accepting the burden of the necessary reconfiguration of the capitalist symptom that defines who we are. It means having the courage to leave behind the increasingly obsolete logic of capitalist valorisation,²⁵ to which we perversely continue to sacrifice our energy despite its growing and irreversible sterility. It means, in short, inventing a new symptom around which to construct a new theory and practice of sociality.

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25 In *Seminar XVII*, Lacan argues that this logic also defines “really existing” socialist societies: ‘It's not because one nationalizes the means of production at the level of socialism in one country that one has thereby done away with surplus value, if one doesn't know what it is’ (Lacan 2007: 107-108).

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The 'Ideal Total Capitalist': On the State-Form in the Critique of Political Economy

Gavin Walker

Abstract: What is the role of the contemporary welfare state – or in Negri's terms, the "warfare state" – within the reproduction of the capital-relation? The key political question today is not just the ongoing crisis of welfare under the crisis of capitalism: it is the more fundamental point that liberal democracy, rather than being a bulwark against the domination of all social elements by capital, is in fact *the institutional mechanism par excellence* through which capital's perverse force operates. Welfare, the basic task of liberal democracy, is not a benign field of "taking care" of the human being, making citizens happy, and so forth. Welfare is the material support for the ideological field of liberal democracy, a material support for the reproduction of labour power, the key raw input for capital's own ceaseless expansion. The question of the welfare state today is not an anachronistic question. In our current moment of a generalized "capitalo-parliamentarism," to use Alain Badiou's term, it is the crucial link between the renewal of the critique of political economy and the renewal of the possibilities of political intervention.

Keywords: Marx, welfare state, capitalism, critique of political economy, labour power, Badiou

The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total capital [or literally, "the ideal total capitalist" (*der ideelle Gesamtkapitalist*)]. The more it proceeds to the taking over of productive forces, the more *the state becomes the actual total capitalist (wirklicher Gesamtkapitalist)*, the more citizens (*Staatsbürger*) does it exploit. The workers remain wage-workers — proletarians. The capital-relation (*Das Kapitalverhältnis*) is not done away with (*aufgehoben*). It is rather brought to a head (*auf die Spitze getrieben*).¹

- F. Engels

Any modern state is intrinsically bourgeois and hence pertains, with regard to the communist topology, to the category of the structure and the obstacle.²

- A. Badiou

1 Engels 1987 [1988], 266 [443], Translation modified.

2 Badiou 2009, 235.

Throughout the 1970s and 80s, the problem of the welfare state figured as a central question of Marxist theory. The experience of Eurocommunism, the seeming expansion of the state sector to encompass all sorts of new arrangements of cooperative labour, welfare protections, and para-state institutions, made the state take on a new dimension. In the eyes of the apologists for the welfare state, this new stage was one in which the state-form itself was no longer simply the organ of the “legitimate monopoly on violence,” but rather a merely “contentless” arrangement of logistical entities. In this situation, the state would also come to be perceived as the site of a paradoxical *mixture*: from this apologist perspective its repressive aspect was seemingly conjoined to the possibility of slowly building “dual power” institutions within the interior of a constantly expanding state sector, in which fields of partial workers’ hegemony could be envisioned. But this optimistic and affirmative view of the welfare state was also accompanied by the beginnings of a renewed critique of the state as the guarantor and ultimate horizon of politics.

What does this question mean today, following the experiences of cyclical financial crisis, of the explosion of social struggles around the world, and the ongoing *reconquista* of an old model of capitalism, of the most openly violent and vicious dispossession of the working class, the peasants, the poor, the unemployed, the sick, the young and so on? Can we even speak of the critique of the welfare state today when the global neoliberal right seems intent on dismantling precisely the institutions of the welfare state from the 1970s that were *the result* of an entire sequence of workers’ struggles? What would it mean to rethink the critique of the welfare state from our present moment?

Here, I want to make a specific sort of wager: if we want to renew this critique of the form of state within the contemporary renewal of the critique of political economy – a project taken up in diverse ways in thought today – we will need to first identify how the welfare state as a form is linked to the *drive* of capital. This is a way to understand the particular *ideological* content of the welfare state (or perhaps what Antonio Negri will later refer to as the “warfare state” to designate the transformations in the 1980s that would later come to be called “neoliberalism”³): after all, in Althusser’s terms, a given ideological instance always lasts longer than the specific historical conditions that produced it. In other words, we must try to link the lasting ideological instance of this specific form of state to the nature of capital itself, not merely to questions of policy or questions of planning. In fact, we will see how these concepts of “policy” and “plan” are themselves profoundly linked to the perverse and deranged nature of capital’s inability to manage its own force of pulsion, its drive. Here, in a broad investigation

3 See Negri 1988.

of the theoretical and historical question of the welfare state and its position within capitalism, we will attempt to link this critique to the development of a new *historical persistence* of the project of communism.

Today, political responses to the rightward turn of many of the advanced capitalist countries have often remained at the level of the populist defense of the welfare state (“Main Street, not Wall Street!”). But this type of formulation is incapable of seeing the basic ideological paradox of the state today: although the limits of capital are being constantly questioned from every corner of society, the basic underlying *political* structure of world capitalism – liberal democracy – remains largely unassailed. In fact, more fundamentally, these two terms, “capitalism” and “liberal democracy” are often seen as opposed, as two entirely separate sets of relations. It is here that Slavoj Žižek has reminded us of what is at stake: “we should read the ongoing dismantling of the Welfare State not as the betrayal of a noble idea, but as a failure that retroactively enables us to discern a fatal flaw of the very notion of the Welfare State.”⁴ Thus the key political question today is not just the ongoing crisis of welfare under the crisis of capitalism: it is the more fundamental point that liberal democracy, rather than being a bulwark against the domination of all social elements by capital, is in fact *the institutional mechanism par excellence* through which capital’s perverse force operates. Welfare, the basic task of liberal democracy, is not a benign field of “taking care” of the human being, making citizens happy, and so forth. Welfare is the material support for the ideological field of liberal democracy, a material support for the reproduction of labour power, the key raw input for capital’s own ceaseless expansion.

The question of the welfare state today is not an anachronistic question. In our current moment of a generalized “capitalo-parliamentarism,” to use Alain Badiou’s term, it is the crucial link between the renewal of the critique of political economy and the renewal of the possibilities of political intervention.

The Welfare State and its “Origin”

The theory of the state has long been one of the most controversial and contested fields of inquiry in the Marxist theoretical tradition. From the scattered formulations of Marx and Engels on the role of the state in capitalist society, to the debates on the seizure of state power in the Second International, the theory of the state has remained an inexhaustible set of questions for the critique of political economy: what role does the state play in capitalist development? Is the state a merely epiphenomenal apparatus capable of being subjected to divergent arrangements of domination and control? Or is the state a central and necessary mechanism at the core of the accumulation process? In turn,

4 Žižek 2012, 15.

this analysis of the state and capital has never been a merely *theoretical* question. Rather, it is a set of questions with a directly *political* content: Can the state be colluded with as a device through which to hold back the capitalization of all elements of a given social formation? Is the state capable of serving as a “revolutionary weapon” in the hands of an insurrectionist political process? Or is the state always-already too saturated by its own structural dominance? Is all entry into the state inherently doomed to failure, to capture, to complicity?

From the debates of the 1970s between figures such as Nicos Poulantzas, Ralph Miliband, Bob Jessop, Simon Clark, John Holloway and others, to the German “state-derivation debate,” to the Italian discussions of the “planner-state” (*stato piano*), particularly in Negri’s writing on the crisis of the 1970s, the theory of the state’s *autonomy* from the accumulation of capital has been vigorously contested. Rather than being seen merely as a contentless mechanism or device, the state has come to be seen rather as an apparatus that intervenes in the economic process in order to deal with those aspects of a given capitalist social formation that cannot be strictly speaking controlled from within purely economic relations. This duality or supplementarity of control under capital recalls the long history of the analysis of *civil society* and *political society*, broadly speaking the two spheres of *economy*, specifically exchange or circulation, and *governing*, that is, the sphere of the state. We will expand this duality of civil and political society in the following section, before discussing the broad question posed by Alain Badiou’s formulation of “capitalo-parliamentarism” for our current global conjuncture. For the moment, let us trace back through the “origin” of the welfare state.

When we think of the term ‘welfare state’ we tend to think of a quite limited and recent history of this concept. We tend to think of a specific feature of postwar capitalism, its tendency towards the phenomenon of *embourgeoisement*, in the terms of the Regulation School, its tendency towards ever increasing wage levels in the imperialist countries, towards greater and greater state protections, in turn effectively neutralizing workers’ independent resistance by integrating them fully into investment in the same capitalist mechanisms as their employers. But the centrality of the concept of “welfare” has been with us since the advent of the capitalist mode of production, and signals a set of problems wider and more extensive than simply what goes under the name “welfare state.”

From the outset, what is the welfare state on a theoretical level? What relations and elements of force are concentrated here? Ian Gough, in his 1979 *The Political Economy of the Welfare State*, attempts to define this concept formally, in an extensive taxonomy of the role of welfare in the Marxist theoretical register. For Gough, the welfare state refers to “the use of state power to modify the reproduction of labour power

and to maintain the non-working population in capitalist societies.”⁵ We thus have an initial definition of the problem. Welfare, broadly speaking, intervenes at a crucial weak point of the cycle of capitalist reproduction. Since capital, strictly speaking, cannot maintain a constant supply of labour power without becoming involved with the physical capacity and corporeal well-being of the labourer, the role of welfare is located at a crucial moment. In short, the existence of commodities as products of labour is itself based on an incessant overcoming of a specific social and historical restriction placed upon capitalist production methods, namely that for capitalist production to exist at all, capitalist production must consume as a commodity something that capital cannot produce as a commodity directly: the peculiar commodity of labour power.

While this social restriction on capitalist production is especially clear, for example, during phases of economic prosperity (when industry widens its scale of production and thus requires the absorption of more and more workers) it is equally clear that industry cannot assume that workers would necessarily “be there” for capital, since workers cannot be simply and easily transferred like fixed capital (machinery and so forth). Nonetheless, bourgeois political economy routinely disavows this fundamental vulnerability of capitalist production by theoretically treating labour power merely as a commodity as a product of labour. Unlike a slave economy, in which the worker’s body itself is sold as a commodity, the formation of the “doubly-free wage labour” – free to sell its work to the highest bidder, and simultaneously free or *available* for exploitation – at the advent of the capitalist era connotes a situation in which what is sold as a commodity is the *capacity, potential, or force* to work within definite limits and for a definite period.

Unlike various pre-capitalist forms of labour, in which the compulsion to work is generated by means of certain forms of “extra-economic coercion” (directly feudal landed property-relations, seigneurial systems of ground rent, direct relations of force and violence to compel serf labour), the formation of labour power is only possible when what is commodified – that is, circulated as a commodity – is not labour *in general* but the specific capacity to work “piecemeal” or “for a determinate period.”⁶ This difference furnishes us with the essential problem of the labour power commodity, a commodity that is bought and sold in the labour market, but that can never be located in a stable presence. What is essential is that because the labour power commodity must be *assumed to be given and present*, as well as consumed as a commodity by capital despite capital’s inability to produce labour power *directly*, the history of struggles over land enclosures, the factory system,

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5 Gough 1979, 45.

6 Marx 1996 [1962], 178 [182].

the life-and-death struggles of the workers “thrown onto the market” by the decomposition of the previous social relations, and so forth is involved in this process of transforming labour power into a commodity. If we take Gough’s point then, that the role of welfare is “the use of state power to modify the reproduction of labour power and to maintain the non-working population in capitalist societies,” we notice something crucial. Even if the welfare state as a specific political form is a historical development, a type of state policy and planning characteristic of the world postwar order, the fact is that this concept of “welfare” has been central to capital since the beginning.

Gough expands his argument in two crucial directions that we ought to take into account in order to clarify the relation between the critique of the welfare state and the critique of political economy. He reminds us that although the role of welfare is to “modify the reproduction of labour power and maintain the population, nevertheless, “this does not exhaust its functions, for the population also contains individuals that are not part of the workforce. The second arm of the welfare state serves to maintain non-working groups in society.”⁷ At this point it should be stated clearly that the maintenance of “non-working groups in society” is not only the function of the welfare state: it is a crucial and central moment of capital in general.

In the theoretical structure of *Capital*, Marx’s analysis of the law of value and the law of profit directly leads to his discovery of “the law of population peculiar to the capitalist mode of production” (*der kapitalistischen Produktionsweise eigentümliches Populationsgesetz*).⁸ The law of population, which posits labour power in relative superfluity to capital’s organic composition, allows the capitalist production process to treat labour power as the most disposable commodity during phases of recession but also as the most indispensable commodity during phases of prosperity.⁹

But how and in what ways does Marx demonstrate this? In Volumes 1 and 3 of *Capital* especially, Marx shows how, on the basis of the transformation in circulation of labour power into a commodity, capitalist production unavoidably leads to the overproduction of capital itself and crisis, particularly how this can *only* occur at the zenith of the accumulation phase of prosperity. What is the resulting phase of accumulation? It is a phase of recession, during which time two things generally take place on the road to the renewal of capitalist production. First, the technical composition of capital is reorganized with better and more efficient machinery. This process, however, is restricted by

7 Gough 1979, 47.

8 Marx 1996 [1962], 626 [660].

9 On the analysis of the “relative surplus population” see Kawashima 2009.

time, and cannot simply take place automatically; in this regard, the time it takes to replace old machinery with new machinery determines the temporal length of the phase of recession. Partly because of the difficulty in selling off old fixed capital in capitalist production, a second process takes place. Obviously, this is the point at which workers are laid off during phases of recession, forming what Marx called a *relative surplus population*. It is called this because this population now stands in a relationship of relative excess to the level of demand for a regular labouring population and thus is located in a general separation or at a distance from capitalist production. This population is not an absolute social surplus, but a surplus that can only be grasped in its *relationality* to capitalist production, from which it has been cast out as the most easily disposable commodity: capital can always dispose of the worker’s physical body during the phase of recession, in which capital attempts to shed as much labour power as it can. And this relationality is in essence contained within capital itself, a circular or cyclical relation that stems from the fact that “labour power is the form under which variable capital exists during the process of production.”¹⁰

In its relative separation from production, however, this relative surplus population now forms a social mass of workers who, theoretically, once again have nothing but their labour power to sell as a commodity, establishing and setting in motion a cyclical process of disposal and re-capture of labour power. In this way, Marx theorizes the law of populations peculiar to capitalist production, namely that while capitalist production cannot produce labour power as a commodity directly, it can produce a relative surplus population, which functions as a *mechanism* for capital to bridge this gap *indirectly*.¹¹ This mass of bodies must then sell their potential to labour—their labour power—in order to consume their daily necessities, in other words, a certain quantum of the means of subsistence that capitalist production can produce directly. Thus capital, through the form of population, turns a direct barrier to itself into a new *threshold* of accumulation, a new beginning or commencement.

Crisis as a phase of capitalist accumulation does not mark the end of the capitalist system; rather, it is merely a passing phase that mediates the phases of prosperity and recession. It is during the phase of recession that a relative surplus population is formed, which allows Marx to theoretically show how capitalist production can, as it were, compensate for its original and fundamental inability to produce labour power as a commodity by producing a relative surplus population, which creates the general social milieu, the “narrowly restricted social foundation” for the commodification of labour power. At its full extension, Marx refers to this

10 Marx 1996 [1962], 585 [616].

11 See Walker 2016, ch. 5.

stratum as the “Lazarus layers of the working class,” the unemployed who can be somewhat “resurrected” as variable capital when the expansion of the business cycle requires it.¹²

Yet even so the commodification of labour power cannot be assumed to take place automatically on the road to renewal and prosperity simply because a surplus population has been produced as compensation for capital’s inherent historical restriction. The reason is that, precisely because capitalist production has ground to a halt during the phase of recession, it is as if a “dead zone” or void appears or intervenes between excess capital and surplus populations. There is no money to be exchanged for labour power at this moment in the cycle. There is only decaying and dying—the “moral degradation” and the devaluation of capital, and it shows another way to think the conceptual sequence of “the first time as tragedy, the second time as farce,” for the tragedy of capital’s inability to directly produce labour power as a commodity now becomes transmuted—in the theory of crisis—into farce, where capital still cannot presuppose its own ability to capture labour power as a commodity even through the production of a relative surplus population as compensation for capital’s fundamental historical restriction (the originary and primal “tragedy”).

Thus, when we theorize the welfare state as an entity devoted to the maintenance of the non-working population, we have to understand this as a core function of capital’s own reproduction – the management of the *faux frais* that capital throws off to be managed by apparatuses external to the production cycle. In other words, Gough continues, “the two basic activities of the welfare state correspond to two basic activities in all human societies: the reproduction of the working population and the maintenance of the non-working population. The welfare state is the *institutional response within advanced capitalist countries* to these two requirements.”¹³ Gough here provides us with an essential riposte to those who see in the deepening of social democracy and defense of the state the possibility of a new opening for radical politics, and against capital. Rather than being a merely “contentless” entity that can be modified by means of policy, Gough’s point is precisely that in advanced capitalist societies, the very form of the welfare-based nation-state is inseparably linked to the reproduction of the aggregate capital, because it serves as the primary mechanism through which labour power can be indirectly regulated and the project of labour segmentation can be repeatedly undertaken.

At this point, let us recall Marx’s argument that one of the “essential

12 Although I cannot expand on it here for reasons of topicality, Ken Kawashima and I are working on a long-term collaborative project precisely around the explication of these “Lazarus-layers” in relation to the theory of crisis.

13 Gough 1979, 48.

elements” of capital’s origin in the “so-called primitive accumulation” is precisely the fact that “the bourgeoisie, at its rise, wants and uses the power of the state to ‘regulate’ wages, *i.e.*, to force them within the limits suitable for surplus-value making, to lengthen the working-day and to keep the labourer himself in the normal degree of dependence.”¹⁴ It is precisely in this sense that the function of “welfare” within capitalism has never been something separate from its workings; rather, it is something co-emergent and central to the operation of the capital-relation itself. “We see this most clearly in the original case of England, where welfare did not develop after capitalism but alongside it, and it may have been a key factor in bridging the transition to this new economy, grounded as it was in a radically distinct method of exploitation.”¹⁵ Patriquin here traces an extensive historical genealogy of the direct relation between welfare and violence at the origins of the capitalist mode of production. In the sense that welfare has always been indispensable for capital’s “normal” functioning, we should keep our focus on this “originary” element of the welfare state. Rather than being a political development in which capital’s violence is ameliorated through social spending, we should rather understand the welfare state as the *primary mechanism* through which the process of primitive accumulation can be continuously sustained in the advanced capitalist countries.

Today, instead of the social-democratic and liberal emphasis on the relative autonomy of the state and capital, we seem to be entering a period when these two functions are increasingly difficult to distinguish. This is the essential fact reflected in Badiou’s formulation of “capitalo-parliamentarism”: capital and the state exist today with such a level of integration that we might as well see these two social relations as directly conjoined rather than overlapping but separate processes, or even a “total” process, exactly what Engels early on identified as the “totality” that exists between capital and the state. Let us think briefly about this concept “total.”

Marx utilizes a very specific concept when attempting to think the labour process: the concept of a “collective” or “total” labourer, the *Gesamtarbeiter*, in other words, “the living mechanism of Manufacture” (*den lebendigen Mechanismus der Manufaktur*).¹⁶ Individual workers are brought together into a single productive body by means of capital: this establishes a connection between their individual functions that nevertheless appears external to themselves. This totalization is not their own act, but the act of capital that forces them to play a collective role as

14 Marx 1996 [1962], 178 [182].

15 Patriquin 2007, 207.

16 Marx 1983a, 275. In the 1872-1875 French edition (the so-called “Lachâtre” version) of *Capital*, Marx gives here the phrase “le travailleur collectif,” hence the common English translation as “collective labourer.” See *MEGA*, Abt. II, Bd. 7, 290, and the terminological note in Abt. II, Bd. 7 (Apparat), 837 [280.21].

the physical source of labour power. Panzieri writes, “Hence the connection existing between their various labours appears to them, ideally, in the shape of a pre-conceived plan of the capitalist, and practically in the shape of the powerful will of another, who subjects their activity to his aims. Capital’s planning mechanism tends to extend and perfect its despotic nature during the course of capital’s development. For it has to control a growing mass of labour-power with the concomitant increase of workers’ resistance while the augmented means of production require a higher degree of integration of the living raw material’.¹⁷ So if we have on one side this *Gesamtarbeiter*, who personifies the total working class, on the other side we have the *Gesamtkapitalist* discussed by Engels, the source of capital’s particular “planning” function.

