

Re-reading Marx

New Perspectives after the
Critical Edition



Edited by
**Riccardo Bellofiore and
Roberto Fineschi** 2009



Re-reading Marx

New Perspectives after the Critical Edition

Edited by

Riccardo Bellofiore

and

Roberto Fineschi

palgrave
macmillan



Contents

<i>List of Tables</i>	vii
<i>Acknowledgements</i>	viii
<i>Notes on the Contributors</i>	ix
1 Introduction <i>Riccardo Bellofiore and Roberto Fineschi</i>	1
2 New Perspectives Opened by the Publication of Marx's Manuscripts of <i>Capital</i> , Vol. II <i>Rolf Hecker</i>	17
3 Karl Marx's Original Manuscripts in the Marx-Engels-Gesamtausgabe (MEGA): Another View on <i>Capital</i> <i>Regina Roth</i>	27
4 Dialectic of the Commodity and Its Exposition: The German Debate in the 1970s – A Personal Survey <i>Roberto Fineschi</i>	50
5 Reconstruction or Deconstruction? Methodological Controversies about Value and Capital, and New Insights from the Critical Edition <i>Michael Heinrich</i>	71
6 The Limits and Uncertainties of Historical Materialism: an Appraisal based on the Text of <i>Grundrisse</i> (Notebooks III, IV and V) <i>Roberto Finelli</i>	99
7 The Chapters on Machinery in the 1861–63 Manuscripts <i>Tony Smith</i>	112
8 The Development of Marx's Theory of the Distribution of Surplus-Value in the Manuscripts of 1861–63 <i>Fred Moseley</i>	128
9 The Possessive Spirit of Capital: Subsumption/ Inversion/Contradiction <i>Christopher J. Arthur</i>	148

10	The Place of 'The Results of the Immediate Production Process' in <i>Capital</i> <i>Patrick Murray</i>	163
11	A Ghost Turning into a Vampire: The Concept of Capital and Living Labour <i>Riccardo Bellofiore</i>	178
12	From History of Capital to History in <i>Capital</i> <i>Massimiliano Tomba</i>	195
13	Marx's General Rate of Profit Transformation: Methodological and Theoretical Obstacles – an Appraisal based on the 1864–65 Manuscript of <i>Das Kapital III</i> <i>Geert Reuten</i>	211
	<i>Name Index</i>	231
	<i>Subject Index</i>	233

Contributors

Christopher J. Arthur, formerly of the University of Sussex, has published in numerous journals and books. He is the author of *The New Dialectic and Marx's Capital* (2002), and *Dialectics of Labour: Marx and his Relation to Hegel* (1986). He has edited and introduced *The German Ideology* (1970; revised 1974); *Law and Marxism* (third imprint, 1989); *Engels Today: A Centenary Appreciation* (1996); and (with Geert Reuten) *The Circulation of Capital: Essays on Volume Two of Marx's 'Capital'* (1998). He has also published (abridged, with an introduction) *Marx's 'Capital': A Student Edition* (1992).

Riccardo Bellofiore is Professor of Economics at the University of Bergamo, Italy. He wrote a book on the Italian Marxist scholar Claudio Napoleoni (1991), and edited a collection on Piero Sraffa (1986) – both in Italian. He acted as guest editor of a special issue of the *International Journal of Political Economy* on 'Marxian Theory: The Italian Debate' (1997). He has also edited: *Marxian Economics: A Reappraisal* (1998); *Global Money, Capital Restructuring and the Changing Patterns of Labour* (1999); (with Mario Baldassarri) 'Classical and Marxian Political Economy: A Debate on Claudio Napoleoni's Views', a special issue of the *Rivista di Politica Economica* (1999); (with Piero Ferri) two volumes on Hyman Minsky's economics – *Financial Keynesianism and Market Instability*, and *Financial Fragility and Investment in the Capitalist Economy* (2001); and (with Nicola Taylor) *The Constitution of Capital. Essays on Volume I of Capital* (2004).

Roberto Finelli is Professor of History of Modern Philosophy at the University of Bari, Italy. He published *Astrazione e dialettica dal romanticismo al capitalismo. Saggio su Marx* (1987); *Mythos und Kritik der Formen. Die Jugend Hegels (1770–1803)* (2000), and *Un parricidio mancato. Il rapporto tra Hegel e Marx* (2005).

Roberto Fineschi is Post-Graduate Scholar at the University of Siena. He won the Rjazanov Prize for young scholars for the most valuable research in Marxian Theory, and published three books: *Ripartire da Marx* (Naples, 2001), *Marx e Hegel* (Rome, 2006), and *Un nuovo Marx* (Rome, 2008) and several essays in English, French, German, Italian and Japanese. He is the editor of a new Italian edition of *Capital*, Book I, after the new critical edition. He is a member of the editorial board of the Italian Marx and Engels Collected works and the International Symposium on Marxian Theory

Rolf Hecker is president of Berliner Vereins zur Förderung der MEGA-Edition e.V. and co-editor of *Beiträge zur Marx-Engels-Forschung. Neue Folge*. His latest publications are: Karl Marx, *Das Kapital. Zweiter Band. Redaktionsmanuskript von*

Friedrich Engels, MEGA® II/12, Berlin: Akademie Verlag, 2005 (co-edited with a Japanese work group); *Familie Marx privat, Die Foto- und Fragebogen-Alben von Marx' Töchtern Laura und Jenny*, Berlin: Akademie Verlag, 2005 (co-edited with Izumi Omura, Valerij Fomichev and Shunichi Kubo); editor of a new edition of Marx and Engels, *Werke*, Vol. 1 (Berlin: Dietz, 2007) and Vol. 41 (Berlin: Dietz, 2008); *Gruß Gott! Da bin ich wieder! Karl Marx in der Karikatur*, Berlin: Eulenspiegel, 2008 (co-edited with Hans Hübner und Shunichi Kubo).

Michael Heinrich teaches economics at the University of Applied Sciences (FHTW) Berlin. He is member of the editorial board of 'PROKLA: Zeitschrift für kritische Sozialwissenschaft' and author of several books on Marx's theory: *Die Wissenschaft vom Wert* (The Science of Value) (1991, 4th enlarged edn 2006), *Kritik der politischen Ökonomie. Eine Einführung* (Critique of Political Economy. An Introduction) (2004), *Wie das Marxsche Kapital lesen?* (How to Read Marx's Capital?) (2008). He has also published a number of articles on the development of contemporary capitalism in a range of journals; see his website www.oekonomiekritik.de

Fred Moseley is Professor of Economics at Mount Holyoke College, South Hadley, Mass., USA. He received a B.Sc. in Mathematics from Stanford University in 1968 and a Ph.D. in Economics from the University of Massachusetts in 1980. He was the Book Review Editor of the *Review of Radical Political Economics* from 1986 to 1995. He organized the ISMT in 1991, and edited its first two books, *Marx's Method in Capital: A Reexamination* and (with Martha Campbell) *New Investigations of Marx's Method*. He also edited *Marx's Theory of Money: Modern Appraisals* (2005). His other books include *The Falling Rate of Profit in the Postwar United States Economy* (1991).

Patrick Murray is Professor of Philosophy at Creighton University, Omaha, Nebraska. He received his Ph.D. in Philosophy of Science from St. Louis University. He is the author of *Marx's Theory of Scientific Knowledge* (1988) and editor of *Reflections on Commercial Life: An Anthology of Classical Texts from Plato to the Present* (1996). He is a member of the ISMT and has contributed to six of the group's previous books. His writings on Marx, Hegel, critical theory, modern philosophy and the philosophy of social science have appeared in numerous scholarly books and journals.

Geert Reuten is Associate Professor of Economics at the University of Amsterdam, teaching Methodology and History of Economics. He specializes in Marx's work, in Marxian Political Economy of Capitalism, and in Systematic Dialectics. With Michael Williams, he wrote *Value-Form and the State; the Tendencies of Accumulation and the Determination of Economic Policy in Capitalist Society* (1989); he edited (with Christopher Arthur) *The Circulation of Capital:*

Essays on Volume II of Marx's 'Capital' (1998); and (with Martha Campbell) *The Culmination of Capital: Essays on Volume III of Marx's 'Capital'* (2002).

Regina Roth is a historian and the author of *Staat und Wirtschaft im Ersten Weltkrieg* (1997). She is currently a researcher and editor for the Marx-Engels-Gesamtausgabe (MEGA) at the Berlin-Brandenburg Academy of Sciences and Humanities. She edited, with Carl-Erich Vollgraf, Karl Marx, Friedrich Engels: Manuskripte und redaktionelle Texte zum dritten Buch des 'Kapitals' 1871 bis 1895, MEGA[®] II/14, Berlin: Akademie-Verlag 2003, and, with Eike Kopf, Bertram Schefold and Carl-Erich Vollgraf, Karl Marx: Das Kapital. Dritter Band. Hamburg 1894, MEGA[®] II/15, Berlin: Akademie-Verlag 2004. Actually, she is working on the Marx and Engels manuscripts and printed versions for Volume 2 of Capital (Volumes 11–13 of the Second Section of the MEGA) and has published articles on Volume 3 in English, in *Rethinking Marxism* (2002) and *Studies in Marxism* (2001).

Tony Smith is Professor of Philosophy and Political Science at Iowa State University, Ames, Iowa, USA. He received his Ph.D. from the State University of New York at Stony Brook. He is the author of five books: *The Logic of Marx's 'Capital': Replies to Hegelian Criticisms* (1990); *The Role of Ethics in Social Theory* (1991); *Dialectical Social Theory and Its Critics: From Hegel to Analytical Marxism and Postmodernism* (1993); and *Technology and Capital in the Age of Lean Production: A Marxian Critique of the 'New Economy'* (2000); *Globalisation: A Systematic Marxian Account* (2005). He also co-edited (with Harry van der Linden) *Radical Philosophy Today 4: Philosophy Against Empire* (2006); and (with Bertell Ollman) *Dialectics for a New Century* (2007).

Massimiliano Tomba is Professor of Philosophy of Human Rights, University of Padua, Italy. He is the author of two books: *Krise und Kritik bei Bruno Bauer. Kategorien des Politischen im nachhegelschen Denken* (2005), and *La vera politica. Kant e Benjamin: la possibilità della giustizia* (2006). He also edited *Prolegomeni alla storiografia* by A. von Cieszkowski (1997), and *La questione ebraica* by Bruno Bauer and Karl Marx (2004).

Friedrich Engels, MEGA® II/12, Berlin: Akademie Verlag, 2005 (co-edited with a Japanese work group); *Familie Marx privat, Die Foto- und Fragebogen-Alben von Marx' Töchtern Laura und Jenny*, Berlin: Akademie Verlag, 2005 (co-edited with Izumi Omura, Valerij Fomichev and Shunichi Kubo); editor of a new edition of Marx and Engels, *Werke*, Vol. 1 (Berlin: Dietz, 2007) and Vol. 41 (Berlin: Dietz, 2008); *Grüß Gott! Da bin ich wieder! Karl Marx in der Karikatur*, Berlin: Eulenspiegel, 2008 (co-edited with Hans Hübner und Shunichi Kubo).

Michael Heinrich teaches economics at the University of Applied Sciences (FHTW) Berlin. He is member of the editorial board of 'PROKLA: Zeitschrift für kritische Sozialwissenschaft' and author of several books on Marx's theory: *Die Wissenschaft vom Wert* (The Science of Value) (1991, 4th enlarged edn 2006), *Kritik der politischen Ökonomie. Eine Einführung* (Critique of Political Economy. An Introduction) (2004), *Wie das Marxsche Kapital lesen?* (How to Read Marx's Capital?) (2008). He has also published a number of articles on the development of contemporary capitalism in a range of journals; see his website www.oekonomiekritik.de

Fred Moseley is Professor of Economics at Mount Holyoke College, South Hadley, Mass., USA. He received a B.Sc. in Mathematics from Stanford University in 1968 and a Ph.D. in Economics from the University of Massachusetts in 1980. He was the Book Review Editor of the *Review of Radical Political Economics* from 1986 to 1995. He organized the ISMT in 1991, and edited its first two books, *Marx's Method in Capital: A Reexamination* and (with Martha Campbell) *New Investigations of Marx's Method*. He also edited *Marx's Theory of Money: Modern Appraisals* (2005). His other books include *The Falling Rate of Profit in the Postwar United States Economy* (1991).

Patrick Murray is Professor of Philosophy at Creighton University, Omaha, Nebraska. He received his Ph.D. in Philosophy of Science from St. Louis University. He is the author of *Marx's Theory of Scientific Knowledge* (1988) and editor of *Reflections on Commercial Life: An Anthology of Classical Texts from Plato to the Present* (1996). He is a member of the ISMT and has contributed to six of the group's previous books. His writings on Marx, Hegel, critical theory, modern philosophy and the philosophy of social science have appeared in numerous scholarly books and journals.

Geert Reuten is Associate Professor of Economics at the University of Amsterdam, teaching Methodology and History of Economics. He specializes in Marx's work, in Marxian Political Economy of Capitalism, and in Systematic Dialectics. With Michael Williams, he wrote *Value-Form and the State; the Tendencies of Accumulation and the Determination of Economic Policy in Capitalist Society* (1989); he edited (with Christopher Arthur) *The Circulation of Capital:*

Essays on Volume II of Marx's 'Capital' (1998); and (with Martha Campbell) *The Culmination of Capital: Essays on Volume III of Marx's 'Capital'* (2002).