But who is this “total capitalist”? It is none other than the state-form itself. Here we have to think of the homology between this triple structure: the *Gesamtarbeiter* of Marx, the result of a *Gesamtmehanismus*¹⁸ in which numerous social organisms are arranged from the perspective of capital, and the emphasis of Engels that it is the form of state that plays the role of the *wirklicher Gesamtkapitalist*, the “actual total capitalist,” or personification of capital. In turn, it is this inquiry that leads us into the question of the inside and outside of the state, a crucial question for the clarification of the role of “welfare” for capital.

The Interiority and Exteriority of the State-Form

When we inquire into the problem of how to locate the specific local form of capitalist development, concretized in the single nation-state, within the overall nature of global capital, which in itself knows no such boundaries, we immediately confront the problem of the *logical* and the *historical*. This problem of the relation of world and nation is mediated or supported by the concept of “civil society,” the general social form of economic life, which in turn is based on both the *logical necessity* and the *historical contingency* of the form of the *individual*, a problem that will be directly linked to the question of the production of subjectivity. In this term “civil society,” two lexical sequences are immediately opened up. These two lexical sequences are in turn related to two semiotic fields, two registers of signification: on the one hand, the existence of “civil society” expresses, in Althusser’s well-known terms, a “process without a subject” in which concrete individuals are merely shells corresponding to positions in relations of exchange or commerce, existing solely as the “bearers” (*Träger*) or “guardians” (*Hüttern*) of the forms of commodities and money.¹⁹

17 Panzieri 1976, 58-59.

18 Marx 1962, 364-365.

19 For an extended development of the arguments in this section, see Walker 2013 and in a broader sense, Walker 2016.

On the other hand, precisely because “interest” or “need” are expected to appear at the basis of these social interactions, the individuals who engage in the social process of exchange are *produced as subjects* of these needs. This double structure itself returns back into the unstable core of the concept “civil society,” where it exerts a specific set of forces, a specific theoretical physics that produces a set of fundamental limitations or boundaries within which the vast and aporetic question of the subject is located. For Marx, civil society (*bürgerliche Gesellschaft*), designating the development of a form of society in which the bourgeoisie becomes the quintessence of social relations, is precisely the sphere in which the exchange of commodities is buttressed by very specific forms of *individuality* through which the subjects of exchange can be produced or convoked. It installs in history a bizarre situation in which “the bourgeoisie idealizes and universalizes its own conditions of existence under the name of ‘man’, or more generally, the form of individuality which allows private property to be considered ‘natural’.”²⁰ In turn this creates a situation of something like a “multiple personality” for “man”: *homo nationalis*, *homo economicus*, *homo juridicus*, and so forth. What appears as the historical installation of a very specific regime of differentiation so as to furnish the basis of exchange relations comes to be linked to *property*, a question we will return to in the following section.

When Marx refers to ‘civil society’, to *bürgerliche Gesellschaft*, he indicates in the most general sense “the total material *intercourse* (*Verkehr*) of individuals within a determinate stage of development of the productive forces.” He continues, “It embraces the whole commercial and industrial life of a given stage and, insofar as this, goes well beyond the state and the nation.” However, and in the following contrast I believe Marx gives us an absolutely decisive clue that we must pay close attention to, he critically reverses this claim, or better still, adds to this claim a simultaneous paradox:

Yet, on the other hand again, civil society must assert itself *externally* [or “on the outside”] (*nach Außen*) as *nationality* (*Nationalität*), and internally [“on the inside”] (*nach Innen*) must organize itself as *the State*” (Marx 1962c: 36; Marx 1976: 89).²¹

Marx provides us here with an extremely suggestive problem to insert into the question of civil society, and in turn, into the articulation of citizen and subject. If civil society, or the historical emergence of the tendency towards the universalization of the *bourgeois*, is the field in which the citizen-subject is formed and joined together, it is significant

20 E. Balibar 2011, 473.

21 Marx 1969 [1975], 36 [89].

that Marx identifies two directionalities or vectors of its function: exteriority and interiority.

The sphere of civil society corresponds, for Marx, to the sphere of economic life on the surface of society in general; it connotes, in other words, the sphere of circulation or exchange, the site wherein given commodities are exchanged between given individuals occupying specific roles. As we have mentioned above, the “citizen” installed into the scene of society with the advent of “bourgeois universalism,” in Balibar’s terms, always maintains a complex relation with the form of the subject, and specifically with the form of the *national* subject, or *homo nationalis*. In a concrete sense, then, the form of individuality that is presumed or presupposed within relations of exchange is itself assumed to be historically continuous with a given national formation.

In turn, this indicates that, if the individual presumed in capitalist society on the level of abstract generality must always be “homo nationalis,” it means that this “national” element intervenes at a primal stage of the *reproduction* of social relations. Social relations in capitalist society take on a specific character that stems from the logic of this relation itself from the very outset. It means “Homo nationalis” is a central *mechanism*, apparatus or arrangement that capitalist social relations are founded on. Thus when Marx reminds us that “civil society” designates exactly the social level at which “exchange” (*Verkehr* and thus “intercourse” but also “*échange*” and therefore the later sense of *Austausch* for “exchange”) between “individuals” is made into the motor-force of social life, he draws our attention to the bizarre and paradoxical relation of the sphere of circulation and the sphere of production. That is, the productive capacity of society exerts a historical force on the way in which social relations can operate. But the *image* or *schema* of “civil society,” which ought to be “rational” and based on the undivided unit, literally the In-dividual, is not derived from the production process, but from the abstract individuals (the bearers – *Träger* – of labour power, and the possessor of money in the form of wages) presupposed within the circulation process, which *itself* must be *presupposed*. Therefore, there is always already, at the core of civil society, some hard kernel of irrationality or impossibility, but an impossibility that has been *made to operate as if it were not there*.

The “world of capital,” which presents itself as a total systematic expression of pure exchange, produces “civil society” in order to invert itself, and try to derive itself precisely from its own presupposition. Civil society in essence connotes the entire life of the sphere of circulation. In other words, it connotes a field in which is presupposed a “formal” equality between commodity-owners: one owner the seller of this strange thing called “labour power,” and the buyer, the owner of money. This exchange puts the form of money into the hands of the seller of labour power, who in turn uses it to purchase “means of subsistence”

by which he or she can reproduce themselves. Thus, Marx importantly points out, the value of labour power as a commodity always “contains a historical and moral element,” that is, this value always has a necessary reference to something *outside* the exchange process, *outside* the supposedly “smooth” sphere of circulation. This shows us too that the *theory* of the exchange process, in which social relations are *represented* as a “rational” field of smooth circulation is implicated from the very beginning in the real functioning of this circuit:

The economic is in this sense the object itself of Marx’s ‘critique’: it is a representation (at once necessary and illusory) of real social relations. Basically it is only the fact of this *representation* that the economists abstractly explicate, which is inevitably already shared *practically* by the owners-exchangers (*propriétaires-échangistes*) of commodities, that the ‘economic’ relations appear as such, in an apparent natural autonomy. The representation is implicated in the very form of the *manifestation* of social relations. This is precisely what enables producers-exchangers to *recognize themselves* in the image that the economists present of them. The ‘representation’ of the economic is thus for Marx essential to the economic itself, to its real functioning and therefore to its conceptual definition.²²

Therefore, civil society *presupposes* the form of the individual, endowed with these “needs” and socially engaged to pursue them. Civil society in this sense is a name for the field of effects in which the production of subjectivity is undertaken. Without this specific form of social life, characteristic of modernity and the world-scale of social relations, we cannot speak about the concept of the subject. On the other hand, in a disciplinary sense, we thus see that the production of subjectivity, in which the form of singularity must necessarily be violently re-produced as the form of *individuality* which belongs to a genus, is in no way separate from the logic of capital.

Civil society is a paradox: the relations that compose it can only be understood as adequately civil on the basis of an entire volatile historical sequence. The “pre-history” of capitalism’s emergence into the world constitutes the genealogy of the concept: the bands of feudal retainers are broken up, the self-sufficient peasantry is transformed into the proto-proletarian small tenant on the one hand and the “beggars, robbers, and vagabonds” on the other; this movement of enclosure on the scale of the land is thus mirrored in the enclosure of bodies, sentiments and so forth into the form of the “individual” or “property in his own person” (Locke). In turn, it is this form of identification between the formation of

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22 Balibar 1974, 213.

the property-owner endowed with rights and the individual endowed with social rationality that forms the specific historical movement which would culminate in the figure of the “bourgeois” or indeed the “civilian” (*civēs*). But the entire capacity of civil society to form the bond or articulation between social organization (state) and social legitimation (nation), which is presumed to be a rational, coherent, and necessary development from within its own *logic*, is therefore always reliant on its outside or reliant on what must be *axiomatically* excluded from its own process: the volatile space of historical time. In this sense, the whole logic of the citizen-subject is that of a volatile amalgam, held together, but always threatening to expose the fundamental volatility of this amalgamation itself. In this sense it is exactly something like the (im)possibility, the instability that underpins the social forms that exist under capital.

Let us now sum up the contours of the problem and put forward a further complication. Capitalism is a form of society organized by capital. This already presents us with a certain regressive structure in theory, because capital is not a thing but a *social relation*. At the same time, capital in capitalist society is the only “thing” that expresses itself as an individuality, that is, not as a “bearer” or “guardian” but as a true “individual” in the sense that it cannot be *divided*, but operates as *one*. The social human being is always divided in capitalist society, as the “bearer” of the “thing” that proves its social position, labour power. The human being in this sense is not *active* in capitalist society, but *passive*, a receptacle for the object – labour power – that is generated inside him or her. Thus when we say that capitalism is organized by capital, what we mean is that capitalism is a society in which relationality is a perspectival or focal point devoted to the reproduction of this original relation itself. This is the broad philosophical point behind the description of capital as self-expanding value. Capital is itself a relation devoted to the reproduction of the relations that it itself implies as the motor-force of a social field. Labour power, in this sense, is a kind of exterior or externality whose givenness must be assumed in precisely the same way that the boundaries of citizenship must *presuppose* that they can be mapped onto a set of coordinates already given by the form of the national subject – it is precisely here that we must carefully note Marx’s point that “civil society” expresses itself *externally as nationality*, and *internally as the state*. The entire question of the function of the nation-form within the capital-relation thus pivots around this complex and unstable object at the core of capital’s logic, the commodity-form of labour power. It is this strange form of labour power that constitutes one of the most important advances of Marx’s *critique of political economy*, an advance that we are still seeking to understand. After all, “If there is an element of ‘proletarian politics’ in Marx which is a genuine *third term*, it is necessary to seek it in the direction of everything which resists and dislocates the civil Society – State dichotomy. If it is to be found above all in the critique

of political economy, this is because *this dichotomy*, as it is handed down to Marx (and to us after him) *is above all an effect of economic ideology.*”²³ Labour power cannot be located in either polarity of civil society or the state, but exposes something critical about this dichotomy: both civil society and the state must essentially *presuppose* the existence of labour power, yet neither can *guarantee* it. But what specific *politics* are implied by this problem?

Politics at a Distance from the State

The critique of political economy explicates the set of reasons that the *welfare* of labour power must become a crucial concern for capital and the state. It is not only that capital’s apparently smooth circulation must presuppose something that it cannot strictly control, but also it must presuppose the reproducibility of labour power, the fact that labour power “must appear every day in the market.” This fact, that labour power is used up in the forms of “wear and tear and death,” and therefore must be replaced by fresh labour power, shows us the critical place in the entire schema of welfare. But the question is crucial: who or what mechanisms undertake to provide this “welfare”? Capital itself, as a social relation, is not concerned with the worker’s well-being as such. This question is essentially anterior or simply corollary to capital’s accumulation process, which is undertaken *as if* it were endless. What must “take care” of labour power, and specifically the worker’s body, in which is generated this bizarre non-substance, is nothing other than the state. The state is that institution that enacts itself, and then subsequently acts through, the Law. The legality established by the state to uphold capitalist relations of production and the global imperialist division of the earth, is something directly concerned with welfare. We must clarify that welfare here does not only refer to “taking care” or “making live” – it concerns the entire sequence of questions that relate to the worker’s physical being and corporeality. Welfare is simply the name for the physical control, maintenance, and discipline of the body.

Slavoj Žižek has recently emphasized something crucial in relation to this point, a point that we should pay close attention to:

We do not vote about who owns what, or about worker–management relations in a factory; all this is left to processes outside the sphere of the political. It is illusory to expect that one can effectively change things by ‘extending’ democracy into this sphere, say, by organizing ‘democratic’ banks under people’s control. Radical changes in this domain lie outside the sphere of legal rights. Such democratic procedures can, of course, have a positive role to play. But they remain part of the state apparatus of

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23 Balibar 1985, 18.

the bourgeoisie, whose purpose is to guarantee the undisturbed functioning of capitalist reproduction. In this precise sense, Badiou was right in his claim that the name of the ultimate enemy today is not capitalism, empire or exploitation, but democracy. It is the acceptance of 'democratic mechanisms' as the ultimate frame that prevents a radical transformation of capitalist relations.²⁴

We largely accept today the populist critique of finance while also accepting the statist horizon of bourgeois legal norms as the final form of human society. This paradox is based on a complete misunderstanding of the nature of the welfare state, which has never once been a form of state devoted to "well-being" in the sense of the care for human physical and spiritual plenitude, but rather to fully and completely integrating the economic violence of capital and the political violence of state and law. When we think of the welfare state as a bulwark against capital, we immediately lose sight of the centrality for capital of precisely those mechanisms the welfare state apologists claim are its countervailing tendencies. The irony of the support of the welfare state today is that it has been the welfare state, more than any other form, that provided and continues to provide the laboratory of social relations for the global resurgence of the right-wing since the 1980s.

It is on this point of the welfare state as a combination of tendencies and drives that returns us to a central question in Marx, pointed to here by Balibar:

Marx, unlike all the other socialists of his time, is paradoxically *outside* of economic ideology: his process involves a systematic demolition of its mode of analysis. I spoke of laws of historical evolution, but aside from this concept, which rather has the appearance of a philosophical generalisation *a posteriori*, there is another concept of a quite different nature, which is more directly enlisted in the analysis; i.e., the concept of a *law of tendency*. A law of tendency is the combination of a tendency and a counter-tendency. This does not mean that the tendency is held back, or that the history of capitalism follows a middle course between tendency and counter-tendencies, it means that the tendency never arrives at its originally projected aim. This is why we have a *history* of capitalism and not just a *logic* of accumulation. *Above all this means that capitalism cannot 'administer' its own tendencies without combining into them quite heterogeneous strategies of exploitation of labour power*, which are just so many ways of responding to the class struggle, or of anticipating it, this time in the sense of a

24 Žižek 2010, 88.

good sportsman anticipating his opponent, with the difference that this game has no rules, and there are no holds barred. This is why *Capital*, to the amazement of most of its readers, is not purely an economic argument.²⁵

Another way of phrasing this point is to insist that the critique of political economy is not *an economics*, but instead something directly *political*. When Balibar emphasizes here capital's inability to function without discovering mechanisms outside its orbit through which it can "administer its own tendencies" in "heterogeneous strategies of exploitation of labour power," he points to a crucial quality of the welfare state – its capacity to serve as a mechanism in which widely differing exploitations of labour power can be combined together *through the quasi-universality of bourgeois law*.

The fantasy of a split between "Main St." and "Wall St." bolsters the ideology that the welfare state is the only horizon of an anti-capitalist politics today. Instead of this ideological position, we should insist that this reduces the horizon of all politics to a statist solution. The form of the state here is mystified, obscured. Its essential violence is covered over by the political dementia of liberal democracy, which can never imagine anything beyond a peculiar use of welfare to supposedly ameliorate the hard edge of capital and the state. What this position essentially cannot think, therefore, is the fact that welfare has never been something that destabilizes capital's drive: from the very outset of the development of world capitalism and its incarnation in the form of state, welfare has been one of the essential mechanisms *through which* this violence has been exercised. It is this active forgetting of the violent origins of welfare that is effectively exposed by the recent theses of Badiou around the concept of "capitalo-parliamentarism," a term taken up in numerous of his recent works. But let us briefly go back to an older work of his to find the most basic expression of this point:

Parliamentarism is not only an objective or institutional figure (elections, dependent executive branch of legislature – in varying degrees -, etc). It is also a specific political subjectivity, an engagement, a propagandist designation. This engagement has two characteristics:

- It subordinates politics solely to a statist site [*lieu étatique*] (the sole 'collective' political act is the designation of governmental personnel), and in doing so eliminates the fact of politics *as thought*. From this emerges the typical character of parliamentarism: not a thinker of politics, but a politician (we could also say today "a functionary").

25 Balibar 1985 [1981], 19-20 [162-163], translation modified.

- It requires as a regulatory condition the autonomy of capital, owners, and the market.

So let us agree to call our democracy, for clarity's sake, *capitalo-parliamentarism*.

Capitalo-parliamentarism masquerades as the only mode of politics, the only that combines within it economic efficiency (the profits of the owners) and the popular consensus.²⁶

Liberal democracy and its parliamentarism is not something contentless, something that can be “adapted” or applied for other purposes. It is the ideological field that corresponds to the domination of capital. It is part of capital. It is this basic aspect of *politics* that is missed by the nostalgic bleatings for the high period of the welfare state, the imagination that a social state can somehow hold back a capitalist world. This is why we have to forcefully remember Engels' point that when we deal with the form of state, we are dealing with the “ideal total capitalist,” a personification and institutional concentration of capital's set of tendencies and functions. Thus when Badiou calls on us to sustain a “distance from the state,” it is not simply a question of *withdrawal* or abstentionism. It is an exhortation to remember our inherent political distance *from capital* – after all, it is us, “we, the defective commodities,” in the phrasing of Yutaka Nagahara,²⁷ who provide capital with its “self-conscious instrument of production.” But this also provides us the openings of politics: to keep our distance from the state means nothing less than the reopening of a new epoch of struggle, of politics, of intervention. The tendency today to merely enact a weak and defensive legitimation of the last vestiges of the postwar welfare state is not just an anachronistic and historically outmoded position; it is a position that denies the very reality of political struggle today, in which the state's function as the “ideal total capitalist” is coming more and more to the forefront of the accumulation process. Marx writes:

Ignorant louts such as Heinzen, who deny not only the struggle but the very existence of classes, only demonstrate that, for all their bloodthirsty, mock-humanist yelping, they regard the social conditions in which the bourgeoisie is dominant as the final product, the *non plus ultra* of history.²⁸

The fantasies today of the maintenance of the welfare state, of the reduction of politics to the horizon of the state, are simply *denials*

26 Badiou 1998, 36-37.

27 Nagahara 2008 and more recently, Nagahara 2015.

28 Marx 1983b, 65.

of politics. To regard the form of the welfare state as an unsurpassable achievement of our modernity is to regard our current conjuncture of crisis, recession, state violence, world war, and reinvigorated imperialisms as the achieved telos of history. Against this false telos, we have seen a rebirth of crucial social struggles in the last three years: the fightback against austerity in the core imperialist countries, the new rounds of social contestation and defence of the revolutionary process across Latin America, the unresolved national liberation struggles in Asia, Africa, the Middle East and elsewhere, the return of demands for indigenous self-determination, the riots and uprisings across the capitalist world. Rather than the bourgeois state as a closure, as a *fait accompli* or the “*non plus ultra* of history,” we ought to see in this moment a new *openness* of history, a new openness of politics, in which the reduction of revolution to the state is being contested from all directions. The social force of these uprisings must be joined to a reinvention of the critique of political economy, itself a directly political intervention through which we must reject the thesis of the necessity of the welfare state, and speak instead of the “rebirth” of history, the rebirth of the possibilities of politics at a distance from capital and the state, the birth of a new anticapitalist and antistatist sequence:

The rebirth of History must also be a rebirth of the Idea. The sole Idea capable of challenging the corrupt, lifeless version of ‘democracy’, which has become the banner of the legionaries of capital, as well as the racial and national prophecies of a petty fascism given its opportunity locally by the crisis, is the idea of Communism, revisited and nourished by what the spirited diversity of these riots, however fragile, teaches us.²⁹

29 Badiou 2012, 6.

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Phenomenology of Value: Badiou and Marx

Yuan Yao

Abstract: *The notion of value in Marx's work is unique in that it resides in the space between an objective fact and ideology. It is both a source of misrecognition and of theoretical clarity for Marx's overall project. In this text we make speculative use of Badiou's phenomenology, developed in his *Logics of Worlds*, to analyze value. Our thesis is that value is a phenomena which is made of several logical components which were elucidated by Marx, but that Badiou's framework can show a new way in which this phenomena is immanently constructed. Our aim is to show how this is both more objective and more coherent with modern mathematics than previous interpretations.*

Keywords: *phenomenology, value, Badiou, Marx, fetishism*

(This text is based on research done in the Circle of Studies of Idea and Ideology)

Introduction

The following work argues that Marx's version of the law of value can and should be formulated in the language of Badiou's phenomenology. Most expositions about the law of value usually focus on its explanatory force or its empirical undecidability. This is because, as a foundational question in Marxist political economy which continually attempts to establish itself as scientific, its value seems to reside in validating (or invalidating) Marxist political thought as such. This text takes a different approach: rather than attempt to prove or disprove the law of value, we ask what sort of questions can be possible on its basis. In other words, what does a world where this law is operative look like?