Regina Roth is a historian and the author of *Staat und Wirtschaft im Ersten Weltkrieg* (1997). She is currently a researcher and editor for the Marx-Engels-Gesamtausgabe (MEGA) at the Berlin-Brandenburg Academy of Sciences and Humanities. She edited, with Carl-Erich Vollgraf, Karl Marx, Friedrich Engels: *Manuskripte und redaktionelle Texte zum dritten Buch des 'Kapitals' 1871 bis 1895*, MEGA[®] II/14, Berlin: Akademie-Verlag 2003, and, with Eike Kopf, Bertram Schefold and Carl-Erich Vollgraf, Karl Marx: *Das Kapital. Dritter Band. Hamburg 1894*, MEGA[®] II/15, Berlin: Akademie-Verlag 2004. Actually, she is working on the Marx and Engels manuscripts and printed versions for Volume 2 of Capital (Volumes 11–13 of the Second Section of the MEGA) and has published articles on Volume 3 in English, in *Rethinking Marxism* (2002) and *Studies in Marxism* (2001).

Tony Smith is Professor of Philosophy and Political Science at Iowa State University, Ames, Iowa, USA. He received his Ph.D. from the State University of New York at Stony Brook. He is the author of five books: *The Logic of Marx's 'Capital': Replies to Hegelian Criticisms* (1990); *The Role of Ethics in Social Theory* (1991); *Dialectical Social Theory and Its Critics: From Hegel to Analytical Marxism and Postmodernism* (1993); and *Technology and Capital in the Age of Lean Production: A Marxian Critique of the 'New Economy'* (2000); *Globalisation: A Systematic Marxian Account* (2005). He also co-edited (with Harry van der Linden) *Radical Philosophy Today 4: Philosophy Against Empire* (2006); and (with Bertell Ollman) *Dialectics for a New Century* (2007).

Massimiliano Tomba is Professor of Philosophy of Human Rights, University of Padua, Italy. He is the author of two books: *Krise und Kritik bei Bruno Bauer. Kategorien des Politischen im nachhegelschen Denken* (2005), and *La vera politica. Kant e Benjamin: la possibilità della giustizia* (2006). He also edited *Prolegomeni alla storiografia* by A. von Cieszkowski (1997), and *La questione ebraica* by Bruno Bauer and Karl Marx (2004).

1

Introduction

Riccardo Bellofiore and Roberto Fineschi

The new historical-critical edition of the works of Karl Marx and Friedrich Engels, the second Marx-Engels-Gesamtausgabe (MEGA[®]), opens the possibility of a radical rethinking, on a sounder philological basis, of Marx's thought as a whole.¹ Just one example, concerning *Capital*. It was, of course, known that Engels edited the second and third volumes of *Capital* after the death of his friend. But until this edition it was not possible to check to what extent his intervention was relevant in shaping the final outlook of the volumes, starting from the manuscripts, and then to what extent it was faithful to Marx's intentions. Today, with the publication of the entire corpus of Marx's manuscripts, the residual Engels' editorial manuscripts, of the published works with the variants, it is possible to go deeper into the analysis. An increasing consensus is developing in contemporary debate, especially in Germany: Marx has largely been read through Engels' spectacles. It is now possible to read Marx according to Marx.

In the international debate on Marx, and even more in the English one, the relevance of the MEGA[®] project, together with the fact that it changes the material basis for the appraisal of Marx, has generally gone unnoticed.² The 'universal' diffusion of the English language notwithstanding, one obvious barrier is the fact that the German language is not very well known by Marxian scholars. Hence we have the paradoxical result of a rich international discussion

¹ On the history of MEGA, see the four special editions [*Sonderbände*] of *Beiträge zur Marx-Engels-Forschung. Neue Folge*: Vollgraf et al. (1997, 2000, 2001, 2006). See also Dlubek (1994), Rojahn (1994), Hubmann et al. (2002), Mazzone (2002), Fineschi (2008, ch. 1).

² There are a few exceptions. Japan is a leading actor of the MEGA[®] project, with research groups actively working to the realization of some volumes (see Table 1.2). From an exegetical viewpoint, see, for example, the essays by Fineschi (2001, 2006, 2008) and Mazzone (2002) in Italy; Bidet (1985, 2004) in France; and Dussel (1985, 1988, 1990) in Latin America.

on Marx that does not take into account the MEGA material, on the one hand, and on the other a flourishing German debate springing from MEGA³ that does not deal with the 'conversation' on Marx going on in English.

One group producing new viewpoints on Marx, in English, is the International Symposium on Marxian Theory (ISMT), of which both editors are members. The ISMT has been particularly interested in the internal logical development of the Marxian theory of capital, the internal unity between the theory of value and the theory of money, and the Hegelian heritage, and has also always paid specific, though non-exclusive, attention to the textual dimension. Palgrave has already published three books from the ISMT dedicated to the three volumes of *Capital* (Arthur and Reuten, 1998; Campbell and Reuten, 2002; Bellofiore and Taylor, 2004). Readers of these books already know how the ISMT is engaged in the attempt to enrich the English debate through an explicit consideration of the new historical and critical edition.³

The idea on which this volume is based comes from this situation, and it is very simple. What is needed is an encounter, the beginning of a dialogue, between these two worlds, which up to now have seldom met. In the rest of this Introduction we shall first give a detailed account of the history of the MEGA, and then describe the content of the remaining chapters in this volume.

1.1 The history of the MEGA

The idea of publishing the complete works of Marx and Engels dates back to the 1920s, when David Borisovich Rjazanov (1870–1938), a Russian scholar, began a 42-volume edition, following modern philological criteria. Rjazanov – who died in 1938 in Stalin's purge – was the editor until 1931, when he was imprisoned and was replaced by Vladimir V. Adoratzkij. This first Marx and Engels *Historisch-kritische Gesamtausgabe* (the first MEGA, see Table 1.1) was divided into three sections: works, articles and drafts (other than *Capital*); *Capital* and preparatory material (from 1857/58); and correspondence. The volumes were published in Frankfurt and Berlin, with the collaboration of German institutes, after Hitler's seizure of power, in the Soviet Union. It was in this MEGA that appeared, for the first time, some fundamental Marxian manuscripts such as *Kritik des Hegelschen Staatsrechts* (in 1927, MEGA I/1.1), the *Ökonomisch-Philosophische Manuskripte 1844* (in 1930, MEGA I/2), and *Die Deutsche Ideologie* (in 1932, MEGA I/5). The *Grundrisse* notebooks (written in 1857–58) were published in 1939–41 by Pavel Veller but not within the MEGA, which ceased in 1935 – not even a third of the way to completion. Engels' *Herrn Eugen Dührings Umwälzung der Wissenschaft* and *Dialektik der Natur*, 1873–82 also

³ This is evident also in the Introduction to Bellofiore and Taylor (2004).

appeared outside the MEGA. These publications were, however, related and followed the same criteria.

After Stalin's death, Rjazanov's idea was taken up again, in both Moscow and Berlin, but a 'second' MEGA was needed to overcome strong opposition linked to political vetoes. According to Moscow's Marx-Engels-Lenin institute, this programme should have been part of broader ideological issues and subordinated to them. In addition to the high costs of production, which represented the first problem, they feared that a critical edition might weaken the cultural standpoint according to which Marx's and Engels' works should represent 'classics of Marxism'. Eventually, the Berliner Institute took the initiative. It was thought that the publication of the works of two 'classics of German culture' would be easier in Germany. After a long and complex mediation period, an agreement was reached among a few international institutes, including the Institute of Social History in Amsterdam, where most of the original manuscripts were kept.⁴ The application of philological criteria, which should respect international quality standards, was an indisputable prerequisite.

In 1972, a 'Probekband' appeared, which awakened a certain interest, since it contained the philological criteria and some sample texts. Subsequently, taking into account the comments and reviews on this volume, the following general principles were decided: (a) absolutely complete reproduction of all published and unpublished works of Marx and Engels; (b) complete reproduction of all the preparation stages (drafts, sketches, manuscripts and so on); (c) the reproduction of these in the original language, maintaining the original orthography and punctuation; and (d) the inclusion of textual and historical/philosophical/political explanations.

Initially, 100 volumes were foreseen, which became later 165 (each with an accompanying book containing the critical apparatus). There were four sections:

- I Works, articles and drafts (excluding *Capital* and 'preparatory works'; that is: all economic manuscripts since 1857). Correspondence was set apart. There was also a precise distinction between 'organic' drafts (to be published here) and simple notes (to be published in section IV). Thematic volumes were also excluded. Thirty-two volumes were estimated, according to the plan.
- II *Capital* and 'preparatory works'. All the works concerning *Capital*, starting with the manuscripts of 1857/58. In addition to these, there were two further large drafts from 1861-63 and 1863-65, Marx's further manuscripts and

⁴ Since the 1930s, 2/3 of the manuscripts of Marx and Engels have been kept in the International Institute for Social History, Amsterdam. The others are in the Center for Historical Research and Russian State Archive for Socio-Political History, Moscow (RGASPI).

Engels' editorial manuscripts for volumes II and III; the published volumes II (1885) and III (1894); and finally, all the editions of *Capital*, Book I published by Marx or Engels, comprising 16 volumes (24 books in total).

For sections III and IV, the definition of a plan was more complicated because of the incredible amount of material these would contain. Only in the 1980s was the principle of completeness decided.

- III Correspondence. In the *Marx-Engels-Werke* only Marx's and Engels' letters were published, but here those addressed to them were also to appear, which represented a new departure in comparison with the first MEGA. Forty-five volumes were anticipated.
- IV Excerpts, notes, marginal notes. The huge quantities of very different kinds of material caused the repeated delay of a definitive decision. Around 40 volumes were considered necessary; in addition to these, there would need to be about 30 volumes with marginalia.

With the end of the so-called real socialism, the existence of the most important institutes directly in charge of the publication was challenged, in particular the Institutes for Marxism–Leninism of Berlin and Moscow. Other institutions were needed that were able to carry on the project. In order to find them, a redefinition of some of the adopted criteria was required, especially the elimination of the ideological aspects in the introductions. According to the new perspectives, Marx and Engels should be considered as two important thinkers of their time, being seen as separate from their roles in the history of Marxism. The interest aroused by their works reaches a worldwide community of scholars and scientists, and goes far beyond the political contrapositions between Marxism and anti-Marxism.

The two institutions that were approached were the Institute for Social History in Amsterdam and the Karl Marx-House of the Friedrich Ebert Foundation in Trier. In a few international colloquia, these conclusions were reached: (a) the project should be an international, wide-ranging work; and (b) both political and ideological influences had to be removed.

In 1990, the International Institute of Social History in Amsterdam, the Institute for Marxism–Leninism of Moscow, the Academy of Sciences of Berlin (which had assumed responsibility for the edition from the Institute for Marxism–Leninism of Berlin) and the Karl Marx-House of the Friedrich Ebert Foundation in Trier created jointly, in the Netherlands, the International Marx Engels Foundation (IMES). Immediately, a new commission took office. It was in charge of connecting and co-ordinating the project, monitoring its scientific quality, and setting a new direction. (Note: the Institute for Marxism–Leninism in Moscow was later suppressed and replaced by the Russian State Archive for Socio-Political History, Moscow.)

One of the most relevant and urgent problems facing MEGA was how to raise funds to support it. In the past, the project had relied on the direct and generous backing of the Communist Party of the Soviet Union and the Socialist Unity Party of Germany. These funds were no longer available and, as a consequence, the editorial staff was significantly reduced. It was also necessary to re-plan the project, reduce the number of volumes and reconsider the editorial criteria.⁵ The point was to keep alive a project started 20 years before, under very different historical circumstances; it was now no longer dealing with the publication of the Classics of Marxism–Leninism, but rather the works of two great authors of the nineteenth century. The evaluation of the volumes already published can be summarized as follows:

1. Despite the political instrumental use, the project had been planned scientifically. After 1990, it was to be internationalized and cleared of ideological implications. Therefore, publication could continue.
2. IMES could neither reject nor accept the old editorial criteria in general, because on one hand they corresponded to international standard, on the other some parts were affected by the above mentioned ideological aspects.
3. The volumes already published were accepted as they stood; for several reasons, it would have been impossible to revise each of them. One should only be aware of the ideological influences.

More precisely, these influences affected the introductions, where the development of Marx's or Engels' thought had to follow Lenin's view of it. Further conditions emerged in the name indexes, where various authors and politicians were ideologically 'judged' – for example, as *petit bourgeois*. Some objected that, setting apart *Capital* in an independent section, it was evidently implied that this work was considered by the editors to be more important than all the rest. Some also wondered why only the economic writings from 1857/58 should be considered 'preparatory works' to *Capital*. Finally, some found it ideological to publish Marx's and Engels' work in the same edition, since this might convey that their ideas were very similar, or even identical.

The last three arguments could not be taken into account, because it would have involved a completely new start, whereas the intention was to continue the existing project. The other points were accepted. Now the problem was time. In the light of the mentioned cuts to the editorial staff numbers, it was thought that the completion of a volume would take seven years, with a five-person editorial board. The number of the volumes was reduced, but with no consequence on the principle of completeness. According to this new plan,

⁵ For further information, see <http://www.bbaw.de/bbaw/Forschung/Forschungsprojekte/mega/en/Startseite#gb>.

there were 32 volumes in section I; 15 in section II; 35 in section III; and 32 in section IV (see Table 1.2).

The Institutions forming the IMES are now: the International Institute of Social History; Berlin-Brandenburg Academy of Science and Humanities Academy Project Marx-Engels-Gesamtausgabe (MEGA); the Friedrich Ebert Foundation; and the Centre for Historical Research and the Russian State Archive for Socio-Political History, Moscow. The Academy is in charge of the final editing of every volume and co-ordinates the project as a whole. However, economic problems still affect the work, which can only continue thanks to the voluntary collaboration of several scholars from around the world. A significant contribution has recently come from Japan. Despite these difficulties, almost two volumes a year have appeared. This is a very good rate, if we appreciate that it is the same as in the Soviet time, when many more resources were available.⁶

1.2 This volume

This volume is in two parts. The first part deals with two main topics: the latest news from the MEGA®, especially the preparation of the Marxian manuscripts for volumes II and III; and some surveys of the German debate over recent decades, mainly parallel and connected with the publication of the MEGA®. The second part offers some international contributions, by members and non-members of the ISMT, on the stratification and development of Marx's thought. All of them, in different degrees, consider the MEGA® and/or the German debate from the late 1960s.

Rolf Hecker, who is directly involved in their preparation, comments on the first complete edition of Marx's manuscripts of *Capital*, volume II, and the publication of Engels' editorial work for the published version of 1885 in MEGA®. These texts open new perspectives. Taking the second volume, in a 'hinge position' between the first and the third volumes, Marx had several attempts at writing it, working through ten drafts, which are elaborated to different degrees. They give an idea of how his thoughts developed. A second new insight into volume II results from the publication of Engels' editorial manuscript. We can now reconstruct in detail how the editor (Engels) followed the train of thought of the author (Marx). Working on the manuscripts, Engels encountered some difficulties, the resolution of which caused him to interfere extensively with the text (by making, for example, changes in the structure, revisions and expansions of single passages, terminological modifications and so on).

⁶ See the details of the work groups and of the volumes they have been editing in Table 1.2.

Regina Roth, one of the editors of the MEGA[®], presents the manuscripts of Karl Marx for *Capital*, volume III, which recently appeared for the first time in the new critical edition, together with the printed versions from 1894 by Friedrich Engels. She claims that the text and critical apparatus of the MEGA[®] offer new information on the state of Marx's research, on his position in contemporary debates, and on the role of Engels as political and literary executor of Marx's legacy. The manuscripts show that central questions of Marx's analysis were left open. After the main draft of book III (1864/65), Marx considered significant changes for his further investigation in his manuscripts of 1867/68 and 1874/75. Engels began several attempts to prepare this material for publication as *Capital*, volume III. He selected parts from different versions, deleted some passages, added others, and tried different ways of rearranging Marx's text. Thus, he gave the first interpretation of what Marx might have aimed at in the fragmentary parts of his manuscripts; for example, in his collections of material on credit and fictitious capital.

Roberto Fineschi's and Michael Heinrich's chapters present, from different points of view, the debate taking place in the former West and East Germany (and in Moscow), starting from the late 1960s. The disputes on Marx's economic theory were influenced deeply by methodological questions, especially those raised in the *Grundrisse*. They touched on other points, such as *Capital* as unfinished business, and objected to some long-standing misinterpretations of it – for example, the *vexed question* of simple commodity production. As a consequence, different attempts at a 'Reconstruction of the Critique of Political Economy' were made. The now nearly complete second section of the critical edition ('Capital and Its Preparatory Manuscripts') threw new light on a certain number of heavily discussed problems, such as the dialectical development of categories; the 'substantialist' or 'monetary' character of value; the role of the concept 'capital in general'; Marx's relationship with Hegel and so on. While Heinrich points out potentially deconstructive attitudes as a result of this experience, Fineschi strives to focus on relevant points of continuity.

According to Roberto Finelli, the MEGA[®] *Grundrisse* – with the critical edition of the text, the variants, the links with section IV, which contains notes and marginalia – allows us to see more clearly how the whole Marxian exposition of commodity, money and capital follows the Hegelian logic of the presupposition-posit. Finelli maintains, however, that there is a substantial difference, which the secondary literature did not notice: whereas in Hegel, a logical abstraction (negation/contradiction) determines the development of categories, in Marx we have a real abstraction. The new edition also allows an acknowledgement of the way that this peculiar logic and methodology is also valid for the reading of pre-modern history and pre-capitalist societies. The chapter shows how, in many places in the *Grundrisse*, Marx overcomes the

limits of the historical materialist view held in *The German Ideology*, even if not with a sufficiently reflexive conscience.

Tony Smith's analysis of *Manuscripts 1861–63*, published in their entirety only within the MEGA[®], shows how Marx moves from simple and abstract determinations of capital to ever more complex and concrete categories. Each new level of determination must 'sublate' – include while going beyond – the preceding stages; and each must resolve the shortcomings ('dialectical contradictions') of the previous stage. At each new level, earlier claims must be reinforced, revised or abandoned. And, prior to the theory's conclusion, the determination of a given level must be shown to lead to new 'dialectical contradictions'. The discussion of a given level of abstraction may also include anticipations of subsequent stages, historical illustrations, and examinations of competing accounts. Finally, an investigation of the practical implications of a given level of determinations is always appropriate. In Marx's 1861–63 *Manuscript*, no less than in *Capital*, the category 'Machinery' occupies a crucial place in Marx's theory. In this chapter, the author examines Marx's chapters on 'Machinery' in the *Manuscripts* in terms of the above considerations.

Fred Moseley grounds his prior analysis on the recent discovery that Marx wrote four drafts of *Capital*, not just two (the *Grundrisse* and *Capital*), as had commonly been thought. Between these two drafts, Marx wrote two other fairly complete drafts of all three volumes of *Capital* – the *Manuscript of 1861–63* and the *Manuscript of 1863–65*, which have recently been published for the first time in the MEGA[®]. Moseley's contribution reviews the second draft of *Capital* in the *Manuscript of 1861–63*, where, for the first time, Marx developed his theory of the distribution of the total surplus value into individual parts (equal rates of profit, commercial profit, interest and rent), which was later worked out in greater detail in the *Manuscript of 1864–65*, edited by Engels as the well-known volume III of *Capital*. Considerable textual evidence is presented to support the interpretation that the total amount of surplus value is first determined in the theory of the production of surplus value in volume I (at the level of abstraction of capital in general) and then taken as given in the theory of the distribution of surplus.

Chris Arthur focuses on the prominence given by Marx to the category of 'subsumption' in the manuscripts written prior to the appearance of his masterwork, *Capital*, volume I (1867). The *Manuscript of 1861–63*, now available to us in the critical edition, confirms in this respect what was already known from the discovery of the 'Results of the Immediate Process of Production' from the 1863–64 *Manuscript*. Omitting the 'Results...', the published edition contains only a single reference to the distinction between 'formal' and 'real' subsumption, in chapter 16. Arthur's essay examines the evidence found in the 1861–63 *Manuscript* for the thesis that 'subsumption' is a crucial category in the evolution of Marx's thought. An important aspect of this issue is the light

it throws on the influence of Hegel's dialectical logic on Marx's system. If it is true that Marx's method of presentation (*Darstellung*) parallels that of Hegel, in Arthur's opinion this method is relevant only because capital has a certain 'ideality' to it. Like Hegel's idealist ontology, it is characterized by inversion; it is a 'topsy-turvy' reality. In this contribution, the relationship between ideality and reality is addressed in the light of the category of 'subsumption'.

According to Patrick Murray, the 'Results of the Immediate Production Process' went largely unnoticed for a long time. Then, along with the *Grundrisse* and the *Urtext*, they began to stimulate re-evaluations of Marx's mature work. Why Marx did not finish the 'Results' and publish it in *Capital I* has long gone unexplained. Furthermore, the concepts of formal and real 'subsumption', introduced first in the *Manuscript of 1861-63* and then in the 'Results', are barely mentioned in *Capital I*. Murray notices that commentators are divided between those who argue that Marx had no theoretical reason for not including the 'Results' in *Capital I*, and those who claim that Marx dropped the 'Results' either because changes to the plan of *Capital I* made it superfluous, or because material included in the 'Results' belonged elsewhere. The author rejects the view that Marx abandoned the 'Results' for theoretical reasons. He then assesses what the 'Results' contributes to our understanding of *Capital I*, emphasizing how it clarifies what Marx means by the 'individual commodity', and what justifies Marx's transition from simple commodity circulation to the circuit of capital.

Riccardo Bellofiore starts his chapter with some methodological considerations on the relationship between Marx and Hegel, grounded in the German debates of the 1960s and 1970s (e.g., Backhaus, Reichelt, Schmidt etc.). Marxian theory is related to Hegel in several ways. The most developed is the key for the knowledge of the less developed, and theory must go from immediate being to mediating essence. However, the appearance, while exhibiting the essence, at the same time distorts it. As a totality, capital has to be known as a concept, through a systematic exposition. The latter starts with simple and abstract categories, and then develops into increasingly complex notions, which are also more concrete. However, the 'positing of the presupposition' is not only methodological, but also ontological. It is related to the 'ideality' of capital, which needs to actualize itself and 'include' in its mechanical body the living workers. Value in commodities before exchange is a 'ghost', which needs to find an 'embodiment' to actually exist. To valorize itself, value as capital becomes a 'vampire', dead labour sucking living labour. From here, Bellofiore goes on to present a critical interpretation of the Marxian approach to value and money, and to reconstruct it outside the notion of money as a commodity.

Massimiliano Tomba emphasizes that Marx's definition of his concepts was a 'work in progress' and focuses on the presence of real history in his reflection on logical categories. In his contribution, Tomba deals with two problems.

First, he affirms that, in Marx, the concept of abstraction has an historical content, and points out that this historical content is in terms of class struggle (e.g., in the concepts of abstract labour and value). Second, he shows how, for Marx, different intensities of labour, and absolute and relative surplus value, are mutually implicated. Thus an extortion of relative surplus value is not possible without a proportional increase of the extortion of absolute surplus value in other segments of production. This implies a re-thinking either of the classic two-phases paradigm (according to which formal subsumption is historically transcended by real subsumption), or the model of historicism ('late capitalism' and 'underdevelopment', or, as a geographical variant, the distinction between the first, second and third worlds).

It is well known that Part Two of *Capital III* sets out the transformation of the rate of surplus value into the general rate of profit. Geert Reuten discusses this text in confrontation with Marx's manuscripts of 1864–65, from which Engels edited *Capital III*, as well as with some in the manuscripts of the 1870s, first published in 2003. A first finding, not related directly to the manuscripts, is that confusion among different levels of abstraction is the *methodological* obstacle for this transformation. Second, a *theoretical* obstacle is Marx's assumption of equalized rates of surplus-value maintained throughout most of Part Two of the 1864–65 manuscript. Third, the 1864–65 manuscript is a research manuscript far removed from resolutions fit for a final presentation. A fourth finding is that Marx himself was disappointed with what he had reached (in the 1864–65 manuscript) – so much so that it is unlikely that he intended to maintain the 1864–65 transformation procedure when he wrote, in 1866–67, the final version for the first edition of *Capital I*. It is therefore misleading to interpret the *Capital I* text in the 'light' of Engels' edited *Capital III* text – at least as far as Marx is concerned.

Table 1.1 The first Marx-Engels-Gesamtausgabe – published volumes

Karl Marx and Friedrich Engels, *Historical-Critical Collected Works: Works, Writings, Letters*. On behalf of the Moscow's Marx-Engels Institute, edited by D. Rjazanov [then] V. Adoratzkij (1927–35)

Section I: Collected Works and Writings other than 'Capital'

Vol. 1, 1–2: K. Marx, Works and Writings up to the beginning of 1844 together with letters and documents, first book, Frankfurt am Main 1927; second book, Berlin 1929.

Vol. 2: F. Engels, Works and Writings up to the beginning of 1844 together with letters and documents, Berlin 1930.

Vol. 3: K. Marx, F. Engels, *The Holy Family* and Writings of Marx, Beginning 1844–Beginning 1845, Berlin 1932.

Vol. 4: F. Engels, *The Condition of the Working Class in England* and other Writings, August 1844–June 1846, Berlin 1929.

Vol. 5: K. Marx, F. Engels, *The German Ideology 1845–46*, Berlin 1932.

continued

Table 1.1 Continued

Vol. 6: K. Marx, F. Engels, Works and Writings May 1846–March 1848, Moscow/Leningrad 1933.

Vol. 7: K. Marx, F. Engels, Works and Writings March–December 1848, Moscow 1935.

Section III: Correspondence

Vol. 1: 1844–53, Berlin 1929.

Vol. 2: 1854–60, Berlin 1930.

Vol. 3: 1861–67, Berlin 1930.

Vol. 4: 1868–83, Berlin 1931.

Appeared outside the MEGA, but edited following the same criteria

F. Engels, *Anti-Dühring. Herr Eugen Dühring's Revolution in Science – The Dialectics of Nature*. 1873–82. Special edition for the 40th anniversary of Engels' death, Moscow–Leningrad 1935 (should have been vol. 15 of section I).

K. Marx, *Grundrisse der Kritik der Politischen Ökonomie*, Marx–Engels–Lenin Institute, Moscow, ed. P. Veller, Moscow, Verlag für Fremdsprachige Literatur, 1939–41 (should have been vol. 1, 1–2 of section II).⁷

Table 1.2 The second Marx-Engels-Gesamtausgabe

General plan

The plan of the second Marx-Engels-Gesamtausgabe includes 114 volumes (122 books); each appears with a second book containing the critical apparatus. At the time of writing (September 2008), 55 volumes (62 books) have been published: section I, 17 to 32; section II, 15 to 15; section III, 12 to 35, and section IV, 11 to 32.

In the first column of the table below the number of each volume is shown; the second column lists its content; the third gives the acronym, either of the institute⁸ that realized it (in this case, the year of publication is also included), or of the institute that has been producing it, or of the institute that is going to do it. For further information, see the website www.bbaw.de/bbaw/Forschung/Forschungsprojekte/mega/de/Startseite.

continued

⁷ For further information see Hecker (2000), esp. 75 ff.