It is important then to qualify in what sense value (as delineated by Marx) can exist within a world, which is where Badiou enters. We show how his philosophy can be utilized as a tool for extracting the important features of our question and transforming them into new vantage point on the theory of value. Specifically, we wish to show that the phenomenology of Badiou is a framework suited for studying value because value is phenomenal in the strict sense. To give that statement its full import, we need first to construct a bridge between Badiou and Marx.

Fetishism

The central term of this bridge is that of *fetishism*, the name given by Marx to a certain perspectival error engendered by capitalist social relations. Simply put, as soon as a product of labor enters the market, its value becomes unhinged from the labor which produced it. The value of a product becomes a matter of comparison with other products, even though its true source lies in the productive *process*. There is then an

incommensurability between the market and the factory insofar as value is “recomputed” in the passage from one to the other. Based on this, it is permitted to say that there exists two “worlds” in which value exists, that of production and of circulation, and the problem of fetishism lies in the disjunction between their respective modes of value (use and exchange). The crucial point is that production is already caught in the network of exchange, since it is effectively comprised of an assemblage of commodities (the means of production) including labor power, itself a commodity.

The second order problem is this: knowing about the true state of things, that value is actually created by the worker, does not at all affect fetishism. This is because fetishism articulates itself at the level of economic activity - we behave *as if* a commodity has value in itself and not because it was produced, regardless of how enlightened we are of the actual situation. On the other hand, fetishism is not impossible to discern, but is rendered palpable by a certain line of thought, namely Marxist critique. However, it is an illusion which does not dissolve even after we’ve uncovered it, which is why an “objective phenomenology” that does not rely on subjective impressions is needed.

For Marx, value *necessarily* appears bifurcated, not due to missing information, but because of a truly ontological split. To name it fetishism is not to diagnose a psychological defect, but to name a really existing “component” of value. This is a crucial point that perhaps many Marxists would not agree with: the value-form would not be what it is without fetishism. The remainder of our argument rests on this point. Our thesis is that, in Badiou’s terminology, fetishism is a *real atom* of (the appearance of) value. For Badiou, *real atoms* are one side in a relation between phenomenology and ontology, between value’s appearing and being. Our statement, formulated in Badiou’s materialist framework, implies that value is a phenomena and is therefore supported by being(s) which can be analyzed mathematically.

Before going into detail on this, let us examine in what sense this corresponds to Marx’s own definition:

“The bodily form of the commodity becomes its value form. But, mark well, that this quid pro quo exists in the case of any commodity B, only when some other commodity A enters into a value relation with it, and then only within the limits of this relation. Since no commodity can stand in the relation of equivalent to itself, and thus turn its own bodily shape into the expression of its own value, every commodity is compelled to choose some other commodity for its equivalent, and to accept the use value, that is to

say, the bodily shape of that other commodity as the form of its own value.”¹

The value form is peculiar - it only becomes visible once two commodities enter into a specific relation. It is necessary to view commodities from the standpoint of this relation in order to see how one commodity must play a special role, and that the relation is one-sided, asymmetric. Marx insists that a commodity can never embody its own value, but only the value of another. For him, value as such is comprised of at least two parts, the relative form and the equivalent form². The more developed value becomes, the more these two forms stand in contrast. This process eventually leads to the appearance of money as the “universal equivalent”.

What is important for us in these initial moments of Marx’s construction is that the successive forms of value, while embodied by actual commodities, are not reducible to them. The interplay of these forms reveals more than what each started with - it reveals value as a social relation which is, in an important way, *indifferent* to the particular constitution of the commodities which support it³. This indifference is what allows us to pass from the local appearance of value to the global one, a passage amounting to the emergence of a common, social substance.

The true nature of this social substance is the question posed by Marx when he discusses fetishism. Namely, we begin to treat social relations between processes of labor as a property of their products:

“As a general rule, articles of utility become commodities, only because they are products of the labour of private individuals or groups of individuals who carry on their work independently of each other. The sum total of the labour of all these private individuals forms the aggregate labour of society. Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer’s labour does not show itself except in the act of exchange.

1
Marx 1867 p. 38

2 The passage continues: “Since the relative form of value of a commodity – the linen, for example – expresses the value of that commodity, as being something wholly different from its substance and properties, as being, for instance, coat-like, we see that this expression itself indicates that some social relation lies at the bottom of it. With the equivalent form it is just the contrary. The very essence of this form is that the material commodity itself – the coat – just as it is, expresses value, and is endowed with the form of value by Nature itself. Of course this holds good only so long as the value relation exists, in which the coat stands in the position of equivalent to the linen.”

3 For more on the peculiarity of this social relation, see Tupinambá 2014, pp. 318-326

In other words, the labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers.”⁴

Value only appears in the relation between two commodities, in the context of exchange, and therefore obscures the relation between producers which is its true source. It is not simply that we do not recognize the organizational dynamics between workers in the end product. More importantly, we act as if these dynamic social relations are that of commodities themselves, as if they have a (social) life of their own. This abstract sociality of commodities serves to “mediate” the relations between people and becomes the measure of society.

As Marx emphasizes, this displacement is doubly important in the case of labor, which is now only counted as “the labor of society” *through* the relations between its end products. Labor, which begins as the source of value, ends with its own value, as if it is also another product of labor. In this way, the value-form effaces its own history.

While the relations in Marx’s famous definition of fetishism (that originate between people but are later displaced onto things) are “real relations”, what has to be explained is how they take on an illusory, or more precisely, phenomenological form. Again, this form is objective and can therefore be analyzed. This is the entire aim of the critique of political economy: to isolate and examine the effects of this form of appearance⁵. The challenge is that, like the unconscious, analyzing the form of value includes analyzing the very way that it tries to hide itself.

Even though we are dealing with appearance here, the act of exchange reveals facts about the *being* of capitalist society. By virtue of treating value as phenomenon, we are able to give Marx’s Capital its proper place, as the *ontological* exposition of successive layers of the social substance in a mode of intercourse organized by the commodity form. Value is comprised of phenomenological substrates which Marx pulls apart and puts back together. What Badiou makes rigorous here is the a-subjective, logical character of this process. If we follow Badiou’s materialist claims, then we should be able to show that each layer of the

4
Marx 1867 p. 48

5 What should be added is that this analysis only takes place from an engaged position. Badiou’s notion of an objective appearance does not exclude the possibility that one’s subjective position allows a clearer view of a given phenomena. But it *does* exclude the possibility that subjectivity is responsible for constituting or synthesizing phenomena (see Badiou’s critique of Kant in Badiou 2006 pp. 231-241).

definition of value corresponds to a level of being. Therefore, in order to justify our claim that fetishism in Marx is a real atom, we need to identify this ontological counterpart.

An Ontology of Value?

We said previously that fetishism arises from social activity, the way we treat commodities during exchange. Can this be generalized to value as such? Is value defined by the circulation of commodities? One could argue that, without exchanges happening, there would not be value as such, only use-values. Yet, the law of value imposes a different thesis, that one of the commodities which is currently circulating, labor, is actually the true source of value - which entails both that there is a paradox in the commodity-form and that use value is itself conditioned by value, rather than something purely heterogeneous to it. To confront this question will bring us to the heart of the matter regarding the ontology of value.

What is special about Marx’s notion of value opposed to Smith, Ricardo, et. al? All labor theorists conceive labor-time as a certain “boundary condition” for the exchange-value of goods. Namely, although prices can fluctuate given external conditions (scarcity of resources, accidental conditions of production, consumer preference), there is an underlying determination by the time it takes to produce the product on the value at which the product trades. Marx simplified and made rigorous the terms of this relation, but all in order to put forward a question which he claimed to have been missed by his predecessors, namely, how this deterministic relation *comes to be*. As he states in *Poverty of Philosophy*:

“Economists express the relations of bourgeois production, the division of labour, credit, money, etc., as fixed, immutable, eternal categories. M. Proudhon, who has these ready-made categories before him, wants to explain to us the act of formation, the genesis of these categories, principles, laws, ideas, thoughts.

Economists explain how production takes place in the above-mentioned relations, but what they do not explain is how these relations themselves are produced, that is, the historical movement which gave them birth. M. Proudhon, taking these relations for principles, categories, abstract thoughts, has merely to put into order these thoughts, which are to be found alphabetically arranged at the end of every treatise on political economy. The economists’ material is the active, energetic life of man; M. Proudhon’s material is the dogmas of the economists. But the moment we cease to pursue the historical movement of production relations, of which the categories are but the theoretical expression, the moment we

want to see in these categories no more than ideas, spontaneous thoughts, independent of real relations, we are forced to attribute the origin of these thoughts to the movement of pure reason.”⁶

According to Marx, it seems the ontologization of value is precisely a bourgeois economic invention, assuming the “ontologization” is the same as “de-historicization”. Whereas other economists take for granted value as a category, Marx wants to show that value appears in developed and not-so-developed forms. These forms are related in a way (denoted by *aufhebung*) such that one form never completely replaces the other. Rather, they together comprise an ever-developing logical-historical space. So is any description of value in Badiou’s set-theoretic ontology impossible? Can the value-form be modeled mathematically? This seems at first glance to be completely at odds with Marx’s strategy of infusing economic theory with temporality. There is indeed a tension between Badiou’s commitment to a formal exposition of appearance and the above quote. Our aim is therefore to show that Badiou’s system is not only capable but inherently suited to model Marx’s logic.

Introducing the historical parameters of value as somehow *constitutive* of it seems like a very unscientific move when compared to the mathematically rigorous methods that reinforce modern economics. If history is that subject which most resists objectivity, it is mathematics which serves as the model discipline for studying infinite, impersonal reality. Marx’s question therefore seems like a *regression* when it posits a “coming to be” of the concept of value: it opens political economy up to the guesswork of history. But this work of exposing the scientific field to historical analysis has a philosophical-critical relevance. Althusser named it the arrival of class struggle in philosophy. Namely, if we take class struggle as an objective fact, we are then permitted to ask the question: what does a particular domain of (scientific) knowledge look like from the point of view of this fact?

This invention of an “objective perspective” from which to view science is fundamental. It supposes both that history can be examined scientifically and science examined historically. It is here that we find certain affinities between Marx’s critique and Badiou’s philosophy. The latter is perhaps the most systematic exposition of a logic of appearance since Hegel’s and is based on the premise that *appearances are objective*. For Badiou, there is no need for a subject to which things appear, since these appearances have definite relations among themselves independent of whether they are perceived. This leaves open the question of why some things appear and others do not. Badiou’s notion of *event*

6 Marx 1847 p. 47

from his earlier work formalizes this question - among its effects, the event is what opens up a region of appearance for a subject⁷.

Taking up fetishism again, we can identify the perspective, whereby this cleft in value is visible, as the standpoint of class struggle. Another way to approach our question, then, is to *assume the mistake* of treating circulation as the being of value. This is the correct move insofar as fetishism is part of the historical parameters of the object under scrutiny. We should not simply do away with it, but rather treat it as a valid (i.e. localized) component of the appearance of value. This brings us inevitably to mathematical formalism.

According to Marx, the difference between the normal value-form and the capital-form lies in the *use* of the commodity. Of the multiplicity of forms of use which unfold in history, the one which is capable of producing surplus value is unique, since it introduces an apparent autonomy to value. We act as *if* value were self-generative, as if value makes more value, but we know it is actually labor behind it. This self-referential “illusion” reaches a point where it becomes indistinguishable from a natural process. Marx’s method is to examine the this process independently of the thinking subjects who carry it out. This is his account of the movement from simple circulation to capital:

“The first distinction we notice between money that is money only, and money that is capital, is nothing more than a difference in their form of circulation.

The simplest form of the circulation of commodities is C-M-C, the transformation of commodities into money, and the change of the money back again into commodities; or selling in order to buy. But alongside of this form we find another specifically different form: M-C-M, the transformation of money into commodities, and the change of commodities back again into money; or buying in order to sell. Money that circulates in the latter manner is thereby transformed into, becomes capital, and is already potentially capital.”⁸

7 And the subject *is* insofar as it retains a certain fidelity to this event. This definition of subject raises an entire problematic of “what it means to be faithful”, specifically when we consider that a subject is not an individual but could just as well be the scientific establishment, an artistic movement, a couple in love, or a group of militants. Yet it offers us a way of conceptualizing how class struggle seems to appear in so many disparate areas once we are engaged by Marx’s thought.

8 Marx 1867 p. 104

Here we have an entire exposition of phenomenological logic which begins with the question of the “form of circulation”, that is, how circulation *appears* in a two-fold manner. First, we should note that **C-M-C** and **M-C-M** rely on the same underlying sequence: the one which rules that **C** and **M** are always adjacent. The difference lies entirely in the subordinate conjunction “in order to”. The first form still terminates with the consumption of the commodity, its utility lies in being able to procure a new commodity from the previous one. The second form of circulation is not simply a different use of money, but tells us something new about money itself, that it can subordinate or subvert the chain it belongs to.

In other words, circulation has shown us an ontological fact: that money is “already potentially capital”. Money does not historically appear as value-producing, but once the logical passage between “selling in order to buy” to “buying in order to sell” is complete, something is nonetheless revealed about money’s origins. We can speculatively translate this passage to Badiou’s framework with the idea of a “phenomenal component”⁹. Recall that we discussed earlier the relational character of value - it is always supported by at least two commodities, one of which takes on the “equivalent form”. The role of this equivalent is to effectively embody value itself *for* the other commodity. Badiou allows us to discern what sort of incarnation is at stake here when he suggests that each phenomena can - to a greater or lesser degree - be identical to another, and that this degree is determined by the “phenomenal component” in question.

This requires an inversion of perspective which is properly dialectical. An example of this would be the dramatic element of a play: it is one thing to say that a scene in a play contains drama, another to say that this scene belongs to the drama of the play. In the former case, “drama” is simply a property of a something (a scene or performance), but in the latter, it becomes the measure of everything else. This latter measure is precisely the function of the phenomenal component, which assigns to every ontological element a degree of belonging to it. This is the function which money takes on as it becomes the embodiment of value for all other commodities.

Money in its character as universal equivalent assigns a certain degree of existence to other commodities, yet it is also just another commodity. In other words, it is an immanent, self-regulation of the

9 It is important to clarify why it is not enough to posit that money is the transcendental. While it may be true that money is the transcendental for the world of commodities, what we are considering is the world where the value-form is itself analyzable on the basis of class struggle. In this world, the value-form is an object developing locally. In this (Marxist) context, money better models the phenomenal-component, since it is only a sub-phenomenon of the overall value-form.

commodity-form. As consumers, this seems intuitive. We behave on some level as if two commodities are the same because they have the same price, despite their ontological differences (e.g. a university education versus a new house). Inversely, we can treat two very similar commodities as different because of their price (e.g. a meal at a high priced restaurant versus something cooked at home).

This becomes more complicated when we include the production process itself as a commodity: the working hours of one laborer can be valued drastically different than another, which generates the perception that one group of laborers *is* drastically different than the other¹⁰. At this point, a certain closure of the logical space of value occurs, since the very production of value is captured in the process of circulation. This closure has consequences, among them, the abstraction of labor. To use terminology, there comes to exist a *map*¹¹ between the diversity of productive processes and money. As a result, all labor becomes countable as discrete work-hours, etc. and surplus value becomes calculable.

The sequence **M-C-M** should be read as a formula of the commodity form itself. There is a difference in value between the first instance of **M** and the second, attesting to the fact that **M** is not a variable. There are two usual approaches to this apparent oversight. The first is to rewrite the formula as **M₁-C-M₂** such that **M₂** minus **M₁** is profit, and to take this to be a formula for surplus. The second is to regard this formula as a chronological sequence, or altogether as pre-mathematical, and to focus instead on the argument that Marx makes. In other words, dialectics or mathematics?

With category theory in general, and Badiou’s system specifically, there is another approach which can preserve both aspects. Namely, we can conceive of **M** as both the *domain* and *codomain* of a function **C**. **C** takes a certain amount of money as input and returns a different output of money, but both the input and output belong to the same set. Likewise, in simple circulation, **M** is the function and **C** is both the domain and codomain¹².

The Category of Commodity Circulation and Capital Badiou posits mathematics as ontology, and the stakes of this

10 This is, of course, linked to the question of racism and sexism. Class consciousness is the hypothesis that the identities and differences between laborers, which was previously regulated by this money-component of the commodity-form, can be changed.

11 Meaning that all work has a price, and correlatively, that labor processes relate to each other via their prices.

12 Such functions are called endomorphisms.

position should always be referred back to the foundational tensions of mathematics itself. Category theory, initially developed to formalize the link between algebraic objects and topological spaces, has gradually risen to the candidacy of a foundational theory for all mathematical work. A major turning point in this rise is the reformulation of set theory in categorical terms¹³. This is relevant to us insofar as the statement “mathematics = ontology” may raise questions as to the border of ontology and phenomenology. However, to say that one is a specific case of the other is to mistake the true import of category theory for Badiou. Already in *Being and Event*, Badiou states that “ontology is a situation”, which indicates that it is a *being-there* and not a being. The inscription of set theory in the language of categories is not a generalization of the work of thinking being, but rather its localization. This implies that Badiou, like Marx, allows us to think the value-form in an extrinsic, historical way¹⁴. We should keep this in mind as we now develop our mathematical reading of the commodity circulation.

Some rules follow which force us into some technical work. First, a function never maps an input value to more than one output value. Second, every value in a domain must have an output value. Therefore, in simple circulation we need to ensure that one commodity cannot be transformed by money into multiple commodities, and every commodity must be able to be transformed.

In the first case, while it is true that one can turn a single commodity into multiple (e.g. selling one commodity and using the money to buy multiple commodities), this implies that the commodity being sold itself can be portioned into parts corresponding to the multiple commodities being bought. A single exchange of a more valuable commodity for several less valuable ones can be written as multiple exchanges of parts of the former with the latter. This is due to the fact that money is divisible and therefore enables the partitioning of the commodities that it represents. In the second case, a commodity can always be transformed since any commodity can potentially be bought or sold.

So our condition holds for simple circulation (C-M-C). What is required in the case of capital (M-C-M) is to do the same exercise taking the commodity as the function and money as the set¹⁵. The condition that each input must have only one output is satisfied by the fact that if I buy something now, I can sell it again later. The other condition that all inputs

13 For more on the “elementary theory of the category of sets”, see: <https://ncatlab.org/nlab/show/ETCS>

14 This was only made clear to the author recently in a debate with another member of the Subset of Theoretical Practice.

15 Here we assume the money-set is isomorphic to the set of natural numbers.

must have an output is achieved trivially by the fact that money can always be exchanged for itself.

We now need to generalize these set theoretic definitions. In order to define a category, we need the following: a collection of objects and arrows satisfying composition, associativity of composition, and identity. This can be done in a simple way if we identify a single object, called **M** and an arbitrarily large number of arrows designated by **C₁** to **C_n**¹⁶. The object is simply the money set we defined previously, but stripped of its interior, since objects do not “contain” anything. What we care about is simply that it is both the source and target of the family of **C** arrows, which corresponds to individual commodities¹⁷.