⁸ Acronyms:

AdW Berlin	Academy of Science of the GDR, Berlin
BBAW	Berlin-Brandenburg Academy of Science and Humanities, Academy Project MEGA
Berlin	Humboldt University, Berlin
Bremen	University of Bremen
D/I	German–Italian Team of Scholars, Marburg and Venice
DK/RGASPI	Danish–Russian Team of Scholars, Copenhagen and Moscow
D/NL	German–Dutch Team of Scholars, Berlin and Amsterdam
Erfurt	University of Erfurt
FR	French Team of Scholars, Paris
Halle	University of Halle/Wittenberg
IMES	International Marx–Engels Foundation
IMLB	Institute of Marxism–Leninism under the Central Committee of the Socialist Unity Party of Germany, Berlin

Table 1.2 Continued

Section I: Works, Articles, Drafts

I/1	K. Marx, up to March 1843	IMLB 1975
I/2	K. Marx, up to August 1844	IMLB 1982
I/3	F. Engels, up to August 1844	IMLB 1985
I/4	K. Marx, F. Engels, August 1844–December 1845	Option BBAW
I/5	K. Marx, F. Engels, German Ideology	Proceeding BBAW
I/6	K. Marx, F. Engels, January 1846–February 1848	Option BBAW
I/7	K. Marx, F. Engels, February–September 1848	Proceeding BBAW
I/8	K. Marx, F. Engels, March–June 1849	Proceeding BBAW
I/9	K. Marx, F. Engels, July 1849–June 1851	Proceeding BBAW
I/10	K. Marx, F. Engels, June 1851–July 1851	IMLB 1977
I/11	K. Marx, F. Engels, July 1851–December 1852	IMLB 1985
I/12	K. Marx, F. Engels, January–December 1853	IMLB 1984
I/13	K. Marx, F. Engels, January–December 1854	Uni Lipsia 1985
I/14	K. Marx, F. Engels, January–December 1855	IMES 2001
I/15	K. Marx, F. Engels, January 1856–October 1857	Proceeding BBAW
I/16	K. Marx, F. Engels, October 1857–December 1858	Proceeding BBAW
I/17	K. Marx, F. Engels, January–October 1859	Option BBAW
I/18	K. Marx, F. Engels, October 1859–December 1860	Uni Halle 1984
I/19	K. Marx, F. Engels, January 1861–September 1864	Option BBAW
I/20	K. Marx, F. Engels, October 1864–September 1867	IMES 1992
I/21	K. Marx, F. Engels, September 1867–March 1871	Proceeding BBAW
I/22	K. Marx, F. Engels, March–November 1871	IMLB 1978
I/23	K. Marx, F. Engels, November 1871–February 1872	Option BBAW
I/24	K. Marx, F. Engels, December 1872–May 1875	IMLB 1984
I/25	K. Marx, F. Engels, May 1875–May 1883	Uni Jena 1985
I/26	F. Engels, <i>The Dialectics of Nature</i>	Uni Berlin 1985

continued

IMLM	Institute of Marxism–Leninism under the Central Committee of the Communist Party of the Soviet Union, Moscow.
JH	Japanese Team of Scholars, Hokkaido
JS	Japanese Team of Scholars, Sendai
JT	Japanese Team of Scholars, Tokyo
JW	Western Japanese Team of Scholars
Jena	University of Jena
Leipzig	University of Leipzig
RGASPI	Russian State Archive for Socio-Political History, Moscow
RGASPI/FR	Russian–French Team of Scholars, Moscow and Toulouse
USA/RGASPI/NL	American–Russian–Dutch Team of Scholars, New York, Moscow and Amsterdam

Table 1.2 Continued

I/27	F. Engels, Anti-Dühring. Herrn Engen Dührings Revolution in Science, 1878	IMLB 1988
I/28	K. Marx, Mathematical Manuscripts	Proceeding RGASPI/FR
I/29	F. Engels, The Origin of the Family..., 1884	AdW Berlin 1990
I/30	K. Marx, F. Engels, March 1883–September 1886	Proceeding BBAW
I/31	F. Engels, October 1886–February 1891	IMES 2002
I/32	F. Engels, February 1891–August 1895	Proceeding BBAW
<i>Section II: Capital and Preparatory Manuscripts</i>		
II/1.1	K. Marx, Grundrisse ..., I part	IMLM 1976
II/1.2	K. Marx, Grundrisse ..., II part	IMLM 1981
II/2	K. Marx, A contribution...I, Berlin 1859	IMLM 1980
II/3.1	K. Marx, A contribution...; Economic Manuscripts 1861/63 I, part	IMLB 1976
II/3.2	K. Marx, A contribution...; Economic Manuscripts 1861/63 II, part	IMLB 1977
II/3.3	K. Marx, A contribution...; Economic Manuscripts 1861/63 III, part	Uni Halle 1978
II/3.4	K. Marx, A contribution...; Economic Manuscripts 1861/63 IV, part	Uni Halle 1979
II/3.5	K. Marx, A contribution...; Economic Manuscripts 1861/63 V, part	IMLB 1980
II/3.6	K. Marx, A contribution...; Economic Manuscripts 1861/63 VI, part	IMLB 1982
II/4.1	K. Marx, Economic Manuscripts 1863/67 I, part	IMLM 1988
II/4.2	K. Marx, Economic Manuscripts 1863/67 II, part	IMES 1992
II/4.3	K. Marx, Economic Manuscripts 1863/67 III, part	Proceeding RGASPI/ BBAW
II/5	K. Marx, Das Kapital, volume I, Hamburg 1867	PH Erfurt 1983
II/6	K. Marx, Das Kapital, volume I, Hamburg 1872	IMLB 1987
II/7	K. Marx, Le Capital, volume I, Paris 1872/75	AdW Berlin 1989
II/8	K. Marx, F. Engels, Das Kapital, volume I, Hamburg 1883	PH Erfurt 1989
II/9	K. Marx, F. Engels, Capital, volume I, London 1887	Uni Berlin 1990
II/10	K. Marx, F. Engels, Das Kapital, volume I, Hamburg 1890	IMES 1991
II/11	K. Marx, MS for Capital, volume II	IMES 2008 (with RGASPI and JT)
II/12	K. Marx, F. Engels, MS for Capital, volume II	IMES 2005 (with JS)
II/13	K. Marx, F. Engels, Capital, volume II, Hamburg 1885	IMES 2008 (with JS)
II/14	K. Marx, F. Engels, MS for Capital, volume III	IMES 2003
II/15	K. Marx, F. Engels, Das Kapital, volume III, Hamburg 1894	IMES 2004

continued

Table 1.2 Continued

Section III: Correspondence

III/1	K. Marx, F. Engels, 1837–April 1846	IMLM 1975
III/2	K. Marx, F. Engels, May 1856–December 1848	IMLM 1979
III/3	K. Marx, F. Engels, January 1849–December 1850	IMLM 1981
III/4	K. Marx, F. Engels, January–December 1851	IMLM 1984
III/5	K. Marx, F. Engels, January–August 1852	IMLM 1987
III/6	K. Marx, F. Engels, September 1852–August 1853	IMLM 1987
III/7	K. Marx, F. Engels, September 1853–March 1856	IMLM 1989
III/8	K. Marx, F. Engels, April 1856–December 1857	IMLM 1990
III/9	K. Marx, F. Engels, January 1858–August 1859	IMES 2003
III/10	K. Marx, F. Engels, September 1859–May 1860	IMES 2000
III/11	K. Marx, F. Engels, June 1860–December 1861	IMES 2005
III/12	K. Marx, F. Engels, January 1862–September 1864	Proceeding RGASPI
III/13	K. Marx, F. Engels, October 1864–December 1865	IMES 2002
III/14	K. Marx, F. Engels, January 1866–December 1867	Proceeding RGASPI
III/15	K. Marx, F. Engels, January 1868–February 1869	Proceeding RGASPI
III/16	K. Marx, F. Engels, March 1869–May 1870	Option RGASPI
III/17	K. Marx, F. Engels, June 1870–June 1871	Option RGASPI
III/18	K. Marx, F. Engels, July–November 1871	Option RGASPI
III/19	K. Marx, F. Engels, December 1871–May 1872	Option RGASPI
III/20	K. Marx, F. Engels, June 1872–January 1873	Option RGASPI
III/21	K. Marx, F. Engels, February 1873–August 1874	
III/22	K. Marx, F. Engels, September 1874–December 1876	
III/23	K. Marx, F. Engels, January 1877–May 1879	
III/24	K. Marx, F. Engels, June 1879–September 1881	
III/25	K. Marx, F. Engels, October 1881–March 1883	
III/26	F. Engels, April 1883–December 1884	
III/27	F. Engels, January 1885–August 1886	
III/28	F. Engels, September 1886–March 1888	
III/29	F. Engels, April 1888–September 1889	Proceeding D/I
III/30	F. Engels, October 1889–November 1890	Proceeding DK/ RGASPI
III/31	F. Engels, December 1890–October 1891	
III/32	F. Engels, November 1891–August 1892	
III/33	F. Engels, September 1892–June 1893	
III/34	F. Engels, June 1893–August 1894	Proceeding Bremen
III/35	F. Engels, September 1894–June 1895	Proceeding Bremen

Section IV: Excerpts, Notes, Marginal Notes

IV/1	K. Marx, F. Engels, up to 1842	AdW Berlin 1976
IV/2	K. Marx, F. Engels, 1843–January 1845	IMLM 1981

continued

Table 1.2 Continued

IV/3	K. Marx, F. Engels, August 1844–Beginning 1845	RGA 1998
IV/4	K. Marx, F. Engels, July–August 1845	IMLM 1988
IV/5	K. Marx, F. Engels, August 1845–December 1850	Proceeding RGASPI
IV/6	K. Marx, F. Engels, September 1846–December 1847	AdW Berlin 1983
IV/7	K. Marx, F. Engels, September 1849–February 1851	Uni Halle 1983
IV/8	K. Marx, March–June 1851	Uni Halle 1986
IV/9	K. Marx, July–September 1851	Uni Halle 1991
IV/10	K. Marx, F. Engels, September 1851–June 1852	Proceeding BBAW
IV/11	K. Marx, F. Engels, July 1852–August 1853	Proceeding BBAW
IV/12	K. Marx, September 1853–November 1854	IMES 2007
IV/13	K. Marx, F. Engels, November 1854–October 1857	
IV/14	K. Marx, F. Engels, October 1857–February 1858	D/NL
IV/15	K. Marx, F. Engels, October 1857–February 1858	
IV/16	K. Marx, F. Engels, February 1860–December 1863	Proceeding BBAW
IV/17	K. Marx, F. Engels, May–June 1863	Proceeding JH/ BBAW
IV/18	K. Marx, F. Engels, February 1864–August 1868	Proceeding JT/ BBAW
IV/19	K. Marx, F. Engels, September 1868–September 1869	Proceeding JW/ BBAW
IV/20	K. Marx, F. Engels, April 1868–December 1870	
IV/21	K. Marx, F. Engels, September 1869–December 1874	Proceeding FR
IV/22	K. Marx, F. Engels, January 1871–February 1876	Proceeding RGASPI
IV/23	K. Marx, F. Engels, March–June 1876	
IV/24	K. Marx, F. Engels, May–December 1876	
IV/25	K. Marx, F. Engels, January 1877–March 1879	Proceeding BBAW
IV/26	K. Marx, F. Engels, May–September 1878	Proceeding BBAW
IV/27	K. Marx, F. Engels, 1879–81	Proceeding USA/ RGASPI/NL
IV/28	K. Marx, F. Engels, 1879–82	Proceeding RGASPI
IV/29	K. Marx, F. Engels, end 1881–end 1882	Proceeding FR
IV/30	K. Marx, Mathematical Excerpts 1863, 1878 and 1881	
IV/31	K. Marx, F. Engels, September 1879–July 1895	IMES 1999
IV/32	Marx's and Engels' Private Libraries	IMES 1999

References

- Arthur, Christopher J. and Geert Reuten (eds) (1998) *The Circulation of Capital: Essays on Volume II of Marx's 'Capital'* (London: Macmillan/New York: St Martin's Press).
- Bellofiore, Riccardo and Nicola Taylor (eds) (2004) *The Constitution of Capital: Essays on Volume I of Marx's 'Capital'* (Basingstoke: Palgrave/Macmillan).

- Bidet, Jacques (1985) *Que faire du 'Capital'. Philosophie, économie et politique dans 'Le capital' de Marx* (Paris: Puf).
- (2004) *Explication et reconstruction du 'Capital'* (Paris: Puf).
- Campbell, Martha and Geert Reuten (eds) (2002) *The Culmination of Capital: Essays on Volume III of Marx's 'Capital'* (Basingstoke: Palgrave/Macmillan).
- Dlubek, Rolf (1994) 'Die Entstehung der zweiten Marx-Engels-Gesamtausgabe im Spannungsfeld von legitimatorischem Auftrag und editorischer Sorgfalt', *MEGA-Studien*, N. 1, 1994, pp. 60–106.
- Dussel, Enrique D. (1985) *La producción teórica de Marx. Un comentario a los Grundrisse* (Mexico: Siglo XXI).
- (1988) *Hacia un Marx desconocido. Un comentario de los Manuscritos del 61–63* (Mexico: Siglo XXI), English: *Towards an Unknown Marx: A Commentary on the Manuscripts of 1861–63*. Ed. by F. Moseley (London: Routledge, 2001).
- (1990) *El último Marx (1863–82) y la liberación latinoamericana* (Mexico: Siglo XXI).
- Fineschi, Roberto (2001) *Ripartire da Marx. Processo storico ed economia politica nella teoria del 'capitale'* (Napoli: La città del sole).
- (2006) *Marx e Hegel. Contributi a una rilettura* (Roma: Carocci).
- (2008) *Un nuovo Marx. Filologia e interpretazione dopo la nuova edizione storico-critica (MEGA[®])* (Roma: Carocci).
- Hecker, Rolf (2000) 'Erfolgreiche Kooperation: Das Frankfurter Institut für Sozialforschung und das Moskauer Marx-Engels-Institut', in Vollgraf et al., *Erfolgreiche Kooperation*, pp. 9–118 (Hamburg: Argument).
- Hubmann, Gerald, H. Münkler and Manfred Neuhaus (2002) 'La MEGA[®]: riorganizzazione e continuazione', in Mazzone, Alessandro (ed.) (2002) *MEGA[®]: Marx ritrovato, grazie alla nuova edizione critica* (Roma: Mediaprint).
- Mazzone, Alessandro (ed.) (2002) *MEGA[®]: Marx ritrovato, grazie alla nuova edizione critica* (Roma: Mediaprint).
- Rojahn, Jürgen (1994) 'Und sie bewegt sich doch! Die Fortsetzung der Arbeit an der MEGA unter dem Schirm der IMES', *MEGA-Studien*, N. 1, 1994, Berlin, pp. 5–29.
- Vollgraf, Carl-Eric, Richard Sperl and Rolf Hecker (eds) (1997) *David Borisovic Rjazanov und die erste MEGA*, Sonderband von 'Beiträge zur Marx-Engels-Forschung, Neue Folge', I (Hamburg: Argument).
- (eds) (2000) *Erfolgreiche Kooperation: Das Frankfurter Institut für Sozialforschung und das Moskauer Marx-Engels-Institut (1924–28)*, Sonderband von 'Beiträge zur Marx-Engels-Forschung. Neue Folge', II (Hamburg: Argument).
- (eds) (2001) *Stalinismus und das Ende der ersten Marx-Engels-Gesamtausgabe (1931–41)*, Sonderband von 'Beiträge zur Marx-Engels-Forschung. Neue Folge', III (Hamburg: Argument).
- (eds) (2006) *Die Marx-Engels-Werkausgaben in der UdSSR und DDR (1945–68)*, Sonderband von 'Beiträge zur Marx-Engels-Forschung. Neue Folge', V (Hamburg: Argument).

2

New Perspectives Opened by the Publication of Marx's Manuscripts of *Capital*, Vol. II*

Rolf Hecker

Introduction

The complete, historical-critical edition of the literary assets of Marx and Engels in the MEGA, in particular those manuscripts which begin with the *Grundrisse* and ultimately lead to the publication of all three volumes of *Capital*, pose the challenge already raised by Karl Kautsky in 1926: if Engels' arrangement and editing of Marx's texts for the second and third volumes of *Capital* did not always correspond to the author's train of thought, then all Marx's manuscripts must be published exactly as they are (Kautsky, 1926, p. xi). Eighty years later, the request for these texts will be fulfilled. With the publication in 1992 of the MEGA-volume II/4.2, which presents Marx's manuscript for the third book of *Capital*, it became clear that the editors of subsequent MEGA volumes would face an extended discussion centring on the question raised by Carl Erich Vollgraf and Jürgen Jungnickel: 'Marx in Marx's Words?' (Vollgraf and Jungnickel, 2002). The question itself led to a sometimes heated debate, with evidence presented for different views, over the relationship of the author (Marx) and publisher/editor (Engels). A summary of that ten-year discussion may now be presented.

In this chapter I will summarize the issues that arose in connection with the second volume of *Capital*, now available in MEGA volume II/12. In this volume, Engels' editorial manuscript for the second volume of *Capital*, which he worked on from June 1884 to February 1885, is published for the first time (Marx, 2005). The work on this volume of the MEGA was done by a Japanese research group under the direction of Professor Izumi Omura of the Tohoku University

* A warm thanks to Martha Campbell for her help with the translation of this article.

of Sendai. It is the only MEGA volume so far to result from Japanese/Russian/German co-operative research, and was therefore presented in the context of the 'Germany-Year in Japan'.

Engels' editorial manuscript is based on seven of the eight manuscripts and some drafts of different lengths, which were part of Marx's estate: *Manuscript I* was written in the first half 1865. After two further partial elaborations, Marx wrote a second complete version, *Manuscript II*, between the beginning of December 1868 and the middle of 1870. When he returned to the problem of the second book at the end of March 1877, he began by outlining the argument, referring to his earlier booklets and proceeded from there, to write a further partial elaboration of the first two chapters in 1877 and 1878. Finally, between 1880 and the beginning of 1881, Marx prepared the text that is the basis for the third chapter.¹

Engels described the condition of this group of Marx's manuscripts in the Preface to the first edition of *Capital*, Vol. II, as follows:

The bulk of the material was not finally polished, in point of language, although in substance it was for the greater part fully worked out. The language was that in which Marx used to make his extracts: careless style full of colloquialisms, often containing coarsely humorous expressions and phrases interspersed with English and French technical terms or with whole sentences and even pages of English. Thoughts were jotted down as they developed in the brain of the author. Some parts of the argument would be fully treated, others of equal importance only indicated. Factual material for illustration would be collected, but barely arranged, much less worked out. At conclusions of chapters, in the author's anxiety to get to the next, there would often be only a few disjointed sentences to mark the further development here left incomplete. And finally there was the well-known handwriting which the author himself was sometimes unable to decipher. (Engels, 1997, p. 5)

It was left to Engels' discretion as to how the texts should be edited. From the existing editorial manuscript, it is possible to see in detail the phases for the selection and compilation of Marx's manuscripts, and to reconstruct the process of editing and correction before the publication of the second volume.

Engels saw his task as editor to create a finished text from the manuscripts left by Marx. His work as editor should be judged by the following 'guidelines' he set for himself: to publish the work 'and do it in a way that, on the one hand, would make it a connected and as far as possible complete work, and on

¹ Marx's manuscripts have been/will be published in MEGA volumes II/4.1 (1988, *Manuscript I*), II/4.3 (*Manuscripts III and IV*, it is hoped in 2009), and II/11, which should appear shortly afterwards.

the other, would represent exclusively the work of its author, not of its editor' (Engels, 1997, p. 1). For this reason, he considered it important that his work be confined 'to the mere selection of a text from the available variants'. The criterion for this selection was to base his work 'on the last available edited manuscript, comparing this with the preceding ones'. When, in the course of editing, difficulties were encountered that were not purely technical, but related to content, these were to be resolved 'exclusively in the spirit of the author' (Engels, 1997, p. 9). The editing of these texts involved a discretionary work of selection, however, which included an interpretation in 'the spirit of the editor' along with 'the spirit of the author'.

In reality, several difficulties were involved, which led to extensive interferences in the text in the course of the work on the manuscript; there are, for example, changes in the structure of the argument, revisions of and additions to individual passages in the text, alterations to terminology, and so on. These changes appear not only in the first half of the first chapter, which Engels copied, but also in the later texts, which he dictated. Moreover, Engels not only made changes while dictating. Oscar Eisengarten functioned as his secretary (see Hayasaka, 2002). The majority of Marx's handwritten manuscripts were in such a state that each evening Engels revised what had been dictated that day, just to establish a coherent, provisional working draft for further editing. Interferences and changes of this kind are distributed over the entire edited manuscript. In this process, Engels always compared the manuscript Marx wrote last with his earlier manuscripts. I have already discussed in detail elsewhere, how the individual steps in editing were carried out for each of the three parts of *Capital*, Vol. II (see Hecker, 2005).

Engels' editorial work on the second volume is documented in the MEGA volume II/12 under three indexes. In 'the arrangement comparison', the organization of the text introduced by Engels is compared with the organization of chapters in Marx's manuscripts. In this way, an overview is given of the organization by Engels of the titles and headings of the individual chapters and paragraphs. From 'the provenance index' can be read off, specifically which texts from Marx's manuscripts Engels used as the basis for the various parts of the edited manuscript. This overview shows, for example, that the structure and/or sequence of the discussion as they were in Marx's original manuscripts, were occasionally changed. It becomes clear, moreover, that Engels shortened the discussion, and that the text of the individual sections, chapters and paragraphs represents a synthesis from different manuscripts. The 'discrepancy index' specifies concretely how Engels intervened in the formulation of individual passages; that is, which sentences or terms he changed and/or which additions or deletions he made. Conversely, this list also indicates those places where the edited manuscript directly follows one of Marx's manuscripts.

Special indexes

Some examples may be selected from these three special indexes. 'The arrangement comparison' proves that the arrangement and the additions to the headings (Engels added both headings and words to existing headings) agree with the arrangement and the headings in the manuscripts left by Marx, particularly in the first and second parts. Regarding the arrangement of the individual points in the argument, however, there are also very obvious differences. The second book of *Capital* consists in its entirety of three chapters (parts). In Marx's arrangement, the metamorphoses of capital and their circuits are discussed in chapter (part) 1, the turnover of capital in chapter (part) 2, and the reproduction and circulation of the aggregate social capital in chapter (part) 3. Marx held to this arrangement consistently from *Manuscript I* onwards. The conception and arrangement of the individual chapters as well as the theoretical ideas and terms that are the focus of the discussion, however, are essentially unfinished. The 'arrangement index' shows that the chapters (parts) 1 and 2 were rearranged in each manuscript; the headings of chapters were also changed in each case, the formulation of the major headings given by Engels contradicts the original text in several instances. With chapter (part) 3, to the very end, Marx himself could not decide on a final arrangement. Thus, for example, the problem of 'The Time of Production' is discussed in a different place in each of the *Manuscripts I, IV and II*. While Marx had originally taken up this question in the discussion of the circuit process of capital, he later transferred it to the discussion of the turnover of capital. This is also evidence of a progress in understanding: essentially it is correct and necessary to introduce the distinction between the working period and the time of production only in connection with the turnover of capital rather than earlier, in connection with the circuit of capital, since this distinction does not apply to all capitals in the same way. With this distinction, therefore, a reason for the difference in the turnovers of capital is addressed; it does not involve a law that applies to the circuit of industrial capital generally.

A further example that should be emphasized is the way that Engels structured the third section into chapters and paragraphs, and to a large extent isolated that section. *Manuscript VIII* forms the main compilation for the larger part of Volume II. Marx began it as a revision of *Manuscript II* in order to fill out passages where the argument was insufficiently developed, and to add elements of the argument that were missing. To that extent, it is not a systematically developed manuscript. There was usually no heading associated with a change in topic; instead, Marx simply began a new paragraph or drew a dividing line and continued the presentation. In addition, *Manuscript II*, which Engels consulted in order to add the third part, offered only minimal indications as to how the

argument was to be structured. Engels' editorial manuscript, by contrast, follows a definite chapter sequence. Apart from for those passages that are concerned with the topics discussed in the third part and with history of political economy (which became chapter 18 and some of chapter 19 as well as a passage from the beginning of chapter 20, 'Simple Reproduction'), the argument of the second half of *Manuscript II* becomes gradually less coherent and loses itself in unimportant issues. Furthermore, Marx included hardly any intermediate headings. As a result, the arrangement of chapters and paragraphs, as well as the organization under headings that appears in the editorial manuscript, was created independently by Engels.

Engels' Preface

Following the Preface to the first edition of the second volume, Engels presents a detailed overview of how the edited manuscript is related to various sections of Marx's manuscripts (cf. Engels, 1997, pp. 6–9). Also, in the editorial manuscript itself, Engels sometimes indicates which manuscript he used as the basis. As described earlier, the work of editing consisted straightforwardly of how to select and arrange passages in the text. The operating phase of 'the provenance index' indicates text conversions, insertions of passages and so on, presenting clearly the relationship between the editorial manuscript and Marx's corresponding original manuscript, which Engels used as the basis for his editorial work. It can be recognized from this index whether text passages follow one another or not, and/or whether they were taken from different manuscripts. The finished editorial manuscript breaks with the structure of the texts taken over from Marx in a significant number of places; these numerous interferences into the original line of thought can be read off from the double and/or three-way pagination on the sides of the manuscript. All text passages listed are therefore those that Engels actually took over from Marx's manuscripts. Conversely, the text passages that Engels did not consider in his editorial manuscript can also be identified. To that extent 'the provenance index' simultaneously offers to the users of the MEGA a starting point for more detailed research into the texts that were not included.

Changes in Marx's formulations

A substantial operating phase of Engels' work on the editorial manuscript involved changes in Marx's formulations, coining and shaping terminology and making translations from other languages. These changes, a total of approximately 5,000 alterations to the text, were made either during Engels' dictation of Marx's manuscript, or during his examination of the secretary's copy. Examples from 'the discrepancy index' I would like to mention are, first, that Marx's related terms,

department, class, branch and sphere, among others, are all standardized into one term, 'department'; second, 'production of means of production' ('category II') became 'department I' and 'production of articles of consumption' ('category I') became 'department II' (according to Marx's *Manuscript VIII*).

One example that will be described briefly concerns the term 'circulating capital', which is a key word in the second part. It refers to the two capital forms, money capital and commodity capital (which capital assumes in the circulation phase) and is, therefore, a contrasting term to the form that capital has in the production phase (productive capital). This term was invented by Engels: in the editorial manuscript it is used in ten places, while the term is not used in any of these places in the corresponding text from Marx. Thus the question arises: why did Engels introduce this term?

In Marx's manuscripts, the term 'circulating capital' has four different meanings. First, it refers to the total circulating process – that is, to capital's constantly changing shape through the whole of the circulation and production process. Second, in the section on the turnover of capital, 'circulating capital' is a contrasting term to fixed capital; since the latter indicates capital transformed into instruments of labour, the former here means capital transformed into materials of labour, auxiliary materials and/or labour-power. Third, 'circulating capital' is used as a general term for the two forms that capital assumes during the actual circulation process. Fourth and last, the term serves as the translation for the English term 'circulating capital', used by English economists since Adam Smith, as well as for the French term '*avances annuelles*', which was used by the Physiocrats.

Engels evidently introduced the term 'circulating capital' because of this ambiguous usage; that is, in order to avoid misunderstandings. Further, in a passage Engels inserted into his editorial manuscript, he states:

But because these two forms of capital [money capital and commodity capital] dwell in the sphere of circulation, Political Economy as we shall see has been misled since the time of Adam Smith into lumping them together with the circulating part of productive capital and assigning them to the category of circulating capital. (Marx, 1997, p. 169)

Marx always clearly distinguished the individual terms in his criticism of the terminological mixture that had been usual since Smith. The argument in this criticism is not always easy to follow, however, since 'capital transformed into materials of labour, auxiliary materials and/or labour-power' and 'capital situated in the circulation sphere' are designated by the same term 'circulating capital'. Engels introduced the term as he did, therefore, in order to bring out more clearly the central point of Marx's criticism of Smith's economics.