Composition is satisfied by the basic fact of circulation - we can buy a commodity at a price, sell the commodity later, and use the money to buy another commodity. We can repeat this sequence indefinitely, each time generating a subsequent amount of money (more if it is a profitable sequence and less if it is unprofitable). The key point is that such a sequence, a “business”, is itself a commodity. This realizes the formal condition of a category. Composition amounts to our ability to replace any number of enchainned arrows with a single arrow, such that the initial source object and the final destination object of the sequence is now the source and destination of the single arrow. The second condition, that of associativity, simply requires that we can do such replacements in whatever order we want, and it will always arrive at the same single arrow.

Take the following example:

where \mathcal{M} is the money set and where \mathcal{C}_i is the indexed family of commodities. This is usually written as $\mathcal{C}_i \circ \mathcal{C}_j$ where \circ is arrow composition. Associativity implies that $\mathcal{C}_i \circ (\mathcal{C}_j \circ \mathcal{C}_k) = (\mathcal{C}_i \circ \mathcal{C}_j) \circ \mathcal{C}_k$ - which means we can perform the composition on first and then \mathcal{C}_k or first and then \mathcal{C}_j , and the result is the same.

Generally, with categories one cannot change the order of the enchainment, but here composition is *both* associative and commutative. Finally, the identity condition requires the existence of an arrow **C_i** which, when composed with any other arrow **C_n**, is the same as **C_n**. This would be a commodity that I can buy to ensure that I can later sell another

16 Also called a monoid category. Subsequently, we can define a *circulation monoid* and a *capital monoid*, depending on which of **M** and **C** is the object and arrow. Monoids can also be defined in terms of a set of elements and a binary operation which combines those elements. In our case, the elements are commodities and the combining operation is the *composition of exchanges*.

17 Given a monoid category, we can define its arrow category to be one where each arrow is now an object. In the case of capital, the arrow category would be the category of commodities and exchange-arrows. This is a good starting point for further research.

commodity for the same price I bought it for. Insurance is an example of such an identity commodity.

One could argue that these above conditions can only be “satisfied formally”, since the actual market value of any commodity (including money itself, which only exists as regional currency) is changing constantly. Therefore, there could arise situations in which there is no commodity which preserves identities, or money within a country becomes worthless. But the point of such an ontological analysis is precisely to discern the being of a commodity, which is also to discern what it means to diverge from this being. To put it another way, there is nothing which guarantees that the actual market obeys its own ontological parameters. So in response, we could argue that Marx’s method combined formalism and historical analysis to identify in capitalism the tendency to generate crises which undermine its functioning. For more on this, see the last section of this text.

Given the above description of the passage between simple circulation and capital, we are now left with the question of its appearance in a world. By definition, beings always appear *locally* to a world, possibly in many worlds, whereas an ontological description is global¹⁸. Badiou demonstrates that appearance does not simply reflect being, but also effectively alters it. For us, this is the key to grasping how the various forms of value we have analyzed take their place in the world *after* Marx.

The Greater Logic

A full exposition of Badiou’s system would be beyond the scope of this text, but it is already worth pointing out a few intersections with Marx’s critical method. First, the existence of objective appearances also supposes an objective perspective or framework from which to analyze them. For Marx this is class struggle, but for Badiou it is category-theoretic logic, a framework developed by analyzing the most general definition of transformation in mathematics. Incidentally, the early Marx¹⁹ also arrives at the notion of class struggle by analyzing transformations of an arguably more general nature²⁰, namely labor, and how private property affects its distribution in society.

18 To be more precise, an ontological description appears locally in the world of mathematics, but is global or “extra-worldly” in its scope.

19 See Marx 1844, p. 32

20 Indeed, it can be argued that Marx discovers in capitalism the very origins of abstraction which appear later in mathematical thinking. See Sohn-Rethel 1978. The intersection between this and Badiou’s work remains an important area of research.

We begin with Badiou’s formal definitions of object²¹, world and transcendental. These will be necessarily brief, but we will develop the intuition behind them in latter part of this section and the next one.

First, a phenomenal object is a multiple whose elements are indexed by the transcendental of a world such that any two elements are assigned a degree of identity. Such a thing can be written with a pair of terms (**M**, Φ) where the **M** is multiple and Φ is the indexing function. We say that Φ has **M** as its domain and a transcendental **T** as its codomain since it takes any two elements of **M** and returns a degree of **T**.

Next, a world **W** is comprised of objects as defined above, one of which is the aforementioned transcendental. This world is characterized by the degree to which we can differentiate its objects, that is, by the relation between its objects and the degrees of its transcendental. This assigning of degrees is performed by Φ and is unique to each object within **W**. That is to say, the same multiple **M** may appear in multiple worlds, but in each one its indexing will be different. Every world is supported by an “inaccessible cardinal”²², that is, a non-denumerable set of all parts of all objects. In other words, a world contains infinite objects but is nevertheless not exhausted by this infinity which is still “accessible”²³.

This leads us to the definition of a transcendental **T**, which is another object in the world, but comprised of things called “degrees”. These degrees have an internal relation defined by three properties: *reflexivity*, *transitivity*, and *antisymmetry*, or what is called a *partial order relation*²⁴. This allows us to speak of greater and lesser degrees, though not in all cases, since two degrees can be entirely unrelated. All degrees, however, are related to at least the minimum degree . Additionally, given any two degrees, one can produce a new degree via the conjunction operation . The conjunction of two degrees gives us the value of the lesser degree. Therefore, for any degree a. Given a subset of degrees of **T** called **B**, we define the *envelope* $\Sigma\mathbf{B}$ to be the smallest degree larger than all degrees within the subset. is distributive over the envelope, such that .

21 Within category theory, there is a fundamental in-difference between object and transformation, insofar as they are interchangeable depending on the category in question.

22 See Badiou’s “second constitutive thesis” from Badiou 2006 p. 317 and pp. 345-352

23 The infinity of objects is a denumerable infinity whereas the set of all parts of all objects is non-denumerable.

24 Reflexivity: a degree is always related to itself.
Transitivity: given degrees **A**, **B** and **C**, if **A** is related to **B** and **B** related to **C**, then **A** is related to **C**.
Antisymmetry: if **A** is related to **B** and **B** related to **A**, then **A** and **B** are the same degree.

This internal relation is then “projected” into the objects within a world, insofar as they are defined by a mapping to **T**. Let us define a map **C** for every degree **t** of **T**, such that $\Phi(\mathbf{C}_t(\mathbf{M}_t)) = t^{25}$. Intuitively, \mathbf{C}_t filters the object for the parts²⁶ of it which have the same degree of existence **t**. The family of **C** maps, one for each degree of **T**, are therefore also related in the same way as the degrees of the transcendental²⁷. These parts are what we previously called the phenomenal components and can be arbitrarily granular, such that there could be an infinite family of such sub-components. The granularity is controlled by the transcendental degrees, but also by Badiou’s materialist thesis about *atoms*, which following our intuitive definition indicates that the upper limit of granularity is determined ontologically.

In mathematical terms, let us fix some element of the multiple **M** in question and call it **c**. The atom \mathbf{A}_c assigns a degree of similarity for each appearance-relation between **c** and all other elements of **M**. In other words, \mathbf{A}_c tells us how similar **c** is to its neighboring elements, and this similarity measure is again expressed in terms of transcendental degrees. Note that “neighboring” and “similar” here should be emptied of semantic content: it could mean the elements of **M** are colocated in space, time, or within some other metric(s) (e.g. color, hardness, loudness, etc.) - what is essential is that an atom of appearance makes possible a logical ordering of the elements of **M**, and by extension, the phenomenal object.

There is in fact an ordered relation between Φ , \mathbf{C}_t , and \mathbf{A}_c : \mathbf{C}_t is a restricted version of Φ since it only maps to a single degree **t** of **T**, and \mathbf{A}_c is a restricted version of both \mathbf{C}_t and Φ , as it is the phenomenal component which is identifiable by an element of **M**. Put another way, the sub-object obtained by \mathbf{C}_t may contain multiple parts of a phenomena, but when it only contains a *single* part corresponding to an ontological element of the underlying multiple **M**, it is atomic. Or in terms of Badiou’s earlier problematic: the atom is the manifestation of the One in appearance²⁸.

In this sense, there exists an identification between (phenomenological) atoms and (ontological) elements. Appearances are “real” because, at their bottom, they are identifiable as discrete

25 In other words, \mathbf{C}_t maps a sub-multiple \mathbf{M}_t to **M**.

26 This sub-object can also be considered a *fiber* of **t** under **C**.

27 The maps in **C** are partially ordered with respect to inclusion.

28 Badiou 2006 p. 248

ontological units: this is Badiou’s first “materialist thesis”²⁹. These atoms effectively express a differential structure on appearance - each atom can be conceived of as the smallest real unit of a given phenomenon insofar as it is nothing but the assigning of difference to all other atoms.

Furthermore, just as sets in Badiou’s ontology are only ever comprised of other sets, the phenomenological object is only ever comprised of these gradients of identity. To illustrate this, Badiou uses a host of examples ranging from paintings and music to political rallies and scientific experiments³⁰. Appearance is redoubled, for what seems like a purely subjective experience (e.g. looking at a painting) is itself conceived as an objective movement through what we could call the object’s contextual space (e.g. the world of the painting).

Badiou performs this reduction of qualia to quanta via the transcendental indexing in order to demonstrate two things. First, it reinforces his claim on objectivity, that appearances are not perceptions requiring a subject, but only rely on their immanent³¹ constitution and the transcendental of their world. Second, it allows for the reconstruction of phenomena on the basis of changing these relations, as opposed to changing our perception.

29 Ibid p. 220

30 Any artistic work, for example, might be static in the sense that it was finished by its creator, but upon closer inspection, it reveals to us a host of ambiguities, contradictions and tensions. In short, the work exposes a logical space for thought to move in. What is important is the way that certain artistic arrangements capture something real and essential about appearances. Badiou offers us a rigorous insight into this process. For him, what we perceive at first to be the “finality” or “this”-ness of an artwork is actually the minimal stable foundation upon which we can think a world.

31 We leave out a discussion of inter-object relations which, by definition, leave the the internal relations of an object unaffected. For more, see the section on relations in Badiou 2006 pp. 335-339.

To recap:

Defn. object

$(M, \Phi) : \text{multiple with an indexing function}$

Defn. sub-object

$(M\alpha, \Phi\alpha) : M\alpha \subseteq M, \Phi\alpha \text{ is "compatible" with } \Phi, \text{ and } \alpha \in T$

Defn. indexing function

$\Phi: (a, b) \rightarrow T \text{ where } a, b \in M \text{ and } T \text{ is a transcendental}$

Defn. atom of appearance

$Ac: (c, \alpha) \rightarrow T$ or alternately, $c \times M \rightarrow T \text{ where } c \in M$

Defn. transcendental

$T: (\mu, \cap, \Sigma, \leq, S)$ such that

$S \subseteq W, (S, \leq) \text{ is a partially ordered set}$

$\mu \text{ is the minimum, } \cap \text{ is conjunction, } \Sigma \text{ is envelope}$

Defn. world

$W: \text{collection of all objects including the transcendental}$

On the one hand, atoms ground appearance in being by marking its minimal units. On the other, it is the transcendental that guarantees the logical coherence between the parts of an appearance. Badiou's name for this coherence is "real synthesis". Three conditions must be satisfied: *order, localization, and compatibility*. First, atoms each have a degree of existence determined by μ , namely where \mathbf{a} is the atom. Given any two atoms, the indexing function again gives us a measure of similarity. If the degree of existence of an atom \mathbf{a} is equivalent to its similarity with another atom \mathbf{b} , then $\mu(\mathbf{a}) = \mu(\mathbf{b})$. This allows us to order atoms on the basis of the order relation on \mathbf{T} . Second, given a degree \mathbf{d} of \mathbf{T} , one can define the "localization" of \mathbf{a} on \mathbf{d} as the degree of existence of \mathbf{a} conjoined with \mathbf{d} . Recall that conjunction of two degrees produces a third (not necessarily different from its factors). This third degree is that of the existence of a new atom produced by the localization (again, not necessarily different from the previous atom). Finally, the compatibility condition states that two atoms are compatible whenever their respective localizations are the same, that is, the localization of \mathbf{a} on existence of \mathbf{b} is the same as the localization of \mathbf{b} on the existence of \mathbf{a} . Trivially, an atom is always compatible with itself, but we can start to "collect" different compatible

atoms to form larger sub-components of our object. If all three conditions are satisfied, we are able to form the *envelope* of multiple atoms of the object, merging them together³².

One can envision a process whereby appearances are divided and subdivided by the maps of \mathbf{C} indexed on \mathbf{T} (defined above), until it reaches a halting point where there exist only atomic constituents. Synthesizing these constituents, the original appearance is then re-assembled by virtue of the properties of the degrees and the possibility of enveloping pairwise compatible pieces. We can then raise the question of the different reconstructions that are possible. It can be shown that, for a given transcendental and indexing function, the reconstruction of an object is unique³³.

The Site and its Consequences

Because appearances are objective, they do not need to reveal themselves to an individual subject all at once. There can be appearances which never appear to an actual person, just as there could be thoughts which will never be thought³⁴. But this is the opposite of saying that change is impossible, that everything which can be already is. On the contrary, Badiou's vision of the world is a formal apprehension of unceasing change, where some things forever disappear and others reappear. From this interminable flux, thinkable traces of an event can be extracted and bound together, which is the work proper to the "faithful subject". To be capable of thinking this labor in the Marxist context is one of the true political and philosophical projects today.

Badiou delineates four forms of change: modification, fact, weak and strong singularity. Modification is an adjustment of the intensities of objects in a world, such that it leaves the transcendental itself intact. It is the "natural" variation of the world. However, for true change to occur, the being of appearance must itself be counted as an indexed element. Such a being is named a *site*. Ontologically, this being violates the axiom of foundation of ZF set theory, since it is formally a set which belongs to itself. When it appears, the site can either have a maximal or non-maximal degree of appearance (formally, or $\mu(\mathbf{a}) = \mu(\mathbf{b})$), named a singularity or a fact respectively. A singularity, likewise, can be divided by whether it produces a maximal or non-maximal consequences. A

32 See also the *fundamental theorem of atomic logic* from Badiou 2006 p. 263

33 This is, roughly, the uniqueness condition of a *sheaf*. The transcendental "generates" topological properties of the world insofar as its degrees behave as open subsets under inclusion. The indexing of a multiple M produces "sections" of M corresponding to the transcendental degrees. Sheaves (and more generally, pre-sheaves) consist of these sections.

34 These are traces of Badiou's Platonism - that is, Plato filtered through axiomatic set theory.

maximal consequence is defined by making the in-existent element of an object appear, that is, by producing a permanent change in the transcendental which regulates appearances. Likewise, something which appeared previously in a non-minimal fashion must sink to a minimal value of appearing (in order to formally satisfy the structure of the transcendental).

Given this, it is permitted to say that Marx's critique is a *faithful* thinking of how labor is an evental site in the capitalist world³⁵. His analysis of capital brought to light what was previously occluded in the value relation, namely, the figure of the proletariat. In the deprivation of the worker, the very being of value appears in contrast to the appearance of surplus value. Badiou identifies the appearance of a site with its disappearance, such that it only leaves a trace in the form of the consequences on other objects. His own example is the *factory*, which is a site precisely because in its disappearing, it renders class struggle visible³⁶. He says:

“Letting myself be guided by these two finds of classical Marxism, the void and the factory, I propose the following thesis: in modern historical presentation, the factory is the event par excellence, the paradigm of the multiple at the edge of the void.”³⁷

To use the terminology from Being and Event, while the factory as an economic entity is “counted as one” by the State, the workers who constitute it are not a part of this counting. In the capitalist world, the factory is recognized only insofar as it is a *company*, which obfuscates the relations of workers internal to it. In ontological terms, the company is a *singleton* set - it has only one element, generally the head of the company. It is a representation which is then countered by a second representation, the union. Badiou argues, however, that the conflict between these representations occludes the essential problem, that the worker cannot be presented. Seen from the “inexistence” of the worker, both unions and the company are figures which make the “factory as event-site” disappear.

“Let us say it plainly: if the factory is the paradigmatic event site of our societies, it is because the event within it is strictly speaking impossible without the collapse of the site as one. The

35 In recounting his own intellectual trajectory, Marx mentions as one of his formative moments his uncomfortable realization of the material conditions of the poor in Prussia (specifically regarding the ruling on theft of wood). See preface to Marx 1859

36 Badiou 1986

37 Ibid p. 172

factory event, since it makes exist the very thing whose inexistence sustains the one-of-the-factory, that is the workers. The factory is this exceptional place in which the charge of singularity is such that to even partially deploy it within presentation one ravages the count, in the irruption of the void which the count exiled and whose errancy it simultaneously concentrated.”³⁸

The singularity of the site lies in the fact that its effectivity implies a certain “collapse” or “irruption”. If the worker is to truly appear, the regime of representation which functions on the basis of union vs. company would have to disappear. It would reveal an excess (a maximal existence) which is the life of the laborers themselves in contradistinction to their existence as labor-power. This excess of the working class is revealed negatively when we identify instances of exploitation, and positively through our imagining of communism.

Conclusion

Value can be expressed in two mutually exclusive ways, as use-value or exchange-value. A commodity is therefore split insofar as it is an object of value. It can be consumed or exchanged. Labor is a special commodity as it is the only one that produces value via its consumption. The disjunction between labor's use and exchange is the source of surplus value, and the motor of capitalist expansion. Capital is value which has the sole function of producing value, a self-expanding form of value. These are the terms in which the logic of value can be understood. In order for capital to exist, there must be the disjunction Marx identified at the heart of the value-form. This disjunction is necessarily invisible in the capitalist world, and it is precisely the excess of the worker that is its ontological support.

Taken as appearance, the commodity is a multiple and its indexing in two separate worlds. This index is either use or exchange value. Here, the formal treatment that Badiou gives to appearance shows its strength, since what is unfathomable in the experience of a single subject (that value is both use and exchange), can simply be modeled as two separate objects (M, Φ_u) and (M, Φ_e) where Φ_u is indexing by use-value and Φ_e the indexing by exchange-value. In other words, the disjunction of value can be translated as two different localizations of the same multiple. This becomes especially interesting in the case of labor, where the difference between the two indices is potentially re-introduced as surplus-value, which is paradoxically the way value reproduces itself. But how is it possible to count as appearance the very difference between two modes of appearing?

38 Badiou 1986 p. 175

In other words, how do we formally inscribe both the difference and unification of Φ_u and Φ_e ? Recall that the indexing function can be done via different phenomenal components of a “larger” phenomena. In other words, we can define two components C_u and C_e of the phenomena of value C .

The materialist wager of Marx is to say that these two components are actually atomic. Ontological elements c identify atoms of appearance A_c , and the latter themselves map elements of our multiple (a_1, a_2, \dots, a_n) to their difference with c . Imagine that a single multiple is indexed twice, such that there exists two atoms of appearance which vary widely between each other. That is to say, the first atom of appearance may inscribe low intensities between the fixed element and the other elements of our multiple, while the second atom inscribes a nearly maximal (set of) intensities to the same multiple. In other words, we have a localized element of a multiple which is not very different from others in a given world, and the same element which, when localized in another way, is maximally different.

Such is the case when labor is bought on the market and then consumed for a higher output of value. On the market, it may have been bought at a low price - e.g. the labor of factory workers in China - thus attesting to its minimal degree of appearance (within the context of global capitalism), but when the product of labor is sold - e.g. as a smartphone - it “stands out” from the crowd of other commodities, its degree of appearance is maximal.

As we know, it is possible to disavow the existence of a link between exchange and use value of labor. It is the most pertinent fact of the commodity that the productive process does not leave an imprint except in superficial terms (quality, etc.). But the basis of the Marxist position is to hold fast this vanishing link. So a question we should ask regarding any phenomenology which is compatible with Marx’s theory: can it count the very dis-appearance of something as an appearance? This again is handled nicely by Badiou’s system, since there always exists for any world a minimum degree of appearing (\emptyset), which is the stand-in for what is essentially invisible.