Explanatory notes

Engels' editorial manuscript is examined in the MEGA volume II/12, not only in terms of these indexes, but also, as in each of the other MEGA volumes, in terms of explanatory notes. The approximately 600 notes in this volume identify, with the utmost care, the sources used, and present the original quotations. They also provide further references to Engels' editorial activity; for example, they add to the information about provenance that Engels supplied in his footnotes. In addition to these, there are notes about various events and facts that are mentioned briefly, or only partially explained in the text. In contrast to the MEGA Volume II/12, there are only twenty-five notes to the text in the German CW, Vol. 24; of these, there are only five that do not simply designate direct and indirect sources – namely: 'Kathedersozialisten', 'Staatssozialisten', Inkastaat, Manava Dharma Sastra, 'ex machina' and Institut de France. These are also described in MEGA volume II/12, but completely correctly and in more detail, and with the addition of such other topics as American civil war, Suez Canal, emancipation of peasants, Indian community, slaves in the USA.

Two groups of special terms are described in notes for the first time in this volume. The first group includes such terms as Bakewell's system of cattle breeding, puddling process, Bessemer process, American production of shoe lasts, the truck system, the cotton textile factory of the Lowell and Lawrence Mills, the cutlery factory of Turner's Falls. These notes connect the second volume of *Capital* with the history of economic development, and it becomes clear that Marx and Engels were familiar with the most modern procedures in agricultural production, and in manufacturing and factory work.

For example, the terms 'truck system', 'cotton production' and 'knife factory' appear in the treatment of accumulation and extended reproduction in the third Part, in Marx's quotations from British parliamentary reports; these were for him the most descriptive of capitalistic methods of exploitation and of the possibilities for accumulation of capital. In them, Mr Drummond, a British diplomat – in Marx's words: 'whose beautiful soul is enamoured of the capitalist attempts to uplift the working-class' (Marx, 1997, p. 516) – reported on attendance at the factories mentioned. The truck system refers to direct bartering without money – that is, to the payment for the labour of the worker in material assets or physical goods (it is derived from the French word *troc*, which means 'barter'). The cutlery factory was interesting because the 'John Russell Cutlery Works' in Turners Falls, Massachusetts, created by the 'Green River Works' founded in 1834, produced high-quality cutlery that as to surpass European cutlery production in both quantity and quality. In 1870, the enterprise already employed 400 workers in its new factory building, which was driven by water power. Marx quotes the words of the managing director of this enterprise: 'The time is coming that we will beat England as to prices also,

we are ahead in quality now, that is acknowledged, but we must have lower prices, and shall have it the moment we get our steel at lower prices and have our labour down' (Marx, 1997, p. 517). The managing director's name, by the way, was Oakman. He is so called in the examples Marx describes in the second volume. Because these are often overlooked, a multiplicity of social and economic details that characterize the capitalistic system as a whole, are hidden.

The second group of special terms concerns Marx's disagreements over the circuit process of capital with both classical political economists and contemporary economists, who are quoted in great detail in second volume of *Capital*. Thus there are also the following references in the text, which we found worth explaining: opponent of Tooke, defender of small landed property, follower of Rodbertus's crisis theory, Tooke and his school, along with their opponents – the latter including, for example, proponents of the Currency and Banking theory. Noteworthy also, as the explanations point out, is that the only time the term 'capitalism' is used in all the three volumes of *Capital* is in one place in the second volume (Marx, 1997, p. 125).²

The indexes and the index of the research literature are also of extraordinary interest in understanding the MEGA volume. The table of contents is completely rearranged compared with previous editions of the second volume. The name index includes all persons who are directly or indirectly identified, as well as companies and factories – for example, all the railway companies that are mentioned – which also made it necessary to present some company history. The bibliography shows all sources. The list of the research literature presents the secondary literature used by the editors in their commentary, which, incidentally, makes it an excellent overview of the worldwide literature on the second volume of *Capital* generally.

Conclusion

Finally, without intending to anticipate the research, the evaluation of Engels' editorial interferences with Marx's text in the introduction to the MEGA volume II/12 emphasizes some important aspects concerning the relationship of author and editor.

First, one cannot generally conclude from the fact that there are deviations between the editorial manuscript and Marx's texts that Engels deliberately

² *Editor's note:* In the English translation of *Capital*, Vol. II, there are three further occurrences of the term 'capitalism'. In the first two cases (Marx, 1997, pp. 407 and 494) the German '*auf kapitalistischer Basis*' is rendered as 'on the basis of capitalism'. In the third case (Marx, 1997, p. 509) the German '*des kapitalistischen Mechanismus*' is rendered as 'of the mechanism of capitalism'. The adjective 'capitalistic/kapitalistisch' is transformed into the noun 'capitalism/Kapitalismus'.

chose to change the text written by Marx. Rather, numerous deviations can be explained simply as improvements compensating for deficiencies in the main compilation. In these cases, Engels corrected clear errors in Marx's manuscript, or supplemented shortened passages.

Second, the incompleteness of the Marx manuscripts should be taken into account. The differences, documented here, between the editorial manuscript and the main compilation by Marx, demonstrate that Engels' judgement, already quoted, that 'the bulk of the material' that he found, 'was not finally polished, in point of language, although in substance it was for the greater part fully worked out', just does not correspond to the facts. Rather, a considerable number of the changes are the result of a difficulty that Engels does not mention: that on many questions in his manuscripts, Marx is just attempting to formulate new ideas but has not yet arrived at definite conclusions.

Elsewhere in the Preface to the first edition of *Capital*, Vol. II, Engels suggested that not all the parts of the book were essentially finished. As he states: 'Only the first and third parts offered any real difficulties, i.e., of more than a mere technical nature, and these were indeed considerable' (Engels, 1997, p. 9). He indicates specifically that the first half of Part 1 – that is, from chapters 1 to 4, posed particular difficulty. Further, in Part 3, the greatest difficulty proved to be reconciling the presentation in *Manuscript II* with the improvements and extensions, which Marx had made in *Manuscript VIII*.

If one takes into account that Marx's manuscripts themselves involve serious changes, the evaluation of Engels' changes remains dependent on the question: how are the developments that are added to be evaluated and compared with Marx? This applies in particular to the treatment of chapters 1 to 4 of Part 1, and to Part 3; there were no important theoretical difficulties for the remaining chapters 5 and 6 of Part 1, or for editing the entire second part, which, according to Engels' own judgement, 'presented no great theoretical difficulties' (Engels, 1997, p. 8).

The editors hope that the scientific apparatus and supporting references will make it easier for the reader to pursue these questions further. At the same time, the editors of the volume hope to receive from historians and readers any information that would be useful for notes and supporting references for the presentation of MEGA volume II/13. This will contain the version of *Capital*, Vol. II that Engels published in 1885 and is to appear in 2008. This request relates above all to information regarding the process of printing the volume by the Guido Reusch printing company of Leipzig, to copies of the volume Engels sent with a dedication³ to friends and acquaintances, and to anything

³ See Hecker and Miskevic (1994) and Hecker et al. (2003).

pertaining to the reconstruction of the comprehensive history of the second volume up to Engels' death in 1895.

References

- Engels, Friedrich (1997) 'Preface' in Marx, *Capital*.
- Hayasaka, Keizo (2002) 'Oscar Eisengarten – Eine Lebensskizze. Sein Beitrag zur Redaktion von Band 2 des Kapital', *Beiträge zur Marx-Engels-Forschung. Neue Folge* 2001, pp. 83–110.
- Hecker, Rolf (2005) 'Engels' Umgang mit Marx' Manuskripten zum zweiten Band des 'Kapital', *Z. Zeitschrift Marxistische Erneuerung*, no. 61, March, pp. 125–32.
- Hecker, Rolf and Larisa Miskevic (1994) 'Das Kapital mit Widmungen von Marx und Engels', *MEGA-Studien*, 1994/1, pp. 107–41.
- Hecker, Rolf, Larisa Miskevic and Manfred Schöncke (2003) 'Das Kapital mit Widmungen von Marx und Engels. Ergänzungen und Korrekturen', *Beiträge zur Marx-Engels-Forschung: Neue Folge* 2002, pp. 263–77.
- Kautsky, Karl (1926) 'Vorwort zur Volksausgabe', in Karl Marx, *Das Kapital. Kritik der politischen Ökonomie. Volksausgabe*, Vol. 2, Book 2 (Karl Kautsky, ed.) (Berlin).
- Marx, Karl (1997) 'Capital, Vol. II', in K. Marx and F. Engels, *Collected Works*, Vol. 36 (New York: International Publishers).
- (2005) 'Das Kapital. Kritik der politischen Ökonomie. Zweites Buch. Redaktionsmanuskript von Friedrich Engels. 1884/1885', in Karl Marx/Friedrich Engels, *Gesamtausgabe (MEGA)*, Zweite Abteilung, Vol. 12 (Berlin: Akademie).
- Vollgraf, Carl-Erich and Jürgen Jungnickel (2002) 'Marx in Marx's Words? On Engels' Edition of the Main Manuscript of Book 3 of *Capital*', *International Journal of Political Economy*, Vol. 32, no. 1, pp. 35–78 (German original title: 'Marx in Marx' Worten'? Zu Engels' Edition des Hauptmanuskripts zum dritten Buch des Kapital', *MEGA-Studien* 1994/2, Berlin, 1995, pp. 3–55).

3

Karl Marx's Original Manuscripts in the Marx-Engels-Gesamtausgabe (MEGA): Another View on *Capital*¹

Regina Roth

Introduction

Werner Sombart, an economist and sociologist of the early twentieth century, admitted in 1927 that he owed a great deal of that which was good in his work to the spirit of Karl Marx. Sombart explained that Marx's greatest talent was his masterly ability to ask the right questions, and these ingenious questions led the way for the fruitful investigations of an entire century (Sombart, 1927, p. xix).

Today, we know much more of Marx's original texts than Sombart did, due to the continued efforts of critical editions. The earliest of these was the Marx-Engels-Gesamtausgabe (MEGA). It was inspired and largely guided by David Rjazanov, who, from the 1920s until the early 1930s, used the newly established Marx-Engels Institute in Moscow for this purpose. The project was stopped by Stalin.² Only during the 1970s was the project revived, under the control of the respective Institutes of Marxism-Leninism in the Soviet Union and in Germany. The International Institute for Social History in Amsterdam, whose archives held – and still hold – most of the original manuscripts,³ agreed to co-operate.

¹ I would like to express appreciation to the members of the International Symposium on Marxian Theory for the opportunity to present a draft of this chapter at their conference in Bergamo in July 2006, and for the fruitful discussion and encouraging comments I received there. I would also like to thank Jürgen Herres, Richard Sperl and Carl-Erich Vollgraf for helpful discussions and valuable information on the issues covered in this chapter, and to John Clegg and Matthew Slater who checked the English.

² They planned to publish forty-two volumes; seven volumes were produced containing works, drafts and articles (from 1844 to December 1848), and four volumes of correspondence between Marx and Engels (1844–83). See also Hecker *et al.* (1997); Rojahn (1998, pp. 143ff.).

³ The International Institute for Social History (IISH) holds about two-thirds of the Marx-Engels legacy, which had been saved from confiscation by the Nazi regime by

After 1989, a new institutional basis had to be found for the edition to be continued: five institutions⁴ set up the International Marx-Engels Foundation (IMES). This politically independent institution assumed academic responsibility for the project, first with the Institute in Amsterdam, then from the year 2000 onwards with the Berlin-Brandenburg Academy of Sciences and Humanities in charge. Work on the edition is currently being carried out by the Academy, which also co-ordinates the work of several teams of researchers from Germany, Russia, France, the Netherlands, Denmark, the USA and Japan.⁵

At the time of writing, one of the main tasks of the MEGA[®] is to present all the papers remaining that relate to *Capital*, especially for Volumes II and III. In this chapter, I shall focus on some new aspects of the discussion of Marx's theory with regard to Volume III of *Capital*, and on the debate on Engels' influence on the reception of *Capital*.⁶

The basis for the editorial work is to be found in some 135,000 printed and handwritten pages left by Marx and Engels. They document their activities as authors, politicians and scientists over a range of about 50 to 60 years, from 1835 to 1883 and 1895, respectively. The first editions from this vast legacy appeared in the late 1920s and during the 1930s, and proved to be very fruitful for research on both Marx and Engels. Among the texts published for the first time were the *Economic-Philosophical Manuscripts* from 1844, the *Grundrisse of Political Economy* from 1857/58; and the so-called *Anti-Dühring* from 1878.⁷ From the mid-1970s onwards, the so-called 'Second

Nicolaas W. Posthumus, the founder of the IISH. The remaining third is to be found today in the Russian State Archive of Social and Political History (RGASPI) in Moscow (Mayer 1966/7).

⁴ The Berlin-Brandenburg Academy of Sciences and Humanities, the Friedrich-Ebert Foundation, the Institute in Amsterdam, the Russian State Archive of Social and Political History in Moscow (RGASPI), and the Russian Independent Institute of Social and National Problems (RNI), also in Moscow. The RNI was disbanded in the late 1990s.

⁵ For further information on the history of the MEGA, see Rojahn (1994, 1998); Hubmann *et al.* (2001). Up to 1990, fourteen volumes had appeared from the first section, nine volumes from the second section (from II/4, only part 1 of three parts), eight volumes from the third section, and six volumes from the fourth section – thirty-seven volumes in all. In 1991, MEGA[®] II/10 and IV/9 appeared, in 1992 MEGA[®] I/20 and II/4.2.

⁶ For discussions on Volume II of *Capital*, see Rolf Hecker's contribution to this volume (Chapter 2).

⁷ The *Economic-Philosophical Manuscripts* appeared in 1932 in MEGA I/3, pp. 33–172, simultaneously with an edition by S. Landshut and J. P. Mayer. In 1927, a Russian translation of these notebooks had been published. See Rojahn (1985, pp. 651, fn. 28). For the *Grundrisse* see Marx (1939/41). This text did not appear within the series of MEGA, but was prepared by some of their editors using the material kept in the Marx-Engels-Lenin Institute and published in two parts, in 1939 and 1941. For the *Anti-Dühring*, see MEGA (1935). Also important for the early work of Marx was the edition of *The German Ideology* from 1845, as MEGA I/5.