Now, imagine that there exists a third indexing function Φ_3 which corresponds to a third atom, except that it has a special relation to the previous two. Namely, this third atom is compatible with the other two atoms, combining them via a transitive relation. Thus we have two different pairs of compatible objects ($(M, \Phi_1), (M, \Phi_3)$) and ($(M, \Phi_2), (M, \Phi_3)$) which comprise a new composite object via the transitivity of real synthesis. The construction of this third indexing function was performed

by Marx when he pointed out that it is indeed the same multiple, labor, which serves to support two distinct appearances, use and exchange value. It is from this standpoint that we obtain a new visibility on our original multiple, the being of value.

Finally, we must consider how the properties of the transcendental (ordering, minimum, conjunction, envelope) enable the expression of intuitionistic logic³⁹. Intuitionistic logic was developed as part of a general rethinking of mathematics as such. It is based on a decision that mathematical objects are ultimately productions of thought and therefore must be *constructible*. In order to satisfy the criteria of constructibility, the double negation of a statement is not necessarily the affirmation. Unlike in classical logic, proofs by contradiction are not possible, since disproving the negative of a statement is not the same as proving the statement itself. Even without this resource, intuitionistic logic is still capable of generating much of the same proofs as classical logic. For Badiou, there are classical and intuitionistic worlds, depending on the structure of the transcendental. It is possible to translate statements made in one world to the other, such that one could divide the Marxist edifice into its intuitionist and classical variant. The law of value can be formulated in the former: the exchange value of a commodity is not not-related to the labor time of its production. Marx establishes the negation of the negation of the law of value, which in a non-classical world is not the same as demonstrating the affirmative. Yet this non-relation already determines something new: the visibility of the laborer.

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39 The transcendental expresses what is known as a *Heyting algebra*. In it, the negation of a degree p is equal to the envelope of all degrees unrelated to p . The conjunction of a degree and its negative is the minimum degree. Finally, the negation of negation of a degree p is the envelope of all degrees unrelated to the negation of p , which is to say that the double negation of a degree is not equivalent, but greater than, the original. For more, see Badiou 2006 pp. 166-172

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Can One Exit from The Capitalist Discourse Without Becoming a Saint?

Slavoj Žižek

Abstract: What is the capitalist discourse? What is the libidinal economy of contemporary capitalism? The article raises these questions and seeks to determine in what way capitalism produces and thrives on the specific types enjoyment and relies on the subject positions corresponding to them. Through a discussion of Lenin and Novalis and Lacan's schema of the four discourses the article raises the provocative question: What if the capitalist discourse cannot be pinned down to one type of discourse, but rather to a perverse conglomerate of all of the Master's, the university's, the analyst's and the hysteric's discourse?

Keywords: capitalist discourse, Lacan, Lenin, Novalis, perversion, sadism, masochism, four discourses

In his *Television*, Lacan evokes the “exit from the capitalist discourse,” but the context in which he does it is crucial: he posits the psychoanalyst “in relation to what was in the past called: being a saint”¹, and, after some qualifications of the excremental subjective position of a saint, he concludes: “The more one is a saint, the more one laughs; that's my principle, to wit, the way out of capitalist discourse — which will not constitute progress, if it happens only for some.”² What characterizes a saint is thus not his high moral stance (Lacan explicitly mentions his rejection of distributive justice) but his distance from every symbolic identity, his withdrawal from the domain of exchange, of reciprocity, of word's bond. What this means is that one shouldn't make too much out of Lacan's “anti-capitalism”: exit from capitalist discourse is clearly reserved “only for some”, it's the exception which seems to confirm the universal rule... But is this all, or can we use Lacan's theory to draw more radical conclusions for the emancipatory struggle? Let's begin with a brief account of what one might clumsily call the “libidinal economy” of today's global capitalism.

Within the coordinates of the hegemonic ideology, global capitalism appears as a limitless cycle of expanded self-reproduction that threatens to swallow everything in its crazy dance, undermining all traditional fixed forms of social life, in psychoanalytic terms: as a libidinal regime which suspends the reign of law/castration. A multiplicity of ideological forms then impose themselves which promise to constrain the socially destructive effects of this dynamics, i.e., to enable us to have the cake (of capitalist dynamics) and eat it, from traditional religious and moral systems (“Asian values,” etc.) to ecology. This opposition – limitless

1 Lacan, p. 15.

2 Ibid., p. 16.

capitalist expansion versus its external limits – is, however, a false one: it ignores the limit (antagonism) that is immanent to the capitalist system, and that propels its very limitless expansion. From the libidinal standpoint, capitalism is a regime of perversion, not psychosis: it disavows castration, it does not exclude or suspend it:

“capitalism entails a generalization of the perverse jouissance at the level of the social link, an insurmountable horizon, in which a thousand perversions may blossom, while the general social framework remains unchangeable: the closed world of commodity form, whose polymorphous nature enables the processing, integration and neutralization of all forms of antagonism. The capitalist subject mocks castration, declares it an anachronism and a remainder of the phallogocentric universe that the postmodern has overcome once and for all. Castration, and consequently psychoanalysis, is considered to be merely one of those famous grand narratives, whose end needs to be acknowledged. In the end, this position conceives capitalism as a vicious circle, from which it is impossible to break out.”³

One has to make a choice here – generalized perversion or psychosis? A pervert is not psychotic, it does not rely on the autism of jouissance: in perversion, castration is disavowed, not excluded/suspended, it remains operative as the absent point of reference - the more the subject disavows it the more its weight is felt. Unfortunately, Lacan himself seems to oscillate here, sometimes he talks about capitalism as perversion, sometimes as a psychotic “foreclosure,” as in the following Deleuze-sounding lines:

“What distinguishes the capitalist discourse is this – Verwerfung, rejection from all the fields of symbolic, with all the consequences that I have already mentioned. Rejection of what? Of castration. Every order, every discourse that aligns itself with capitalism leaves aside what we will simply call the matters of love.”⁴

This is why global consumerist capitalism is in its basic structure Spinozean, not Kantian: it effectively appears as a flow of absolute immanence in which multiple effects proliferate, with no cuts of negativity/castration interrupting this flow: “Capitalism rejects the paradigm of negativity, castration: the symbolic operation that

3 Tomšič, 2015, p. 151.

4 Lacan 2011, p. 74.

constitutes the subject as split and decentralized.”⁵ It is in this sense that contemporary capitalism is “post-political,” and, consequently, the “return of negativity, in the guise of castration, can serve as a minimal localization of the political dimension of psychoanalysis.”⁶

However, “autism of jouissance” is definitely not the norm in contemporary permissive-hedonist capitalism, but rather its excess, a surrender to unconstrained consummation whose exemplary cases are drug addiction and alcoholism. The impasses of today’s consumerism provide a clear case of the Lacanian distinction between pleasure and enjoyment: what Lacan calls “enjoyment (jouissance)” is a deadly excess over pleasure, i.e., its place is beyond the pleasure-principle. In other words, the term plus-de-jouir (surplus- or excess-enjoyment) is a pleonasm, since enjoyment is in itself excessive, in contrast to pleasure which is by definition moderate, regulated by a proper measure. We thus have two extremes: on the one hand the enlightened hedonist who carefully calculates his pleasures to prolong his fun and avoid getting hurt, on the other hand the jouisseur proper, ready to consummate his very existence in the deadly excess of enjoyment – or, in the terms of our society, on the one hand the consumerist calculating his pleasures, well-protected from all kinds of harassments and other health threats, on the other hand the drug addict (or smoker or...) bent on self-destruction. Enjoyment is what serves nothing, and the great effort of the contemporary hedonist-utilitarian “permissive” society is to incorporate this un(ac)countable excess into the field of (ac)counting. One should thus reject the common sense opinion according to which in a hedonist-consumerist society we all enjoy: the basic strategy of enlightened consumerist hedonism is on the contrary to deprive enjoyment of its excessive dimension, of its disturbing surplus, of the fact that it serves nothing. Enjoyment is tolerated, solicited even, but on condition that it is healthy, that it doesn’t threaten our psychic or biological stability: chocolate yes, but fat free, coke yes, but diet, coffee yes, but without caffeine, beer yes, but without alcohol, mayonnaise yes, but without cholesterol, sex yes, but safe sex...

We are here in the domain of what Lacan calls the discourse of University, as opposed to the discourse of the Master: a Master goes to the end in his consummation, he is not constrained by petty utilitarian considerations (which is why there is a certain formal homology between the traditional aristocratic master and a drug-addict focused on his deadly enjoyment), while the consumerist’s pleasures are regulated by scientific knowledge propagated by the university discourse. The

5 Tomšič, 2015, p. 151-2.

6 Ibid., p. 152.

decaffeinated enjoyment we thus obtain is a semblance of enjoyment, not its Real, and it is in this sense that Lacan talks about the imitation of enjoyment in the discourse of University. The prototype of this discourse is the multiplicity of reports in popular magazines which advocate sex as good for health: sexual act works like jogging, strengthens the heart, relaxes our tensions, even kissing is good for our health.

Gaze and voice are inscribed into the field of normative social relations in the guise of shame and guilt. Shame is obviously linked to the Other's gaze: I am ashamed when the (public) Other sees me in my nudity, when my dirty intimate features are publicly disclosed, etc. Guilt, on the contrary, is independent of how others see me, what they talk about me: I am guilty in myself, the pressure of guilt comes from within, emanating from a voice that addresses me from the core of my being and makes me guilty. The opposition gaze/voice is thus to be linked to the opposition shame/guilt as well as to the opposition Ego Ideal / superego: superego is the inner voice which haunts me and culpabilizes me, while Ego Ideal is the gaze in view of which I feel ashamed. These couples of oppositions enable us to grasp the passage from traditional capitalism to its hedonist-permissive version that predominates today: the hegemonic ideology no longer functions as Ego Ideal whose gaze makes me ashamed when I am exposed to it, the Other's gaze loses its castrative power; it functions as an obscene superego injunction which makes me guilty (not when I violate symbolic prohibitions but) for NOT fully enjoying, for never enjoying enough.

When, exactly, does the objet a function as the superego injunction to enjoy? When it occupies the place of the Master-Signifier, i.e., as Lacan formulated it in the last pages of his Seminar XI, when the short-circuit between S_1 and a occurs.⁷ The key move to be accomplished in order to break the vicious cycle of the superego injunction is thus to enact the separation between S_1 and a. Consequently, would it not be more productive to follow a different path: to start with the different modus operandi of the objet a which in psychoanalysis no longer functions as the agent of the superego injunction – as it does in the discourse of perversion? This is how Jacques-Alain Miller's claim of the identity of the analyst's discourse and the discourse of today's civilization should be read: as an indication that this latter discourse (social link) is that of perversion. That is to say, the fact that the upper level of Lacan's formula of the discourse of the analyst is the same as his formula of perversion (a - \$) opens up a possibility of reading the entire formula of the discourse of the analyst also as a formula of the perverse social link: its agent, the masochist pervert (the pervert par excellence), occupies the position of the object-instrument of the other's desire, and, in this way, through serving his (feminine) victim, he posits her as the hystericized/divided

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7 See Lacan 1979.

subject who “doesn't know what she wants” – the pervert knows it for her, i.e., he pretends to speak from the position of knowledge (about the other's desire) which enables him to serve the other; and, finally, the product of this social link is the Master-signifier, i.e., the hysterical subject elevated into the role of the master (dominatrix) whom the pervert masochist serves.

In contrast to hysteria, the pervert knows perfectly what he is for the Other: a knowledge supports his position as the object of his Other's (divided subject's) jouissance. For that reason, the formula of the discourse of perversion is the same as that of the analyst's discourse: Lacan defines perversion as the inverted fantasy, i.e. his formula of perversion is a - \$, which is precisely the upper level of the analyst's discourse. The difference between the social link of perversion and that of analysis is grounded in the radical ambiguity of objet petit a in Lacan, which stands simultaneously for the imaginary fantasmatic lure/ screen and for that which this lure is obfuscating, for the void behind the lure. Consequently, when we pass from perversion to the analytic social link, the agent (analyst) reduces himself to the void which provokes the subject into confronting the truth of his desire. Knowledge in the position of “truth” below the bar under the “agent”, of course, refers to the supposed knowledge of the analyst, and, simultaneously, signals that the knowledge gained here will not be the neutral “objective” knowledge of scientific adequacy, but the knowledge which concerns the subject (analysant) in the truth of his subjective position. Recall Lacan's outrageous statements that, even if what a jealous husband claims about his wife (that she sleeps around with other men) is all true, his jealousy is still pathological; along the same lines, one could say that, even if most of the Nazi claims about the Jews were true (they exploit Germans, they seduce German girls...), their anti-Semitism would still be (and was) pathological – because it represses the true reason WHY the Nazis NEEDED anti-Semitism in order to sustain their ideological position. So, in the case of anti-Semitism, knowledge about what the Jews “really are” is a fake, irrelevant, while the only knowledge at the place of truth is the knowledge about why does a Nazi NEED a figure of the Jew to sustain his ideological edifice.

But is perversion for this very reason not closer to the University discourse? For Lacan, a pervert is not defined by the content of what he is doing (his weird sexual practices). Perversion, at its most fundamental, resides in the formal structure of how the pervert relates to truth and speech: the pervert claims direct access to some figure of the big Other (from God or history to the desire of his partner), so that, dispelling all the ambiguity of language, he is able to act directly as the instrument of the big Other's will. In this sense, both Osama bin Laden and President Bush, although political opponents, share the structures of a pervert. They both act upon the presupposition that their acts are directly ordered and

guided by divine will. And Stalin is to be added to this series: a Bolshevik is not a subject but an object-instrument of historical necessity. It is the sadist pervert himself who occupies the place of the object, i.e. who assumes the position of the pure object-instrument of the Other's jouissance, displacing the division constitutive of subjectivity onto the other, onto his victim. (In this respect, the sadist perversion is very close to obsessional neurosis, with the only (yet crucial) difference that the sadist pervert is active in order to generate the Other's jouissance, while the obsessional neurotic is active for precisely the opposite reason, i.e. in order to prevent the Other's enjoyment - pour que ca ne bouge pas dans l'autre, as they put it in French.) Such a position of the knowledge of the agent is what defines the University discourse, so if we are to understand the libidinal economy of capitalism, it is crucial to raise the question of the link between capitalism and the University discourse.

The thesis on "inherent transgression" does not amount to a simple commonsense point that a set of values, laws, etc., in order to survive, must accommodate itself to the complexity of real life, tolerate compromises, etc. What distinguishes superego shadowy rules from this kind of worldly "wisdom" is that (1) the superego paralegal network is experienced as obscene, permeated with enjoyment, and (2) for that reason, it must remain publicly non-acknowledged, i.e. its public revelation disintegrates the system. Or, to put it in yet another way, superego shadowy unwritten rules are the remainder of the original lawless violence which founded the rule of Law itself - this violence is not something present only at the beginning, it must be here all the time in order for the rule of law to maintain itself. Superego unwritten rules are the synchronous aspect of the diachronous process of the imposition of law through the lawless act of violence - or, rather, this diachronous process, the story of the "original crime", is the narrativization of the necessary, structural, synchronous incoherence of the law.

The unique impact of The Matrix (movie) resides not so much in its central thesis (what we experience as reality is an artificial virtual reality generated by the "Matrix," the mega-computer directly attached to all our minds), but in its central image of the millions of human beings leading a claustrophobic life in water-filled cradles, kept alive in order to generate the energy (electricity) for the Matrix. So when (some of the) people "awaken" from their immersion into the Matrix-controlled virtual reality, this awakening is not the opening into the wide space of the external reality, but first the horrible realization of this enclosure, where each of us is effectively just a foetus-like organism, immersed in the pre-natal fluid... This utter passivity is the foreclosed fantasy that sustains our conscious experience as active, self-positing subjects - it is the ultimate perverse fantasy, the notion that we are ultimately instruments of the Other's (Matrix's) jouissance, sucked out of our life-substance like batteries. Therein resides the true libidinal enigma of this dispositif: WHY does the

Matrix need human energy? The purely energetic solution is, of course, meaningless: the Matrix could have easily found another, more reliable, source of energy which would have not demanded the extremely complex arrangement of the virtual reality coordinated for millions of human units. The only consistent answer is: the Matrix feeds on the human's jouissance - so we are here back at the fundamental Lacanian thesis that the big Other itself, far from being an anonymous machine, needs the constant influx of jouissance. This is how we should turn around the state of things presented by the film: what the film renders as the scene of our awakening into our true situation, is effectively its exact opposition, the very fundamental fantasy that sustains our being.

The intimate connection between perversion and cyberspace is today a commonplace. According to the standard view, the perverse scenario stages the "disavowal of castration," and isn't cyberspace also a universe unencumbered by the inertia of the Real, constrained only by its self-imposed rules? And is not the same with Virtual Reality in The Matrix? The "reality" in which we live loses its inexorable character, it becomes a domain of arbitrary rules (imposed by the Matrix) that one can violate if one's Will is strong enough... However, according to Lacan, what this standard notion leaves out of consideration is the unique relationship between the Other and the jouissance in perversion. What, exactly, does this mean? Recall Pierre Flourens's claims that the anaesthetic works only on our memory's neuronal network: unknowingly, we are our own greatest victims, butchering ourselves alive... Isn't it also possible to read this as the perfect fantasy scenario of inter-passivity, of the Other Scene in which we pay the price for our active intervention into the world? There is no active free agent without this fantasmatic support, without this Other Scene in which he is totally manipulated by the Other. A sado-masochist willingly assumes this suffering as the access to Being. Therein resides the correct insight of The Matrix: in its juxtaposition of the two aspects of perversion - on the one hand, reduction of reality to a virtual domain regulated by arbitrary rules that can be suspended; on the other hand, the concealed truth of this freedom, the reduction of the subject to an utter instrumentalized passivity.⁸ It is only against this background that we can properly understand how the late-capitalist permissive-hedonist discourse motivates subjects with the

"demand for jouissance without castration – vivre sans temps mort, jouir sans entraves, to recall the famous graffiti from 1968 – is the productive ground for the jouissance of the system. Life without boredom (dead time) and enjoyment without restriction (or without castration) inaugurate a new, more radical and invisible form of exploitation. Of course, the inevitable truth of creativity, mobility

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8 For a more detailed reading of The Matrix, see Chapter VI of Žižek 2007

and flexibility of labour is the creativity, mobility and flexibility of the capitalist forms of domination.”⁹

One should note how this stance of constant “creativity, mobility and flexibility,” in which work and enjoyment coincide is shared by late capitalist subjectivity as well as by the Deleuzian and other grass roots direct democracy movements. Youtube is lately full of sites in which ordinary people present a recording (usually one hour long) of themselves accomplishing some ordinary chore like baking a cake, cleaning a bathroom, or painting their car – nothing extraordinary, just a regular activity whose predictable rhythm engenders a soothing effect of peace in the viewer. It is easy to understand the attraction of watching such recordings: they enable us to escape the vicious cycle of the oscillation between nervous hyper-activity and bouts of depression. Their extraordinary nature resides in their very ordinariness: the totally predictable everyday chores are more and more rare in our frantic daily rhythm.