MEGA' (MEGA[®]) continued with the publication of previously unknown material, especially in relation to Marx's work, *Capital*. Marx himself had published only the first volume of *Capital* by 1867. The publication of any further volumes became the task of Friedrich Engels, who edited Marx's papers to compile a second volume in 1885, and a third in 1894.

MEGA[®] dedicates a separate section to all the material related to Marx's *Capital*, starting with the *Grundrisse*. Only here can we find published all the different versions, drafts, treatises on single questions, and plans concerning Marx's *Critique of Political Economy*. Examples of new material to be found in this section are the manuscript from 1861–63, hitherto known only in parts under the title *Theories on Surplus-Value*; all the manuscripts Marx produced for *Capital* between 1863 and his death in 1883 – a total of more than a dozen manuscripts (about 500 pages) regarding Book 2, and about ten manuscripts (about 800 pages) regarding Book 3. They are completed by the manuscripts which Engels produced while preparing Book 3 for the printers, covering more than 100 pages, and Engels' compilation of Book 2. Some preparatory materials on Book 1 have also survived – for example, for English and American translations, and general plans and outlines for this work or lists of corrections for the French translation and the third edition of Book 1. Moreover, the MEGA[®] also presents texts not easily available, such as the several editions of Book 1 which Marx had published up to 1875.

MEGA[®] also offers new material in the three other sections. Completely new as part of this edition is the fourth section, which presents excerpts, notes and marginalia of both Marx and Engels, most of them for the first time. There are around 250 notebooks, mainly written by Marx, among them the *Londoner Hefte*, from 1850–53, and several notebooks from the 1870s and early 1880s, covering extensive studies on economic questions, with theoretical as well as historical material.⁸ The excerpts show which writers, subjects and arguments Marx selected, but, especially in the early excerpts, he also developed his own arguments by 'disputing' with those authors. Often Marx's thought in his manuscripts from the 1860s or later may be traced back to the early 1850s, when he had started to absorb the new world of contemporary political economy at his disposal in the British Museum in London. Marx also used to return to his excerpts, drawing up 'Indexes' or noting subjects with references to his old notebooks, sometimes dating from the 1840s.⁹ In some cases it is also difficult to distinguish between manuscripts and excerpts, because Marx used to write down his thoughts as they came into his mind, regardless of whether

⁸ For the *Londoner Hefte*, see MEGA[®] IV/7–11; already published are MEGA[®] IV/7–9 (1983–91). The notebooks from the 1870s and 1880s will be published in MEGA[®] IV/25. For the early studies, see also the *Brüsseler Hefte* from 1844 in MEGA[®] IV/3 (1998).

⁹ See Fn. 33, below – for example, the manuscript on 'Differential rent'.

he was excerpting some works of another author. This applies, for instance, to the *Economic-Philosophical Manuscripts* from 1844 (MEGA® I/2) and the *Pariser Hefte* (MEGA® IV/2).¹⁰ Another example is the *Beihefte A-H* which Marx wrote simultaneously with his manuscript from 1861–63, in May and June 1863.¹¹ Thus it is necessary to study excerpts which were written at the same time as the manuscripts in order to see the breadth of Marx's ideas. Another source of his intellectual development, documented in the fourth section of the MEGA, is the books he had read. Several notes and commentaries are to be found in many of those copies which belonged to his personal library. A survey on a considerable part of this legacy is to be found in MEGA® IV/32.

The third section covers the exchanges between both authors and about 2,000 correspondents. Thus one finds not only the letters written by Marx and Engels, but also all the letters which both of them received, most of them published for the first time.¹² New discoveries are also to be found in the first section, which contains works, drafts and articles from Marx and Engels, apart from *Capital*, especially regarding their journalistic work. More articles than previously known have proved to have been written by them, and the reader also gets a more precise idea on who wrote what in collectively written pieces, such as addresses of the General Council of the International Working Men's Association (IWA). There is also more information to be found on the influence of other authors.¹³

Finally, one of the main features of this historical-critical edition is the presentation of the genesis of every text in all four sections, and the exploration of the context in which those texts were composed. Thus the edition also places already-published material into new contexts. This can be seen, for instance, in the *Economic-Philosophical Manuscripts*. Although it is often difficult to get clear and reliable information on the chronological order in which manuscripts and/or excerpts were written, such an order may offer new insights to the sources Marx used, and to the question of *how* Marx developed his thought. Presentation in the chronological order of origin offers different perspectives from the systematic ordering in other editions. A chronological reading suggests that, in Marx's studies, we often find much more anarchy than plans for research. On the other hand, a chronological order is sometimes

¹⁰ These notebooks contain many commentaries from Marx. See Rojahn (2002).

¹¹ IISH, Marx-Engels Collection, B93, 100–104; RGASPI, f.1, op. 1, d. 1397, 1691, 5583 (copy). These will be published in MEGA® IV/17. See also Sperl (2004).

¹² See Herres and Neuhaus (2002). A survey of the parties to this broad correspondence is given by Georgij Bagaturija, 'Die Briefpartner von Karl Marx und Friedrich Engels', in *ibid.*, pp. 335–49.

¹³ Examples may be found in MEGA® I/13 (1985), I/18 (1984) or I/20 (1992). There are also some drafts or passages for later manuscripts to be brought to light, which Marx had written down in his notebooks, often scattered between his excerpts; for example, 'Randnoten von Marx zu Dühring' in MEGA® I/27 (1988), pp. 131–44.

more difficult to read, with systematic links taking a back seat, and editors are thus inclined to present texts in a systematic order. Both tendencies may be seen in MEGA[®] I/2: the *Economic-Philosophical Manuscripts* are presented twice, once chronologically, and once systematically.¹⁴

In the near future, the edition of all Marx's manuscripts relating to the project of his 'economics' will come to a conclusion with the publication of the last volumes of the second section of the MEGA. On this basis, the debate as to what Marx thought or wanted to say may well be renewed. In my view, there might be several fields for further investigation. What is made clearer is that Marx's work was always a work in progress: he was a permanent 'revisioner', never satisfied. Therefore, in his original texts on *Capital* there appear to be more open questions and ambivalences in his presentation than could be seen in the printed versions. This also applies to his early texts. Apart from the *Economic-Philosophical Manuscripts*, already mentioned, *The German Ideology* is also far more fragmented than the existing editions suggest: there is no definite order to be found in Marx; the one presented is one chosen by the editors.¹⁵ So editions of his fragmentary works always present an interpretation, the first originating in Engels as the editor of *Capital*. Moreover, Marx stood on more shoulders than has hitherto been thought. His broad field of reading and studying would seem to be worth investigating in more detail; see, for example, the *Londoner Hefte* or his later excerpts. In the end, Marx was a thorough and prolific observer of his time; not only his writings, but also his excerpts and the books he read open up the broad range of information he absorbed from newspapers, official materials, books, pamphlets, and so on to form his own view of society and the economics of his time.

Material left for Capital

Before examining the debates on Marx's theory with regard to Volume III of *Capital*, and on Engels' influence on the reception of this book, we should first look at the material Marx left on his death in March 1883.¹⁶

Some pieces on Book 1 on the production process of capital:

- several lists for revisions of Book 1 from 1871/72 and 1877;

¹⁴ MEGA[®] I/2 (1982), 187–438; see also Rojahn (1985). Another example is the *Theses on Feuerbach*, which have only in MEGA[®] IV/3 been published within their original context, a notebook (MEGA[®] IV/3, 1998, pp. 19–21).

¹⁵ See one of the latest editions of a part of this text in *Marx-Engels-Jahrbuch* (2003).

¹⁶ The following presentation of the studies of Marx in the last decade of his life is based on research of Carl-Erich Vollgraf and me for the MEGA-volumes II/14, II/15 and II/4.3. See Vollgraf (2002); Marx' Arbeit am dritten Buch des 'Kapitals' Mitte 1868 bis 1883. In: MEGA[®] II/14 (2003), 438–56; Roth (2001). Please look at Table 3.1 on p. 13 for the references in the MEGA.

- a chapter 'On the immediate results of the process of production' from 1864, which should be a transition to Book 2, but was not included; and
- the project of an English translation starting in 1877.¹⁷

More than a dozen manuscripts for Book 2 on the circulation process of capital:

- two drafts of the whole book from 1865 and 1868–70;
- several longer and shorter treatises on problems of Book 2 from 1867 up to 1881, most focusing on the first section ('The Metamorphoses of Capital and their Circuit');
- one treatise dealing with the third section ('The Reproduction and Circulation of the Total Social Capital') – in fact, it was in this so-called Manuscript VIII from the late 1870s that Marx developed for the first time his schemes of reproduction.

Several manuscripts dealing with the topics of Book 3 on the shape of the whole process:

- one rough draft of Book 3 from 1864/65,
- some treatises, papers and notes on surplus value and profit from 1867/68, 1873–75, 1878,
- some treatises on the 'laws' of the rate of profit from 1867/68,
- several drafts of the beginning of Book 3 from 1867/68,
- two comments on differential rent from 1876.

Table 3.1 Where to find what material in the MEGA

Manuscript-material on Book 1	1863/64	MEGA [®] II/4.1
	1871/72	MEGA [®] II/6
	1877	MEGA [®] II/8
Manuscript-material on Book 2	1865	MEGA [®] II/4.1
	1867/68	MEGA [®] II/4.3
	1868–81	MEGA [®] II/11
	1884/85	MEGA [®] II/12
Manuscript-material on Book 3	1864/65	MEGA [®] II/4.2
	1867/68	MEGA [®] II/4.3
	1871–81	MEGA [®] II/14
Printed versions of Book 1	1867, 1872, 1872–75, 1883, 1887, 1890	MEGA [®] II/5–10
Printed versions of Book 2	1885, 1893	MEGA [®] II/13
Printed version of Book 3	1894	MEGA [®] II/15

¹⁷ Marx had tried several contacts but none of them resulted in a contract for translation. It was Friedrich Engels who organized this project, with Samuel Moore and Edward Aveling as translators. Work was begun by summer 1883, and the volume appeared in 1887 (MEGA[®] II/9).

This enumeration already indicates that revision was one of the main characteristics of Marx's working style. This is confirmed by several statements by Marx – for instance when he says, in one of those texts, that it was still awaiting final revision; he wanted to decide what should be kept for the 'official' presentation and what should be omitted.¹⁸ Or when, in early 1866, he told Engels that his manuscript for all three books of *Capital* was 'ready', but again, in the same breath, qualifying this news by saying that no one could publish this manuscript except he himself. Also in his earlier years, Marx had confessed to a constant desire to revise what he had written, for instance – in his letters to Carl Leske, his publisher in 1846, or to Ferdinand Lassalle in 1858.¹⁹

Finally, Marx left numerous excerpts and books he had read on a variety of subjects. It is still unclear whether Marx did all his studies in view of a revision of *Capital*, or if *Capital* was more a starting point from which he began further research, though he might have lost sight of his original aims in the process.²⁰

I would like to focus on Marx's work on Book 3 of *Capital*. In Book 1, Marx had worked out that all surplus value was produced by labour, and only by labour. Now, in Book 3, he wanted to present the different forms in which this surplus value was distributed: profit of enterprise, commercial profit, interest and rent. What questions did Marx leave open in his almost 600-pages manuscript from 1864/5, and what may be found in his papers from the later years? For this purpose we should take into account first his manuscripts, but also include his excerpts, the books he read, the newspaper cuttings he collected, and his letters.²¹

Surplus value, profit and the 'laws' of the rate of profit

The vast majority of the later texts on Book 3 deal more or less with problems from the first chapter on the connections between surplus value and profit. There were two main questions which occupied Marx: the transition

¹⁸ MEGA^{II} 4.2 (1992), p. 83; *Karl Marx: Zum Verhältnis von Mehrwert- und Profitrate*, 3 (IISH, Marx-Engels Collection, A 76).

¹⁹ Marx to Engels, 13 February 1866 (Marx and Engels, 1987, pp. 227–28); Marx to Carl Leske, 1 August 1846 (Marx and Engels, 1982, p. 51); Marx to Ferdinand Lassalle, 22 February 1858 (Marx and Engels, 1983, pp. 270–71). See also Marx to Nikolai Danielson, 13 December 1881 (Marx and Engels, 1992, p. 161).

²⁰ This question will probably only be decided, if ever, when all of Marx's excerpts have been published.

²¹ For details and further evidence see Vollgraf (2002); 'Marx' Arbeit am dritten Buch des "Kapitals" ... in MEGA^{II} 14 (2003). On the general importance of the excerpts, see Rojahn (2002).

of categories on the level of value to categories on the level of prices, and the 'laws' which determined the movement of the rate of profit.

Marx was not content with his presentation in 1864/5, where he started by explaining the relation between surplus value and profit, then moved on to discuss the relation between the rate of surplus value and the rate of profit, using numerous examples.²² Therefore, he wrote at least four additional drafts for another beginning in 1867/8, starting now, by contrast, with cost price and profit.²³

In the same way as Marx had derived 'laws' on the rate of surplus value in Book 1, in Book 3 he wanted to present the corresponding 'laws' on the rate of profit, insisting, as already iterated in his manuscript from 1864/5, that they differ, and that it would be fallacious to consider them the same (MEGA® II/4.2, pp. 61, 107). In his manuscripts from 1867 onwards, he studied intensely the movement of the rate of profit and the main factors determining that movement. Changes in wages, in the length of the working day or in the intensity of labour were important, as were technical progress and its influence on the quantity and price of constant capital. Marx explored these changes by calculating numerous examples, keeping one or more of the determining factors – variable capital, constant capital, total capital, surplus value, rate of surplus value, profit, rate of profit or the turnover of capital – constant, while varying the others. These movements formed one of the stumbling blocks which Marx encountered at the very beginning of his work on Book 3, in 1864/5. In 1867/8 he also dedicated extensive treatises to this question, as he did once again in 1875.²⁴

Ground rent

A second subject not completed in his manuscript from 1864/5 was the chapter on rent. Compared to the manuscript from 1861–63, Marx had already made radical changes to the presentation of his ideas on rent. In spite of these

²² MEGA® II/4.2 (1992), pp. 3 ff.