One has to make a step further here and raise a more specific question: if “the inevitable truth of creativity, mobility and flexibility of labor is the creativity, mobility and flexibility of the capitalist forms of domination,” how, precisely, are the two identified (or, rather, mediated)? We are dealing with permissive capitalism focused on intense untrammelled enjoyment, a capitalism whose libidinal economy disavows castration, i.e., a capitalism which no longer relies on the paternal Law and is celebrated by its apologists as the reign of generalized perversion. Consequently, since the core of perversion is defined by the couple of sadism and masochism, the question to be raised is: how does the libidinal economy of permissive hedonist capitalism relate to this couple? In general terms, the difference between sadism and masochism concerns the status of shame: the goal of sadist's activity is not just to make the victim suffer but to cause shame in the victim, to make him/her ashamed of what is happening to him/her. In masochism, on the contrary, the victim no longer experiences shame, it openly displays its jouissance. So even if in a masochist performance the same thing goes on as in a sadist exercise – say, a master beating its victim -, the line separating the two gets blurred since

“behind its contract a subversion of domination took place. The subject, who can enjoy in the position of the object, is the only true master, while the apparent executor is merely a prop, a subject for whom the contract presupposes not to enjoy. The contract demands a castrated

9 Tomši 2015, p. 228.

master, deprived of the power to cause shame.”¹⁰

In short, the gaze of the Master (big Other) no longer gives birth to shame and is no longer castrative but gets itself castrated: impotent, unable to control or prevent the servant/victim's jouissance. However, this impotence is deceptive:

“subjects offer themselves to the regime's gaze and shamelessly exhibit jouissance, not knowing that the regime in the position they assume establishes the continuity between jouissance and labor. Once in the position of surplus-object, the students are themselves studied by the regime's gaze.”¹¹

Is it then true that “the masochist would indeed be the perfect subject of capitalism, someone who would enjoy being a commodity among others, while assuming the role of surplus labor, the position of the object that willingly satisfies the systemic demands”¹²? Is it true that “the capitalist regime demands from everyone to become ideal masochists and the actual message of the superego's injunction is: ‘enjoy your suffering, enjoy capitalism’”¹³? The problem here is: can the contract between capitalist and worker really be compared with the masochist contract? The first and obvious big difference is that in the labor contract, capitalist pays the worker (in order to extract from him surplus-value), while in the masochist contract, the victim pays the “master” to do the work, i.e., to stage the masochist performance which produces surplus-enjoyment in the victim. Is then the proletarian masochist the secret master who binds the Master-capitalist by a contract to torture him in order to gain his own surplus-enjoyment? While this version has to be rejected, one should nonetheless assert its underlying principle: jouissance IS suffering, a painful excess of pleasure (pleasure in pain), and, in this sense, jouissance effectively IS masochist. (Recall that one of Lacan's definitions of jouissance is precisely “pleasure-in-pain”: the surplus that transforms pleasure into jouissance is that of pain.) However, one should also recall that the masochist contract sets a limit to the excess, thereby reducing the masochist spectacle to a sterile theatrical performance (in an endless circular movement of postponement, the spectacle never reaches a climax) – in this sense, the masochist spectacle is rather a kind of “pleasurisation” of jouissance, in contrast to sadism which goes to the end in brutality (although, again,

10 ibid.

11 Ibid., p. 227.

12 Ibid., p. 228.

13 Ibid., p. 229.

there are also masochists who go to the end in torturing...).

Furthermore, how does class antagonism inscribe itself into the capitalist discourse? Insofar as it functions as University discourse, things are clear: the capitalist is the agent of knowledge who dominates workers, and the product of this domination is \$, the proletarian pure subject deprived of all substantial content. However, what happens insofar as it functions as Hysteric's discourse? To put it bluntly, which is the class determination of the hysteric as the agent of the capitalist discourse? Is the hysteric the proletarian as the product of the university discourse? And is then the Master he (the hysteric) provokes the capitalist (who pretends to act as a bearer of knowledge, a rational manager organizing the production, but whose truth is being the Master who exerts domination)? But what if the obverse also holds, i.e., what if the capitalist is a hysteric caught in the infernal self-propelling cycle of extended reproduction, provoking his own true Master, the Capital itself? And what if the true agent of knowledge is the worker who keeps running the production process through his know-how? In short, what if the tension between the University discourse and the Hysteric's discourse runs diagonally across both poles of the class antagonism, dividing each of the two?

Consequently, when we talk about "capitalist discourse," we should bear in mind that this discourse (social link) is split from within, that it only functions if it constantly oscillates between two discourses, discourse of University and discourse of Hysteria. Therein resides the parallax of capitalism which can also be designated in the terms of the opposition between desire and drive: hysterical desire and perverse drive. The overlapping element of the two is \$ (subject), the product of the University discourse and the agent of the Hysterical discourse, and, simultaneously, S_2 (knowledge), the product of the Hysterical discourse and the agent of the University discourse. Knowledge works on its other, object, and the product is the subject, \$; the axis of the impossible is the way this subject relates to its Master-Signifier that would define its identity. In the reversal to the discourse of hysteria, the agent is now the subject who addresses its other as the Master-Signifier, and the product is knowledge about what the subject is as an object; but since this knowledge is again impossible, we get a reversal into the discourse of University which addresses the object. It's the twisted structure of the Moebius band, of course: progressing to the end on one side, we all of a sudden find ourselves on the other side. (And is the other axis not the axis of Master and Analyst, with objet a and S_1 as the overlapping elements? One should also note that each of these two couples combines a masculine and a feminine sexual logic: masculine university versus feminine hysteria, masculine master versus feminine analyst.) Does this intertwining of two discourses not provide the underlying discursive structure of the double aspect of modernity, the hysterical logic of

incessant expanded subjective productivity and the university logic of domination through knowledge? That is to say, what we perceive as "modernity" is characterized by two different topics. First, it is the notion of subjectivity as a destabilizing force of incessant self-expansion and self-transcending, as the agent possessed by an insatiable desire; then, there is the specifically modern form of control and domination whose first embodiment is the baroque absolutist state, and which culminated in the XXth century "totalitarian" state analyzed by Foucault (discipline and punish), Adorno and Horkheimer (instrumental reason, administered world), etc., the form which entered a new stage with the prospect of digital control and biogenetic manipulation of human beings. In its ideological aspect, this duality appears in the terms of the opposition between individualist libertarianism and state control. It is crucial not to reduce the parallax structure by way of reducing one topic to the other - say, by way of dismissing the self-expanding subjectivity to an ideological illusion that obfuscates the truth of total control and domination, or by way of simply identifying the two topics (the self-expanding subject asserts its power through control and domination).

One has to make a step further here. The parallax split of the capitalist discourse is grounded in the fact that capitalism remains a master discourse, but a master discourse in which the structure of domination is repressed, pushed beneath the bar (individuals are formally free and equal, domination is displaced onto relations between things-commodities). In other words, the underlying structure is that of a capitalist Master pushing his other (worker) to produce surplus-value that he (the capitalist) appropriates. But since this structure of domination is repressed, its appearance cannot be a(nother) single discourse: it can only appear split into two discourses. Both University discourse and Hysterical discourse are the outcome of the failure of the Master's discourse: when the Master loses its authority and gets hystericized (which is another name for questioning his authority, experiencing it as a fake), authority reappears in a displaced way, de-subjectivized, in the guise of the authority of neutral expert-knowledge ("it's not ME who exerts power, I just state objective facts and/or knowledge").

Now we come to an interesting conclusion: if capitalism is characterized by the parallax of hysteria and university discourses, is then resistance to capitalism characterized by the opposite axis of master and analyst? The recourse to Master does not designate the conservative attempts to counteract capitalist dynamics with a resuscitated figure of traditional authority; it rather points towards the new type of Communist master (Leader) emphasized by Badiou who is not afraid to oppose the necessary role of the Master to our "democratic" sensitivity: "I am convinced that one has to reestablish the capital

function of leaders in the Communist process, whichever its stage.”¹⁴ A true Master is not an agent of discipline and prohibition, his message is not “You cannot!”, also not “You have to...!”, but a releasing “You can!” - what? Do the impossible, i.e., what appears impossible within the coordinates of the existing constellation – and today, this means something very precise: you can think beyond capitalism and liberal democracy as the ultimate framework of our lives. A Master is a vanishing mediator who gives you back to yourself, who delivers you to the abyss of your freedom: when we listen to a true leader, we discover what we want (or, rather, what we always-already wanted without knowing it). A Master is needed because we cannot accede to our freedom directly – to gain this access we have to be pushed from outside since our “natural state” is one of inert hedonism, of what Badiou called “human animal.” The underlying paradox is here that the more we live as “free individuals with no Master,” the more we are effectively non-free, caught within the existing frame of possibilities – we have to be pushed/disturbed into freedom by a Master.¹⁵ Novalis, usually perceived as a representative of the conservative turn of Romanticism, was well aware of this paradox, and he proposed an extreme version of the infinite judgment: monarchy is the highest form of republic, “no king can exist without republic and no republic without a king”:

“the true measure of a Republic consists in the lived relation of the citizens to the idea of the whole in which they live. The unity that a law creates is merely coercive. [...] The unifying factor must be a sensual one, a comprehensive human embodiment of the morals that make a common identity possible. For Novalis, the best such mediating factor for the idea of the republic is a monarch. [...] While the institution might satisfy our intellect, it leaves our imagination cold. A living, breathing human being [...] provides us with a symbol that we can more intuitively embrace as standing in relation to our own existence. [...] The concepts of the Republic and monarch are not only reconcilable, but presuppose one another.”¹⁶

14 Personal communication (April 2013).

15 It's not as easy as it may appear to be a true Master - the problem with being a Master is the one formulated succinctly by Deleuze: si vous etes pris dans le reve de l'autre, vous etes foutu (If you're trapped in the dream of the other, you're fucked up!). And a Master definitely is caught in the dream of others, his subjects, which is why his alienation is much more radical than that of his subjects – he has to act in accordance with this dream-image, i.e., he has to act as a person in another's dream. When Mikheil Chiaureli, the ultimate Stalinist director, held a screening of *The Vow* (Klyatva, 1946) for Stalin, the latter disapproved of the ending scene in which he is shown kissing Varvara's (the heroine's) hand. Stalin told Chiaureli that he never kissed a woman's hand in his life, to which Chiaureli gave a perfect reply: “The people know better what Stalin does and doesn't do!” Good for him that this reply didn't cost him his head (probably because he was Stalin's drinking buddy).

16 Novalis, *Glauben und Liebe*, quoted from Ross 2008, p. 27.

Is not Badiou making a similar claim when he underscores the necessity of a Leader? Novalis's point is not just the banality that identification should not be merely intellectual (the point made also by Freud in his *Mass Psychology and Ego Analysis*); the core of his argumentation concerns the “performative” dimension of political representation: in an authentic act of representation, people do not simply represent (assert through a representative) what they want, they only become aware of what they want through the act of representation: “Novalis argues that the role of the king should not be to give people what they think they want, but to elevate and give measure to their desires. [...] The political, or the force that binds people together, should be a force that gives measure to desires rather than merely appealing to desires.”¹⁷

However, no matter how emancipatory this new Master is, it has to be supplemented by another discursive form. As Moshe Lewin noted in his *Lenin's Last Struggle*,¹⁸ at the end of his life, even Lenin intuited this necessity when he proposed a new ruling body, the Central Control Commission. While fully admitting the dictatorial nature of the Soviet regime, he tried

“to establish at the summit of the dictatorship a balance between different elements, a system of reciprocal control that could serve the same function – the comparison is no more than approximate – as the separation of powers in a democratic regime. An important Central Committee, raised to the rank of Party Conference, would lay down the broad lines of policy and supervise the whole Party apparatus, while itself participating in the execution of more important tasks /.../. Part of this Central Committee, the Central Control Commission, would, in addition to its work within the Central Committee, act as a control of the Central Committee and of its various offshoots – the Political Bureau, the Secretariat, the Orgburo. The Central Control Commission /.../ would occupy a special position with relation to the other institutions ; its independence would be assured by its direct link to the Party Congress, without the mediation of the Politburo and its administrative organs or of the Central Committee.”¹⁹

Checks and balances, the division of powers, mutual control... this was Lenin's desperate answer to the question: who controls the controllers. There is something dream-like, properly fantasmatic, in this idea of CCC: an independent, educational and controlling body

17 Ibid., p. 27.

18 See Lewin 2005 (translation of the French original published in 1968).

19 Ibid., p. 132.

with an “apolitical” edge, consisting of best teachers and technocratic specialists keeping in check the “politicized” CC and its organs – in short, the neutral expert knowledge keeping in check the party executives... However, all hinges here on the true independency of Party Congress, de facto already undermined by the prohibition of factions which allowed the top party apparatus to control the Congress, dismissing its critics as “factionalists.” The naivety of Lenin’s trust in technocratic experts is all the more striking if we bear in mind that it comes from a political who was otherwise fully aware of the all-pervasiveness of political struggle which allows for no neutral position. However, Lenin’s proposal cannot be reduced to this dimension; in “dreaming” (his expression) about the mode of work of the CCC, he describes how this body should resort

“to some semi-humorous trick, cunning device, piece of trickery or something of that sort. I know that in the staid and earnest states of Western European such an idea would horrify people and that not a single decent official would even entertain it. I hope, however, that we have not yet become as bureaucratic as all that and that in our midst the discussion of this idea will give rise to nothing more than amusement. / Indeed, why not combine pleasure with utility? Why not resort to some humorous or semi-humorous trick to expose something ridiculous, something harmful, something semi-ridiculous, semi-harmful, etc.?”²⁰

Is this not an almost obscene double of the “serious” executive power concentrated in CC and Politburo, a kind of non-organic intellectual of the movement – an agent resorting to humor, tricks, and cunning of reason, keeping itself at a distance... a kind of analyst. To properly locate this reading of Lenin, one should take note of the historicity inscribed into Lacan’s matrix of four discourses, the historicity of the modern European development.²¹ The Master’s discourse stands – not for the pre-modern master, but – for the absolute monarchy, this first figure of modernity that effectively undermined the articulate network of feudal relations and interdependences, transforming fidelity to flattery, etc.: it is the “Sun-King” Louis XIV with his l’etat, c’est moi that is the Master par excellence. Hysterical discourse and the discourse of University then deploy two outcomes of the vacillation of the direct reign of the Master: the expert-rule of bureaucracy that culminates in contemporary biopolitics which ends up reducing the population to a collection of homo sacer (what Heidegger called “enframing,” Adorno “the administered world,” Foucault the society of “discipline

20 “Better Few, But Better,” available online at www.marxists.org/archive/lenin/works/1923/mar/02.htm.

21 Lacan deploys the matrix of four discourses in Lacan 1996

and punish”); the explosion of the hysterical capitalist subjectivity that reproduces itself through permanent self-revolutionizing, through the integration of the excess into the “normal” functioning of the social link (the true “permanent revolution” is already capitalism itself). Lacan’s formula of four discourses thus enables us to deploy the two faces of modernity (total administration; capitalist-individualist dynamics) as the two ways to undermine the Master’s discourse: the doubt into the efficiency of the Master-figure (what Eric Santner called the “crisis of investiture”²²) can be supplemented by the direct rule of the experts legitimized by their knowledge, or the excess of doubt, of permanent questioning, can be directly integrated into social reproduction as its innermost driving force. And, finally, the analyst’s discourse stands for the emergence of revolutionary-emancipatory subjectivity that resolves the split into university and hysteria: in it, the revolutionary agent (a) addresses the subject from the position of knowledge which occupies the place of truth (i.e., which intervenes at the “symptomal torsion” of the subject’s constellation), and the goal is to isolate, get rid of, the Master-Signifier which structured the subject’s (ideologico-political) unconscious.

Or does it? Miller²³ has recently proposed that, today, the discourse of Master is no longer the “obverse” of the discourse of the Analyst; today, on the contrary, our “civilization” itself (its hegemonic symbolic matrix, as it were) fits the formula of the discourse of the Analyst: the “agent” of the social link is today a, surplus-enjoyment, the superego injunction to enjoy; this injunction addresses \$ (the divided subject) who is put to work in order to live up to this injunction. If there ever was a superego injunction, it is the famous Oriental wisdom: “Do not think, just DO IT!” The “truth” of this social link is S_2 , scientific-expert knowledge in its different guises, and the goal is to generate S_1 , the self-mastery of the subject, i.e., to enable the subject to “cope with” the stress of the call to enjoyment (through self-help manuals, etc.)... Provocative as this notion is, it raises a series of questions. If it is true, in what, then, resides the difference in the discursive functioning of the “civilization” as such and of psychoanalytic social link? Miller resorts here to a suspicious solution: in our “civilization,” the four terms are kept apart, isolated, each operates on its own, while only in psychoanalysis are they brought together into a coherent link: “in the civilization, each of the four terms remains disjointed [...] it is only in psychoanalysis, in pure psychoanalysis, that these elements are arranged into a discourse.”²⁴

22 See Santner 1996.

23 See “La passe. Conférence de Jacques-Alain Miller,” IV Congrès de l’AMP – 2004, Comandatuba – Bahia, Brasil.

24 Ibid.

However, is it not that the fundamental operation of the psychoanalytic treatment is not synthesis, bringing elements into a link, but, precisely, analysis, separating what in a social link appears to belong together? This path, opposed to that of Miller, is indicated by Giorgio Agamben who, in the last pages of *The State of Exception*,²⁵ imagines two utopian options of how to break out of the vicious cycle of law and violence, of the rule of law sustained by violence. One is the Benjaminian vision of “pure” revolutionary violence with no relationship to the law; the other is the relationship to the law without regard to its (violent) enforcement – what Jewish scholars are doing in their endless (re) interpretation of the Law. Agamben starts from the right insight that the task today is not synthesis but separation, distinction: not bringing law and violence together (so that right will have might and the exercise of might will be fully legitimized), but thoroughly separating them, untying their knot. Although Agamben confers on this formulation an anti-Hegelian twist, a more proper reading of Hegel makes it clear that such a gesture of separation is what the Hegelian “synthesis” effectively is about: in it, the opposites are not reconciled in a “higher synthesis” - it is rather that their difference is posited “as such.” The example of Paul may help us to clarify this logic of Hegelian “reconciliation”: the radical gap that he posits between “life” and “death,” between life in Christ and life in sin, is in no need of a further “synthesis”; it is itself the resolution of the “absolute contradiction” of Law and sin, of the vicious cycle of their mutual implication. In other words, once the distinction is drawn, once the subject becomes aware of the very existence of this other dimension beyond the vicious cycle of law and its transgression, the battle is formally already won.

However, is this vision not again a case of our late capitalist reality going further than our dreams? Are we not already encountering in our social reality what Agamben envisages as a utopian vision? Is the Hegelian lesson of the global reflexivization-mediatization of our lives not that generates its own brutal immediacy which was best captured by Etienne Balibar’s notion of excessive, non-functional cruelty as a feature of contemporary life, a cruelty whose figures range from “fundamentalist” racist and/or religious slaughter to the “senseless” outbursts of violence performed by adolescents and the homeless in our megalopolises, a violence one is tempted to call Id-Evil, a violence grounded in no utilitarian or ideological reasons? All the talk about foreigners stealing work from us or about the threat they represent to our Western values should not deceive us: under closer examination, it soon becomes clear that this talk provides a rather superficial secondary rationalization. The answer we ultimately obtain from a skinhead is that it makes him feel good to beat foreigners, that their presence disturbs

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25 See Agamben 2004..

him... What we encounter here is indeed Id-Evil, i.e., the Evil structured and motivated by the most elementary imbalance in the relationship between the Ego and jouissance, by the tension between pleasure and the foreign body of jouissance in the very heart of it. Id-Evil thus stages the most elementary “short-circuit” in the relationship of the subject to the primordially missing object-cause of his desire: what “bothers” us in the “other” (Jew, Japanese, African, Turk) is that he appears to entertain a privileged relationship to the object - the other either possesses the object-treasure, having snatched it away from us (which is why we don’t have it), or he poses a threat to our possession of the object. What one should propose here is the Hegelian “infinite judgment” asserting the speculative identity of these “useless” and “excessive” outbursts of violent immediacy, which display nothing but a pure and naked (“non-sublimated”) hatred of the Otherness, with the global reflexivization of society; perhaps the ultimate example of this coincidence is the fate of psychoanalytic interpretation. Today, the formations of the Unconscious (from dreams to hysterical symptoms) have definitely lost their innocence and are thoroughly reflexivized: the “free associations” of a typical educated analysand consist for the most part of attempts to provide a psychoanalytic explanation of their disturbances, so that one is quite justified in saying that we have not only Jungian, Kleinian, Lacanian... interpretations of the symptoms, but symptoms themselves which are Jungian, Kleinian, Lacanian..., i.e. whose reality involves implicit reference to some psychoanalytic theory. The unfortunate result of this global reflexivization of the interpretation (everything becomes interpretation, the Unconscious interprets itself) is that the analyst’s interpretation itself loses its performative “symbolic efficiency” and leaves the symptom intact in the immediacy of its idiotic jouissance.

Perhaps, this is how the capitalist discourse functions: a subject enthralled by the superego call to excessive enjoyment, and in search for a Master-Signifier that would constrain his/her enjoyment, provide a proper measure of it, prevent its explosion into a deadly excess (of a drug-addict, chain smoker, alcoholic and other –holics or addicts). How, then, does this version of the analyst’s discourse relate to the analyst’s discourse proper? Perhaps, one reaches here the limit of Lacan’s formalization of discourses, so that one should introduce another set of distinctions specifying how the same discourse can function in different modalities. What one should do here is distinguish between the two aspects of objet a clearly discernible in Lacan’s theory: objet a as the void around which desire and/or drive circulate, and objet a as the fascinating element that fills in this void (since, as Lacan repeatedly emphasizes, objet a has no substantial consistency, it is just the positivization of a void. So in order to enact the shift from capitalist to analyst’s discourse, one has just to break the spell of objet a, to recognize beneath the fascinating agalma, the Grail of desire, the void that it covers. (This shift

is homologous to the feminine subject's shift from Phi to the signifier of the barred Other in Lacan's graph of sexualization.)

What, then, is our result? Perhaps, it is wrong to search for a capitalist discourse, to limit it to one formula. What if we conceive capitalist discourse as a specific combination of all four discourses? First, capitalism remains Master's discourse. Capital, the Master, appropriates knowledge, the servant's savoir-faire extended by science, keeping under the bar the proletarian \$ which produces a surplus-enjoyment in the guise of surplus-value. However, due to the displacement of the standard of domination in capitalism (individuals are formally free and equal), this starting point splits into two, hysteria and university. The final result is the capitalist version of the analyst's discourse, with surplus-enjoyment/value in the commanding post.

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An interview with Moishe Postone: That Capital has limits does not mean that it will collapse

Agon Hamza & Frank Ruda

Can One Exit from The Capitalist Discourse Without Becoming a Saint?

Q: Your work establishes a crucial distinction between the critique of capitalism from the standpoint of labour and the critique of labor in capitalism. The former implies a transhistorical account of work, while the latter situates labor as a consistent category - capable of "social synthesis" - within the capitalist mode of production. Does this distinction require us to abandon any form of ontological account of labour?

M.P. It depends what you mean by an ontological account of labour. It does force us to abandon the idea that transhistorically there is an on-going development of humanity which is effected by labour, that human interaction with nature as mediated by labour is a continuous process which is led to continuous change. And that labour is in that sense a central historical category. That position is closer actually to Adam Smith than it is to Marx. I think that the centrality of labour to something called historical development can be posited only for capitalism and not for any other form of human social life. On the other hand, I think one can retain the idea that humanity's interaction with nature is a process of self-constitution.

Q: In what sense you would say that there is a possible account of labour in terms of constitution? It is something that one can find in early Marx that points out in that direction.

M.P. Yes, and it seems to me

that once Marx historicizes the centrality of labour to an on-going process of development, that in itself doesn't obviate the idea that labour is the process of self-constitution. It just wouldn't be tied to a notion of historical development and constant improvement in labour.

Q: One of the most important contributions of *Time, Labor and Social Domination* is a novel theory of impersonal domination in capitalist society. In light of this irreducibly abstract form of domination, could we not invert - or perhaps add a new torsion - to Marx's famous definition of fetishism as "relations between people appearing as relations between things"? Is the capitalist form of domination not better defined as the appearance of truly abstract relations as if they were concrete, personal relations? Furthermore, does this inversion, or at least the recognition of the crucial role of abstraction in capitalism, render a definition of class struggle untenable, or are we rather in need of a concept of class that takes this distance from the concrete into consideration?

M.P. I am not sure that I would fully agree with the attempted reformulation. First of all, with regard to the quote "relations between people appearing as relations between things" what is left out of this version of what Marx said is that he adds that relations among people appear *as they are*, as social relations between things and

thingly relations between people. Marx only explicitly elaborated the notion of fetishism with the fetishism of commodity. All three volumes of *Capital*, are [our change] in many respects, however, a study on fetishism even when he doesn't use that word. And fetishism means that because of the peculiar, double character of the structuring social forms of capitalism, social relations disappears from view. What we get are thingly relations: we also get abstractions. However, one dimension of the fetish is, as you put it, that abstract relations appear concrete. They appear in the form of the concrete. So, for example, the process of creating surplus value appears to be a material process, the labour process. It appears to be material-technical, rather than moulded by social forms. And yet there are also abstract dimensions and regularities that don't appear in the form of the concrete. I am emphasising this is because certain reactionary forms of thought only view capitalism in terms of those abstract regularities and refuse to see that the concrete itself is moulded by, and is really drenched with, the abstract. I think a lot of forms of populism and anti-Semitism can be characterised that way. Now I am not sure that this appropriation of the categories of Marx's critique of political economy renders a definition of class struggle untenable, but it does indicate that class struggle occurs within and is moulded by the structuring social forms. This position rejects the ontological centrality or the primacy of class

struggle, as that which is truly social and real behind the veil of capitalist forms. Class struggle rather is moulded by the capitalist relations expressed by the categories of value, commodity, surplus value, and capital.

Q: One of your famous and often discussed thesis or claims is that impersonal domination in capitalism, as Marx also famously stated, is exerted by time and hence the critique of political economy ultimately becomes the critique of the political economy of time itself. For a standard philosopher educated in pre-Hegelian, that is Kantian German Idealism this cannot but come as surprise: what Kant considered to be an *a priori* given form of intuition must be radically historicized and might precisely have -as one could argue with Sohn-Rethel – only have its *a priori* status because it was historically posited as an *a priori*. Could one therefore say from your perspective that not all history is the history of class struggle, but all class struggle is the class struggle about history and more precisely about time? About which transcendental temporal framework one is living in? And thus the first step to break out of the capitalist transcendentalization of time (making it into an *a priori* grounding what you call “historical time”) is to demonstrate (critique by means of *Darstellung* as Marx had it) that what we consider to be natural (time) is itself a historical product, that is to say: that there is no TIME AS SUCH (time is

essentially relative and should never be naturalized)? This insight then could be the very condition for emancipation from what appears to be an unchangeable because natural regime of time.

M.P. Yes but I would add that the nature of class struggle about time shifts historically. That is to say, one could argue, and in many respects someone like E.P. Thompson did argue, that a great deal of early working class struggles were struggles against a new regime of time that was being introduced. It was a struggle against the regime of abstract time as disciplinary, as it were. However, within several generations, (and of course I am being completely schematic) working class struggles become struggle within the framework of abstract time itself, they become struggles for the length of the working day. In a sense such struggles already presuppose the existence of the working day, in abstract time units and so became quantitative struggle within that given framework. In terms of what I have argued about the possible abolition of that temporal regime, which I related to the possible abolition of proletarian labour, the historical possibility of the self abolition of proletariat emerges in ways that would begin to point beyond the existing framework of time. Whereas industrial class struggle, occurred within this framework of time.

Q: Could one reformulate that such that the proletariat is not struggling

with another class (like with the bourgeoisie) but rather with the bourgeois world and its conception of time whereby the very self-abolition of the proletariat would change that very world and thereby would change the constitutive conception of time of this world. Would that be in your sense?

M.P.: Definitely, absolutely. That becomes more difficult for people to see in periods like today, where there are enormous inequalities. So that they think the struggle is against the 1%. But I agree completely.

Q: How does your account of time as “independent variable” or abstract time and as “dependent variable” or concrete time, relate to standard and rather trivial dimensions of time, namely past, present and future. You indicated that with the development of technology an hour of work can become intensified, denser, condensed and such that there is specific relation between to historically determined forms of time, so there seems to be a quantitative intensification that may ultimately even lead to a qualitative leap into the converse direction, such that at one point this is precisely where there might even arise a possibility for overcoming and liberating the worker from work, when technology reaches a point where the worker is no longer needed? Would you agree with this trivializing reconstruction? If so or even if not so, how does your analysis of time in and under

capitalism relate to analyses of contemporary capitalism that seek to demonstrate how capitalism subtracts one or maybe even more than one dimension of time, such that there is a peculiar absence not only of future (as the no-future attitude asserts), but rather of a proper present (and therefore even of a proper past)?

M.P.: The time(s) of capital are of a complex dynamic, that entails at one and the same time ongoing and accelerating transformations, which are not only technological but of all spheres of life on the one hand, and, on the other hand, the reconstitution of the fundamental basis of capital itself. That process of reconstitution of the basis of capitalism within the framework of Marx's critique is the reconstitution of labour, not only as the source of the value form of wealth but, relatedly, of labour as the necessary socially mediating activity which gives rise to an entire structure of abstract domination. I suggested that people tend to view only one dimension of this complex dialectic: either they notice that the more things change the more they remain the same, everything is just this constant featureless desert of the present, or they become very excited about everything solid melting into air, about how everything is acceleration. The actual trajectory of capital's development within the framework of the theory, as I understand it – and this is particularly powerful – should not be understood with reference to

the one nor the other but as both at the same time. This means that it is not a linear development. There are growing shearing pressures, as one would say in physics, that are internal to the system. Both the form of production and the sense of historically constituted possibilities have to be understood with reference to what I call the shearing pressures of capitalist developments. Does this make sense?

Q: It does. So, could one say that certain contemporary theoretical positions that appear under the name “accelerationism”, a position that assumes that one needs to embrace the contradictory tendencies of capital and accelerate their production on all levels is just like a fantasy of overcoming capitalism from within the very functioning of capitalism and thus cannot but stick to its very dynamic?

M.P.: Well, even there, I would have to disarticulate several moments in your description that were fused together. This dialectical dynamic that I outlined is a contradictory one, that is, it generates an increasing contradiction between the potential of the system and its actuality. The fact that there is a limit to capital does not mean that capital collapses. Rather the limit is an asymptotic curve, you get closer and closer to an absolute limit but you never reach it. If transformation is going to occur, it has to occur because people caught in the contradiction between what

is and what could be, look to the what could be, to the future, rather than remaining fixated on what they think was the past. In a sense, much of the left, in this regard and from this standpoint, is becoming conservative. What I mean by this is that their standpoint is the past. In the 19th century, for example, many anticapitalist movements looked to the past. They had a glorified picture of a society of peasants, the organization of which was just. Such a society never existed, of course. And it was the work of intellectuals associated with the working class movement who saw very clearly that there was no going back. However, many of those associated with working class movements, based in part on reading the *Communist Manifesto* assumed that the working class was just going to expand indefinitely and encompass most people. Finally, society would be composed of 1% bourgeoisie and the workers would take over. This, however, is not the case and is not going to be the case. And what we are faced with today is a crisis of the traditional working class and of work. Yet we have varieties of left wing thought that still glorify proletarian labour, still implicitly have a notion of a society based on full employment-- by which they mean full proletarian employment. Or, more social-democratically, they look back to the successful Fordist-Keynesian synthesis of the post-war decades, where many more people were employed, were wages were higher, were income inequality was not nearly as great

as it is today and they would like to see a return to that sort of social-democratic utopia. But, there is no return. And a clear-eyed analysis of capital would indicate that there is no return and that all who still insist on talking about full industrial employment etc are in a very specific sense reactionary. They are looking back to a past that no longer can be re-established. On the other hand, the answer is not to simply embrace capital. Capital is not going to realize the potential that it generates and cannot do so. Capital is enormously destructive as well as generative of possibilities that point beyond it. There has to be a re-orientation of thought towards a different conception of the future. We have to go beyond 150 years of left wing thought and begin to take up what had existed only as a minor strand, and begin to think what post-proletarian labour would look like. People like André Gorz were concerned with such issues but of course except among university intellectuals he was very marginalized.

Q: In *History and Helplessness* you approach the critical category of indetermination as an objective of political and social struggle, rather than as a category of social analysis. Rather than assume that there is a class or social group that is inherently free from certain social determinations, you evoke the production of indetermination as an important result of political action. Could you elaborate a bit on this point - and supplement it with an analysis of its obverse:

the place of indetermination in capitalist social structure, and the struggle over different forms of determination as a dimension of political action?

M.P.: I am not sure about this question, because I was not sure that I actually had argued that indetermination is a characteristic of political and social struggle. If you could elaborate a little more, it would be clearer to me what the question is about.

Q: What we had in mind is what might occupy the very place that labour is occupying?

M.P.: I see. There may be a slight misunderstanding. What I am reacting against is the popular theme in a lot of post-Marxists thought, among academic poststructuralists and especially deconstructionists, that regards indeterminacy itself as a sign of the possibility of resistance: To show that reality is indeterminate, is to show that resistance is possible. And I didn't want my position to be confused with that kind of position. Because for me their notion of indeterminacy is much too indeterminate, just as their notion of resistance is politically very indeterminate. What we have seen in recent decades are many forms of "resistance" that are reactionary. The term "resistance" itself does not tell you anything in terms of emancipation. So I certainly do not share that kind of view. What I was trying to say in that essay is that, already half a century ago,

new forms of mass movements and student's movements arose that were global. Those movements in a sense were expressions of the inadequacy of older analyses of what the nature of struggle was, who the bearer of struggle would be and most importantly, what the result of struggle could possibly be. And I said all of that certitude crumbled. But these new movements never became historically self-conscious enough to grasp that which they expressed historically, or better yet, that of which they were expressions historically. That is, they did not become aware of their own historical situatedness. I think there was a loss of nerve, theoretically. Instead of rethinking what capital is, what the significance of these post-proletarian movements were, and how they suggested a different kind of anti-capitalist struggle pointing toward a different conception of post-capitalism, large parts of what had been a loose amorphous movement turned to anti-imperialism, by which I do not mean the anti-colonial struggle per se, which I supported. Rather, it was a turn to grasping the world in terms of concrete domination and concrete liberation. (I think it is significant that the miserable character of most post-colonial regimes has never been an object of critical analysis among most of the Left). The other turn to issues of concrete domination following the 1960s was the support of dissident struggles in East Central Europe. And again, it is not that I did not sympathize with those struggles.

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But in spite of the fact that these struggles and the anti-imperialist forces seemed to represent two completely opposed camps, what they had in common was a focus on concrete domination. If in the one case, it was what they called imperialism, in the other it was the concrete domination of the Soviet state system. And in both cases there was a focus on concrete domination, the destruction of which would somehow be generative of emancipatory civil societies. Both indicated a turning away from the historical task of understanding the new phase of capitalism with its ever-more-abstract forms of domination.

Q: Just one point, connected to this. Would you say: there have been certain accounts of newer student movements, like the occupy movement, where people emphasized that a strength of that very movement was or came and arouse from their utter indeterminacy at least in the beginning. Such that they did not raise any specific demands, yet the very weakness of that movement was also that very indeterminacy such that the very tipping point is hard to determine where indeterminacy is still productive or flips over being indeterminate. Would you agree with such an account?

M.P.: I am not a great fan of the indeterminacy of the occupy movement. It could be argued that if the notion of the future is indeterminate, then the movement

has to be indeterminate. But what the movement did was to actually slide back into all too familiar territory. For example, instead of capital, one had a critique of finance, which for me is very ambiguous politically. Moreover, one of the very great weaknesses of these informal indeterminate movements is that you just have self-appointed leaders who are answerable to nobody. I find this anarchist form to be fundamentally more authoritarian than a structured form, because there is no responsibility. Finally, Bernie Sanders' focus on trade policies as ultimately responsible for the loss of manufacturing jobs is another example of turning to the concrete in order to explain developments that require a theory of capital. The misère of the working class in the US was reinforced by the trade policies, it was not created by them. That is, the people to whom Sanders appealed and, in a different way to whom Trump appealed are people who are told that there are concrete acts or concrete people who are responsible for the state of the world. If, with Trump's racist and xenophobic explanation, it is the Mexicans and the Muslims etc., for the populist Left it is the banks and trade. If it were not for "them" we would have jobs in America. Well, jobs are not going to come back to America. The reasons have much more to do with the logic of capital, than they do with trade policies. But instead of thinking about how we are going to deal with a society where manufacturing jobs are disappearing, about what the

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responsibility of the government is in a new situation the populist Left avoids such questions. So I do not think that Occupy is a model. It is an expression of helplessness and anger. So we have elite technocrats on the one hand, and populist anger on the other. Which is of course, as you know, coursing through Europe as well.

Q: In *Time, Labor and Social Domination* you praise Alfred Sohn-Rethel's epistemological reading of Marx's categories, a bold attempt to think the irreducible abstractions implicated in by the commodity-form, at the same time distancing yourself from it, on account of Sohn-Rethel's privileging of exchange over production, and his separation of commodity-exchange from the historical emergence of the capitalist mode of production. However, there is yet a third aspect of Sohn-Rethel's project, mentioned in passing in your book: the productive, or even emancipatory, dimension of abstraction and alienation (for example, in scientific abstractions - but also in disciplined militant work, complex social organization etc.). Could you perhaps further develop your critique of Sohn-Rethel, and elaborate your position concerning the potentially emancipatory dimension of abstraction?

M.P.: Well, if I can go back to what I was saying before, what I have been trying to get at is a way of viewing the sphere of production in Marx's analysis as a locus of a historical dynamic. It is not

simply a locus where concrete things are produced and people are exploited. It seems to me that a lot of people, including Michael Heinrich, deeply misunderstand what the sphere of production is about. In Marx's critique, the sphere of production is the sphere of the historical dynamic, it is the sphere, in which value exceeds itself and yet reconstitutes itself. And by focussing on exchange, Sohn-Rethel in a sense removes this dynamic from investigation, and falls prey to an opposition which, although Sohn-Rethel was very sophisticated and in no way could be thrown into the same intellectual basket as the Stalinists, nevertheless opposes production to exchange. And I am critical of that position - not because he glorifies production but because he locates the locus of abstraction only in exchange. I think this is a serious mistake, because the real locus of abstraction is the historical dynamic. And yet this is much more difficult to comprehend than the idea of the abstraction of the market. One result is that therefore there is no historical difference in Sohn-Rethel between Greek philosophy and 17th century philosophy and 19th century thought. It is all moulded by the real abstraction of exchange. And I think as rich and suggestive as his work was and is, this is a weakness. On the other hand, and this is what you were raising, unlike romantics, Sohn-Rethel says that there is a positive dimension to the realm of abstraction. I agree with him but I would want to modify that slightly:

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The realm of abstraction generated as part and parcel of the rise of capital is universalizing. However, it is so in a way that negates particularity. It is part of a system characterised by a dichotomy and a polar opposition between the abstract universal and the specific particular. The abstract universal has an emancipatory dimension. The abstract universality of the social forms constitutes the historical framework within which categories like general human rights or the rights of man, all of the Enlightenment ideals emerge. On the other hand, it is a form of universality which necessarily abstract away from everything particular. Capital generates a system characteristically by the opposition of abstract universality, the value form, and particularistic specificity, the use value dimension. It seems to me that rather than viewing a socialist or an emancipatory movement as the heirs to the Enlightenment, as the classic working class movement did, critical movements today should be striving for a new form of universalism that encompasses the particular, rather than existing in opposition to the particular. This will not be easy, because a good part of the Left today has swung to particularity rather than trying to find a new form of universalism. I think this is a fatal mistake.

Q: Your work is one of the few - perhaps alongside Kojin Karatani's theory of different "modes of intercourse" - to criticize the "architectonic metaphor" which

thinks the logic of the modes of production in terms of base/superstructure without giving ground on the centrality of the critique of political economy. What is left of the theory of "modes of production" when we depart not from the objective, towards the subjective, but rather emphasize, as you propose, the simultaneous constitution of the subjective and the objective dimensions of social life under capitalism - how does this affect the very concept of critique?

M.P.: Again, I think there is a lot involved here. First of all, I am calling into question historical materialism - which was not really created, by Marx, but later, largely by Engels - that is, the idea that you have successive modes of production. I think analysing Marx's argument in *Capital* calls into question the notion that you have any unified modes of production before the historical emergence of capital, which is unified in the sense that you can begin with a singular principle, the commodity, and you can unfold that to encompass the whole. You cannot find something analogous in other forms of social life, in part because the possibility of unfolding the social whole from a singular point of departure is possible only because, in capitalism, the mode of mediation is uniform. That is what the lesson of the commodity form is. No other society has a uniform, homogenous form of mediation, so it becomes very very misleading to talk about early modes of

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production. It is very legitimate to say that certain economies, let's say that of the Romans, were largely slave based, but slavery did not occupy the same place that for example slavery under capitalism does, where it is part of a much larger system. You do not have such a system in Rome or in the Middle Ages or in China. It is much more disparate. Forget about the notion of base-superstructure. It has been so misunderstood, that it is better just to jettison it. It has been misunderstood as the relation between objectivity and subjectivity, whereas the one time that Marx used it, he talks about the institutionalization of forms of thought, which is different. He refers, for example, to juridical institutionalization, not the form of thought itself. The form of thought is intrinsic to the social forms. What remains of critique? First of all, it has to be reflexive. If the categories are categories of thought as well as social being the same holds true for critical thought. No form of thought has transhistorical validity. You cannot argue that everybody else is socially formed and presumably misled and I am not socially formed and stand above and beyond everyone else. The language of modes of production, which is a transhistorical language, allows this transhistorical epistemology to sneak in through the backdoor. So it is better not to have it. The approach I have outlined means that critical theory is valid only so long as its object exists. There is no such thing and there can be no

such thing as a Marxist society, other than capitalism, of course.

Q: Generally, there is a great schism between the work of carrying out both a categorical and a localized critique of political economy, on the one hand, and the struggle of different political fronts and militants, which usually base themselves on local analyses of their own political conjuncture, on the other. How do you envision the relation between the critique of political economy and militant political organization today?

M.P.: On the one hand one cannot expect that people who try to work out a sophisticated categorical critique are always on the frontlines of movements and one cannot expect that people who are more activistically inclined should be great theorists. There might be exceptions, but generally you cannot expect this. Nevertheless, you can hope that one of the roles of theory, and this sounds very modest but it is very important, is to show which paths are clearly mistaken. You can put a lot of energy and effort into mistaken paths. I remember arguing with people in the 70s, both in the US and in Germany that a movement to return to "nature" where everyone could milk their own cows may have been personally satisfying and a way of living that was richer and more fulfilling. But in no way could this serve as a model to society. To the degree to which people promulgated this romantic

ideal, to that degree they were deflecting oppositional forces, groups, thinkers, from trying to struggle towards defining what would be an adequate path. So, one of the most important tasks of theory has perhaps less to do with indicating exactly what the road to revolution is, than it is to indicating which roads are not the roads to an emancipatory transformation. For example, this argument could have been made with regard to Occupy.

Q: Your argument, in *The Holocaust and The Trajectory of the Twentieth Century*, that the concentration camps should be rather understood as the "grotesque anti-capitalist negation" of capitalist modernity - a sort of "factory of 'destroying value' (...) of destroying the personifications of the abstract" - serves as a compelling example of the thesis, presented in *Time, Labor and Social Domination*, that the capitalist dialectics of transformation/reconstitution is in fact an expression of the interlacing of two forms of domination, the one based on abstract time and another based on historical time. Crucial consequences could be extracted from this, specially for a critique of emancipatory projects that base their expectations of the future on the release of the "concrete" and the "historical" from the clutches of abstraction. How does your analysis of the categories of time and temporality in capitalism affect the dialectics of utopia and ideology?

M.P.: It is a warning. What I tried

to do in the Holocaust essay that you refer to is two things at once. I tried to help people to understand that there is a difference between mass murder and extermination. It is not a moral difference. It is not that one is worse or better than the other. Just analytically, you cannot understand the Holocaust if you subsume it under categories of Xenophobia, race hatred and mass murder. It has a sense of mission and purpose that others forms of racism, I would argue, do not. Not only that, it is utopian. It is utopian very much in the sense of attempting to release the concrete from the clutches of abstraction. That notion of emancipation informed the Nazis' so called "German Revolution". The Jews, within this worldview, became in a sense, not only the personification of capital, but also the *source* of its abstract domination. I think that the Holocaust should serve as a significant warning against all of the forms of utopia that reify the concrete and vilify the abstract -- instead of seeing that both, the abstract and the concrete, as well as their separation are what makes up capital. That is the first point. The second is, that capital, (and this is based on my reading of Marx), is not simply an abstract vampire sitting on top of the concrete whereby one could simply get rid of it, like taking a headache pill. Within this imaginary, capital is considered extrinsic to the concrete, to production or labour. Capital, however, actually molds the concrete. It empties labour increasingly of its

meaningfulness. At the same time it is an alienated form of human sociality, of human capacities. As such, it is generative of socially general forms of knowledge and power, even if it generates them historically in a form that oppresses the living. Yet, in many respects, precisely this becomes the source of future possibilities. That is, living (proletarian) labour is *not* the source of future historical possibilities. Rather, what has been constituted historically as capital is that source. Now, I know this sounds like I am turning everything on its head. I am saying that the category of living labour in Marx is not the source of emancipation. Rather, dead labour is. Maybe this sounds like a provocation, but it needs to be thought about.

Q: Do you think or would you argue that any fundamental change to the dynamics and structure of capitalism is also always dangerous, not only in the sense of coming with the threat of relapsing into what one wanted to overcome, but also in actually running the risk of making it worse? One could think of W. Benjamin's saying that behind every fascism there is a failed revolution. And also, would you say that one nonetheless has to take the risk of failing at revolutionizing (and thus the risk of fascism) or did something change with and after the 20th century (such that the imperative is rather and always first to avoid the risk of fascism and thus has to rethink under revolution and political transformation from this perspective)?

M.P.: I think this is a very complicated set of issues. On the one hand I do not think that the risk of fascism, which is a very great risk, is such that we should not try to change anything. Because it is not as if we are living in a static system where you could say leave well enough alone, do not rock the boat. Rather, the boat is being rocked, it is being rocked by structural historical developments. There is a real danger of fascism, and this is where the communist reductionist analysis of fascism has done us a tremendous disservice. Fascism isn't simply a movement manipulated by the reactionary ruling classes, it is also not simply an expression of the decline of the traditional classes. Rather the movement toward a new fascism in part expresses the pain experienced by people as a result of capital's transformation in the absence of a political movement that makes sense of that pain in ways that are not either anti-Semitic or that scapegoat various groups in a xenophobic or racist way. I think that this is particularly current today. A phenomenon like Donald Trump, some wings of the supporters of Bernie Sanders, the Brexit movement, the right in France – these are no longer expressions of the traditional reactionary classes, but expressions largely of the declining industrial working classes. It is not enough for the Left simply to call them racist, xenophobic and small minded – even though they really are racist, xenophobic and small minded. And it would be a terrible mistake

to opportunistically adopt their mindset, even if one takes their misère seriously. In that case one is not adequately confronting the crisis of industrial capital. Instead, we need another way of viewing the world, beyond identitarian politics of the left as well as the Right. As members of a cosmopolitan configuration, we cannot simply say that multi-culturalism is cool because we very much enjoy walking through the streets of a city like London which is a true Metropole and experiencing in a thousand small ways the globality of it all. We cannot just write off everybody in the North of England. The fact that they have made a mistake does not mean that there were no good grounds for them to feel radically dissatisfied. So, the new danger of fascism, and I am using “fascism” now in a very loose sense, is generated by the pain and misère caused by the dynamic of capital. It used to be that many on the Left tried to address the crisis-prone nature of capitalism with program of full employment and forms of social security that were based on such full employment. That will not work anymore. I do not decry such a program because it was reformist. It made perfect sense in its time. It does not, however, make sense now. So, the Left has less and less to say in terms of an *analysis* of the situation — other than to present itself as anti-racist, cosmopolitan and globalizing. All that is going to do is create anger on the part of those who actually feel the blows of the globalized economy.

Q: One takes seriously those who one cannot take seriously. And so one could say that if the only political articulation that is given to that kind of dissatisfaction is a sort of fascism, one can even see a failure of the Left to do something about this.

M.P.: Yes.

Q: One of the prevailing positions in the Left today is the idea that we need new forms of political organization which privilege immanence over transcendence, multiplicity over unity - and concrete, local engagement over abstract mediations. What are, in your account, the limits of the traditional instruments of struggle of the Left (party form, unions, etc.)? Furthermore, does your critique of the teleological vision of the proletariat entail a populist conception of the construction of political agents?

M.P.: I think I already touched on some of this. Privileging immanence over transcendence, multiplicity over unity, and concrete local engagements over abstract mediations is just simply taking one pole of the dichotomies constituted by capital. So, what we unfortunately are seeing all too often is a debate between globalizing intellectuals and economic elites who represent the abstract side, on the one hand, and reactionary and also Left populist activists who take the concrete side, on the other. Neither consider the relationship of the determinate

concrete and the determinate abstract in ways that could at least begin to point to forms of immanent transcendence or transcendent immanence, or a universalism that contains particularity or a particular that instead of being sectarian is a particular that in itself has become more universal. We cannot simply adopt a position that aligns itself with particularities, that looks at various customs and practices elsewhere in the world and simply say that this is their culture. Neither can we simply impose on them something else. First of all what is deemed as their culture very frequently has been a modern reaction in the last 100 or 150 years to defeat and disempowerment, which presents itself a return to “authentic fundamentals”. But it is not. In any case, such “fundamentalisms” should be read as reactions to a globalized world and they have some features that overlap with those of fascism. There is the danger of the Left falling into that rabbit hole. The Left has to begin to ascertain the emancipatory potential of globalization. Many live it without taking the trouble to really analyse their own form of life, and what that implies about another form of globalization, maybe a more emancipatory form of globalization. What you call the turn to immanence and to the particular is essentially romantic and it has plagued or has been a feature of capitalism for the last 200 years and it will continue to be a feature of capitalism. It is generated by capitalism itself, as is the abstract universal, against which it reacts. And purely anarchist

forms of organization are never going to accomplish this historical task. We have to search for and develop new forms of organization, that actually are organized. I am suggesting that an organization has more possibilities for meaningful internal democracy than do most anarchist modes.

Q: In *Time, Labor and Social Domination* you argue at one point that one could structurally and systematically compare Hegel’s claim that the Absolute is substance but also subject to Marx’s determination of capital as self-valorizing value whereby capital would be precisely the anonymous, impersonal form of domination that is the substance as well as subject of capitalism. In Hegel, this history of spirit (and also of Absolute spirit – i.e. the Absolute as spirit) necessarily comes to an end (which for him is the precondition for it to be continued in a non-predetermined manner), would you say that something similar might be said about Marx? Might one first need to and embrace – as someone like Jean-Pierre Dupuy, the French theorist of catastrophes seems to do – the end (of capitalism and emancipation, etc.) to ultimately gain a new perspective on emancipation?

M.P.: I do not think that capital as the Geist necessarily comes to an end. One of the important differences between Hegel and Marx is that for Hegel the coming to an end entails the full realization of the totality. For Marx, if capital comes to

an end, this will not entail realizing itself, but giving way to a new form of living that is been rendered possible and conceivable by capital itself. It entails the overcoming of capital on the basis of capital. The anarchist’ understanding of an emancipated society is usually that of a local model. I do not know how one imagines a globe which has been constituted historically now returning to local communities that have tenuous relations with other communities that are not close by. I think that anarchism today can be seen as a misguided if understandable reaction to the kind of bureaucratization of civil society and of the state that is characteristic of advanced capitalism. But it is not adequate to the catastrophe to which we are heading. I think there is a reason why there have been so many dystopian films in the last generation. What we can have is an image of complete social collapse. Capitalism would not necessarily collapse economically, as a system of social mediation of wealth. But the society to which it gave rise would collapse. The result would be a form of social life that would either be Hobbesian -- brutal nasty and short (think of Mad Max) -- or it would be militarily controlled. We are on the verge of this sort of social collapse. I say this although I am not a friend of theories of catastrophe at all. I do not like apocalyptic visions, they have usually been destructive.

Q: Dupuy makes a slightly different argument because he argues that

our way of our own future is part of the catastrophe that is already taking place. Say our way of dealing with the ecological crisis rely on a framework of calculation that has to remain stable and we are acting under the assumption that this is the case and that there is not tipping point reached that would change the framework itself. But there might be a point of irreversibility precisely as an effect of our way of dealing with a catastrophe that we want to prevent (assuming we can manage it), because the catastrophe is certainly going to happen if we do seek to prevent it the way we do.

M.P.: That makes more sense to me. But, the people who argue for the importance of the limiting the rise in temperatures to two degrees are aware of a dilemma. If you tell everyone the environmental catastrophe is now irreversible, this will either induce people to reject this position as simply alarmist or to say that then there is nothing we can do about it. The people I know who think there definitely there will be a catastrophe are American right wing survivalist, who build their underground shelters, spaces stocked with a lot of food, arms, etc. This may be laughable as a response, but it is an immediate response. This is not directly what Dupuy is arguing. But it seems to me, we are faced with a catastrophe and it is only slowly dawning on people that it is a major catastrophe and I do not think that a catastrophe should be embraced.

Q: Before you said that Jews became the object of an abstract domination. Can we maybe make a comparison the refugee crisis?

M.P.: I do not think so. But this does not mean that the racism and xenophobia directed towards the migrants is not real and reactionary and a real problem. But I think that antisemitism really is something else and that the Left is insensitive to it. Antisemitism is about who controls the world. No one thinks that the Syrian, Afghani, or African refugees control the world. They regard them as a threat to their way of life. This is different. That is more like the Southern Whites in the US regarding the Blacks as a threat to their way of life if they ever got full civil rights. There is a difference. No one in the South ever thought that the Blacks ruled the world. No one thinks that the refugees rule the world, that they are behind the banks, for example. If anyone rules the world within the framework of this kind of populist thinking, it is America and Israel and this has a great deal to do with antisemitism. To make this distinction does not mean to say that antisemitism is bad and being against refugees is not quite as bad. It is very bad and people make use of it, as a way of making sense of the misère of their lives. This misère has a great deal to do with the austerity politics of Europe as well as the creeping crisis of proletarian labour, of which now the refugees are becoming the unintended victims.

Q: One last question about the

Brexit, that just occurred. It comes out of a nationalist movement, which is peculiar because it seems what they want to regain is their autonomy. But they will nonetheless be fully depended on EU politics. So, it seems Britain exited the very position of still being able to influence the political framework that will continue to determine it. What do you make of this situation?

M.P.: Well, I was struck, and I am not an expert on this, looking at various opinion polls and graphs, not only by the demographic differences (London, Scotland are for Europe and the rest of England and Wales, surprisingly, are for exit, and Northern Ireland for Europe – it could mean the end of the UK), but by the fact that for the people who wanted to remain, for them the main issues were economic. For those who wanted to leave, underneath it all, the main issue was immigration. In a sense, immigration has to be understood as a metaphor. For, after all, how many migrants reach England? Not that many. They also feel, what the Germans call “überfremdet” (over-infiltrated by foreigner, CC), but not because of the Syrians coming, but because of the Poles and the Rumanians who have already come. It is always a mistake during periods of economic difficulty to open the floodgates. And one of the reasons why I say that is that, given EU decisions on the free movement of people, the British government decided not to phase in such policies, but to open their borders to EU Nationals all at once. If you

were a Polish worker, you would have the right to work in Germany and in Great Britain. However, you could get in immediately into Great Britain, while it would take a while to get into Germany, because Germany chose to phase in the movement of people. But this is only one level. The real background is that the manufacturing economy has been going downhill for a long time. No one discusses and explains this massive structural change to those who are affected and least not in Great Britain and in the United States. The people working in the coal economy in the US, the coal workers, believe their economic decline is because of environmentalism and government regulations. No one points out to them that more coal is now produced than in the past, using much less labour. The firms hide this by blaming the government. In America the popular reaction against this crisis of labour takes a form of right wing populism: we are against the government and the immigrants. In Europe, it takes the form of being against the migrants and being against Europe. I have only had a small taste of the British press. It is unbelievably bad. No wonder the *Guardian*, which is not that great a newspaper, but is a decent paper, stands out like a shining jewel, a beacon against racist xenophobic lies. Boris Johnson apparently, and I only found this out last week, made his name working as a reporter for the *Telegraph* in the 90s, when he was stationed in Brussels. And he is the one who came up with the stories of

faceless bureaucrats determining how big cucumbers or condoms could be. Most of what he wrote was empirically false, was nonsense, yet for the British press that made no difference; they almost all jumped on board. I think what has happened is that many people feel disempowered in the face of these structural transformations. At the same time, the European Union has a strong democratic deficit. There are only two ways to go. One is to democratize Europe and the other is to go back to nation states. There seems to be very little movement towards democratizing Europe. So, the only other reaction, which is one of frustration, is just to leave the whole thing. And I do not know when the six ministers meet, just now in Berlin, if this is even on their agenda. Or if they are just going to punish the British for leaving.

Q: And then the danger is that the EU might just continue to go on as if nothing happened.

M.P.: Right. Just like the Euro the EU has to be fundamentally reformed. Now, I do not know if there is any possibility, given the fact that there are 26 countries and everything has to appear in 26 languages, and the political culture of most of these countries is questionable.

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Notes on Contributors

Valério Arcary is a history professor at the IFSP (Federal Institute of São Paulo) since 1988. He received a Phd at USP (University of São Paulo) in 2000 with *Dangerous corners of history, revolutionary situations in Marxist perspective*. Author of *O martelo da história* (The hammer of history) 2014, among other books.

Dennis Badeen received his Ph.D from York University, Toronto, Canada, in Social and Political Thought and is currently a Marie Curie International Fellow with the Global Sustainability Institute at Anglia Ruskin University, Cambridge, UK. His research interests include: history of economic thought, methodology of heterodox and mainstream economics, Marxist political economy and philosophy, ecological economics and sociopolitical responses to climate change (with an emphasis on renewable energy and energy transitions). He has published articles in the Journal of Business Ethics, International Journal for Pluralism and Economics Education, Capital and Class, among others.

Riccardo Bellofiore is professor of Political Economy at the University of Bergamo (Italy). His research interests include capitalist contemporary economy, endogenous monetary approaches, Marxian theory and the philosophy of economics. Among his recent publications are: 'Crisis Theory and the Great Recession: A Personal Journey, from Marx to Minsky' (*Research in Political Economy*, 2011); 'Lost in Translation: Once Again on the Marx–Hegel Connection' (in *Marx's Capital and Hegel's Logic. A Reexamination*, edited by Fred Moseley and Tony Smith for Brill); 'Chrysalis

and Butterfly, Ghost and Vampire. Marx's *Capital* as the 'Gothic' Critical Political Economy of Zombie Capitalism' (in *Returns of Marxism. Marxist Theory in a Time of Crisis*, edited by Sara Farris for Haymarket books). His last books are *In Marx's Laboratory. Critical Interpretations of the Grundrisse* (co-edited with Guido Starosta and Peter Thomas for Brill, 2013); *The Great Recession and the Contradictions of Contemporary Capitalism* (co-edited with Giovanna Vertova for Edward Elgar, 2014); *Towards a New Understanding of Piero Sraffa. Insights from Archival Research* (co-edited with Scott Carter for Palgrave Macmillan, 2014); and *The Legacy of Rosa Luxemburg, Oskar Lange and Michal Kalecki* (two volumes in honour of Tadeusz Kowalik: coedited with Ewa Karwowski and Jan Toporowski, published by Palgrave Macmillan, 2014).

Jacques Bidet is Professor emeritus at the University of Paris-X. Political Philosophy and Theories of Society. His publications, on include *Que faire du Capital?* (1985), *Théorie de la modernité* (1990), *John Rawls et la théorie de la justice* (1995), *Théorie générale, Théorie du droit, de l'économie et de la politique* (1999), *Explication et reconstruction du 'Capital'* (2004), and in English, *Exploring Capital: Philosophical, Economic and Political Dimensions* (2009), *Foucault with Marx* (2016) and, edited with Stathis Kouvelakis, *Critical Companion to Contemporary Marxism* (2008).

Ivan Boldyrev, philosopher and historian of ideas, is currently a research fellow at the University Witten/

Herdecke, visiting scholar at Humboldt University (Berlin), and associate professor at Higher School of Economics (Moscow). His research interests include poetics of philosophical texts and philosophy of history. He also published widely on history of economic knowledge. Among the recent publications are *Ernst Bloch and His Contemporaries: Locating Utopian Messianism* (Bloomsbury, 2014) and (with Carsten Herrmann-Pillath) *Hegel, Institutions and Economics: Performing the Social* (Routledge, 2014). His current project is a study of dialectical imagery in Hegel's *Phenomenology of Spirit*.

Michael Heinrich is the author of „An Introduction to the Three Volumes of Karl Marx's Capital" (Monthly Review Press 2012) and „Die Wissenschaft vom Wert. Marx' Kritik der politischen Ökonomie zwischen wissenschaftlicher Revolution und klassischer Tradition (Westf. Dampfboot, Münster 2012, an English translation will appear in 2017 at Brill). Currently he prepares a three volume study „Karl Marx und die Geburt der modernen Gesellschaft. Biographie und Werkentwicklung" (Schmetterling Verlag, Stuttgart, an English translation will appear at Monthly Review Press, a French translation at éditions sociales)

Campbell Jones is Associate Professor of Sociology at the University of Auckland and a Researcher at the think tank Economic and Social Research Aotearoa (ESRA).

Kojin Karatani is one of the most influential contemporary Japanese intellectuals. After obtaining BA in economics