²³ IISH, Marx-Engels Collection, A 73–75, RGASPI, f. 1, op. 1, d. 2037. These drafts will be published in MEGA® II/4.3. In his letter to Engels on 30 April 1868 (Marx and Engels, 1988, pp. 20ff.), Marx first explained the relationship between surplus value and profit, then introduced the cost price before discussing the relation between the rate of surplus value and the rate of profit.

²⁴ 1867/8: IISH, Marx-Engels Collection, A 73, 78. To be published in MEGA® II/4.3. 1875: MEGA® II/14 (2003), pp. 3–150. Marx did not express an explicit intention to deal with the tendency of the falling rate of profit in these pages. However, he did discuss several examples with increasing rates of profit (*ibid.*, pp. 55–56), and Carl-Erich Vollgraf pointed to a note from Marx in his copy of the second edition of Book 1 where, in the context of Book 3, he also considered an increasing rate of profit (Vollgraf, 2002, p. 39).

changes, and the fact that this part was now 'almost long enough to be a book in itself',²⁵ he still considered several modifications for a future revision: some rearrangements and a more detailed structure, and a summarizing section on the 'transformation of surplus into rent' (MEGA[®] II/4.2, pp. 816ff.).

However, Marx did not bring any of these plans to fruition. There are only the two aforementioned short commentaries on rent as interest for capital invested, dating from February 1876. A further treatise on rent, probably short but more thorough, which Marx wrote for Carl August Schramm in early 1875, appears not to have survived the passage of time.²⁶ But if we look at other parts of Marx's legacy, we find numerous excerpts on ground rent and landed property in various countries and at different periods of time.

We may distinguish three directions of his investigations: first and foremost, he began to study intensely several books discussing ways to make use of new findings in chemistry to improve agriculture which had had tremendous effects on the fertility of the soil (books by, for instance, Justus von Liebig and Carl Fraas²⁷). This is confirmed by Marx's later inquiries to Carl Schorlemmer, a German professor of chemistry in Manchester,²⁸ and by the intensely read books on this topic to be found in Marx's personal library.²⁹ In February 1866, he told Engels why he did this: 'I had to plough through the new agricultural chemistry in Germany, in particular Liebig and Schönbein, which is more important for this matter than all the economists put together.'³⁰

Second, he dealt with theories of rent; for example, in their letters in the spring of 1868, and again in the autumn of 1869, Marx and Engels discussed the views advocated by Henry Charles Carey.³¹ In July 1868, Marx asked Sigfrid

²⁵ Marx to Engels, 13 February 1866 (Marx and Engels, 1987, p. 227).

²⁶ Carl August Schramm to Marx, 31 March and 14 May 1875 (RGASPI, f. 1, op. 5, d. 3499, 3516); Marx to Jenny Marx, 10 May 1875 (Marx and Engels, 1991, p. 75).

²⁷ Justus von Liebig, *Einleitung in die Naturgesetze des Feldbaues*, Braunschweig, 1862; ders.: *Die Chemie in ihrer Anwendung auf Agricultur und Physiologie*, Braunschweig, 1862; Carl Fraas, *Geschichte der Landwirthschaft*, Prague, 1851; ders.: *Die Natur der Landwirthschaft*, 2 Vols, Munich, 1857; ders.: *Klima und Pflanzenwelt in der Zeit*, Landshut, 1847.

²⁸ For example, Marx to Engels, 3 January 1868 (Marx and Engels, 1987, pp. 507–08); Carl Schorlemmer to Marx, 9 March 1874 (IISH, Marx-Engels Collection, D 3989).

²⁹ For example, Julius Au, *Die Hilfsdüngemittel in ihrer volks- und privatwirthschaftlichen Bedeutung*, Heidelberg, 1869. (MEGA[®] IV/32, No. 42).

³⁰ Marx to Engels, 13 February 1866 (Marx and Engels, 1987, 227–28.). See also Marx to Engels, 3 January 1868 (ibid.: 507–08): 'I would like to know from Schorlemmer what is the latest and best book (German) on agricultural chemistry [...] For the chapter on ground rent I shall have to be aware of the latest state of the question at least to some extent.'

³¹ Marx to Engels, 14 March 1868 (Marx and Engels, 1987, p. 548) and 26 November 1869 (Marx and Engels, 1988, p. 384); Engels to Marx, 9, 19 and 29 November 1869 (ibid., pp. 369–70, 378 and 387).

Meyer, a German engineer who had recently emigrated to the United States, for material, 'in particular against *H. Carey's* "harmonies"'. Marx said he wanted to make use of it in the context of his chapter on ground rent in *Capital*.³² And he re-read several excerpts from different authors under the heading 'Differential rent', using his notebooks from 1865/6 and the earlier ones he had gathered in 1845 in Paris, Brussels and during his first stay in Manchester.³³

Third, Marx was deeply involved in studies on the concrete phenomena of the rural economy of England, Scotland and Ireland, for instance the movement of land prices and rents.³⁴ In the following years, these studies expanded in several ways: from rent, he turned to landed property more generally. Not only Britain, but also Belgium, the United States, Russia and other countries were included, and Marx was not only interested in the current state, but also in the historical development of the current conditions.³⁵

Moreover, Marx's studies show that Russia became a favourite topic. As early as 1869, he had decided to learn Russian,³⁶ and in the winter of 1875/6 he focused on his 'Russian studies', filling hundreds of pages in several notebooks with excerpts from different Russian authors, and statistics on social and economic conditions.³⁷ Probably in 1880/1, Marx compiled a special bibliography, calling it 'Russian items in my bookstall'.³⁸ This bibliography eventually encompassed 115 titles. And at the same time, he again studied the rural conditions in Russia.³⁹

³² Marx to Sigfrid Meyer, 4 July 1868 (Marx and Engels, 1987, p. 61).

³³ IISH, Marx-Engels Collection, B 105. This survey will be published in MEGA[®] II/4.3. The early excerpts from Paris have been published in MEGA[®] IV/3; and those from Brussels and Manchester in MEGA[®] IV/4.

³⁴ Authors from Marx excerpted were L. de Lavergne, H. Passy and J. L. Morton (IISH, Marx-Engels Collection, B 106, B 107, B 111).

³⁵ Marx to Caesar de Paepe, 24 January 1870 (Marx and Engels, 1988, p. 412), Caesar de Paepe to Marx, 1 February 1871 for Belgium (RGASPI, f. 21, op. 1, d. 163/1); Marx to Friedrich Adolph Sorge, 4 April 1876 for the USA (Marx and Engels, 1991, p. 115); Leo Frankel to Marx, 22 May 1876 for Hungary (IISH, Marx-Engels Collection, D 1960); several notebooks for Spain (IISH, Marx-Engels Collection, B 135–37); see also several books, for example, on Portugal, Spain and Bohemia, which Marx had in his personal library (MEGA[®] IV/32, 1999: No. 1095, 1096 and 1202). In a notebook used from 1876 to 1878, on p. 35 Marx noted parliamentary reports still missing under the heading 'Agricultural etc (Landed Property)' (IISH, Marx-Engels Collection, B 139).

³⁶ Marx to Louis Kugelmann, 27 June 1870 (Marx and Engels, 1988, p. 528); Marx to Sigfrid Meyer, 21 January 1871 (Marx and Engels, 1989, p. 105).

³⁷ 1875/76: IISH, Marx-Engels Collection, B 122–28. These will be published in MEGA[®] IV/22.

³⁸ RGASPI, f. 1, op. 1, d. 4099, 13–19; see also Einführung, in MEGA[®] IV/32 (1999), pp. 39ff.

³⁹ MEGA[®] IV/32 (1999): Nos 1266, 1267; IISH, Marx-Engels Collection, B 163 and B 167. Marx also looked at Great Britain, the United States and France (IISH, Marx-Engels Collection, B 153 and B 165; RGASPI, f. 1, op. 1, d. 4032).

In 1864/5 Marx had announced that, for his analysis of rent he had assumed a modern, capitalistically organized system of agriculture, and that a study of the history of rent was not part of his plan for *Capital* (MEGA[®] II/4.2, p. 667). In the early 1870s, however, Marx expressed his intention to include the Russian case, which was an example of backward and unproductive agriculture.⁴⁰ Marx also stated that, in this third Book, he wanted to show how the agricultural revolution had been forced violently upon the Irish people, a subject clearly including historical presentation (MEGA[®] II/6, p. 643, Fn. 188a). Thus, Marx may have considered radical changes in his investigation without revealing any concrete consequences or details.

Credit, interest, money capital and so on

A third subject that remained open in many ways in the manuscript from 1864/5 was that of credit and interest, dealt with in the fifth chapter. Here, we find numerous excerpts included in the text, which presented only a collection of ideas and facts still awaiting full interpretation. Marx marked several of them as notes by writing them down over the whole of the page and leaving no space for footnotes; he added these pages to the manuscript at a later date. In the following years, Marx did not rework this text or write any other manuscripts on these subjects. But here, as with the subject of rent, his letters, his excerpts and the books he read give us some indication of how he might have thought about revising his analysis.

In the beginning of his manuscript from 1864/5, Marx repeatedly stated his intention to refrain from an analysis of the real movements of the credit system and the instruments it creates. Or, in another formulation, Marx did not want to investigate the real movements of competition.⁴¹

Later, there are several hints at changes to this approach, mostly found in his letters. At the end of April 1868, Marx stated that credit would be one subject of the fifth chapter, as well as interest-bearing capital and interest. In November 1868 he spoke of the fifth chapter as '*the chapter on credit*'. In the summer of 1880, Marx confirmed this accentuation in an interview he gave to *The New York Sun*. He added that he intended to give a prominent place therein to the credit system in the United States, because there, as he stated, 'credit had such an amazing development'.⁴²

⁴⁰ Marx to Nikolai Danielson, 10 April 1879 (Marx and Engels, 1991, pp. 353ff.); and 19 February 1881 (Marx and Engels, 1992, pp. 60ff.).

⁴¹ MEGA[®] II/4.2, pp. 469, 431 and 853; see also Heinrich (2001), pp. 194–95, 357; *Erläuterung* 114.3–10, in MEGA[®] II/15, pp. 1042–43.

⁴² Marx to Engels, 30 April 1868 (Marx and Engels, 1988, p. 25). For a more detailed

In the years that followed, Marx also collected a considerable amount of material with regard to these real movements, beginning as early as 1869. This can be seen in his personal library (MEGA[®] IV/32: Nos 413, 677, 1006 and 1166). There are many studies dealing with the stock exchange and with financial speculation, namely that of the bank Overend, Gurney & Co. Marx followed closely the trial of the directors of this bank in 1869.⁴³ Other sources were the collection of newspaper cuttings on 'financial swindling concerns', set up by his daughter Jenny in 1869,⁴⁴ and extensive lists of titles which Marx found noteworthy for his studies in one way or another, and thus wrote them down in his notebooks. Those titles were referring to the money market, credit and banks,⁴⁵ but also to commercial crises, the financial system in the United States,⁴⁶ or the production of gold and its development.⁴⁷ In the late 1870s, Marx also noted some 'Blue Books missing' for subjects such as 'Savings Banks and Post Office Saving Banks', 'Revenue, Finance, taxes etc.', 'Bank of England' and 'Railways'.⁴⁸

Marx added excerpts from Italian and American contributors to the theory and history of money, and from other authors dealing with the history of trade⁴⁹ and monetary crisis.⁵⁰ Sources for his bibliographies were the British Museum and catalogues of publishers, booksellers or antiquarian bookshops.

One of the most prominent examples are his excerpts from the work of the Russian author Ilarion Kaufman on the theory and practice of banking ('*Teoriya i praktika bankovogo dela*', published between 1873 and 1877) which Marx studied unusually intensively.⁵¹ This also shows his interest in the Russian case in general, not only for agriculture.

Marx followed closely the rise of joint stock companies and sought material on this phenomenon wherever he could find it; for instance, from Sigmund

discussion of the following, see Vollgraf (2002), pp. 43 ff.; Marx to Engels, 14 November 1868 (Marx and Engels, 1988, p. 160; emphasis added); John Swinton, 'Account of an Interview with Karl Marx', in MEGA[®] I/25, p. 443.

⁴³ See, for example, MEGA[®] IV/32 (1999), Nos 41, 114, 818, 829, 932 or 1026; 'Verzeichnis von verschollenen Büchern' (1981/82), H. 8, No. 638; Marx to Engels, 28 January 1869 (Marx and Engels, 1988, p. 208).

⁴⁴ Jenny Marx to Louis Kugelmann, 27 December 1869 (Marx and Engels, 1988, p. 548).

⁴⁵ IISH, Marx-Engels Collection, B 139, B 152, 1–17; see also Sign. B 148, 88–94.

⁴⁶ 'Verzeichnis von verschollenen Büchern' (1981/82), H. 8, Nos 596, 652, 843 and 871.

⁴⁷ For detailed evidence, see Marx's 'Arbeit am dritten Buch des 'Kapitals'', in MEGA[®] II/14, pp. 447–48.

⁴⁸ IISH, Marx-Engels Collection, B 139, 36.

⁴⁹ IISH, Marx-Engels Collection, B 129, B 146, B 147 and B 148.

⁵⁰ IISH, Marx-Engels Collection, B 151 and 154.

⁵¹ MEGA[®] IV/32: No. 658; IISH, Marx-Engels Collection, B 140 and 141.

Schott, a young banker from Frankfurt. In 1877, Schott offered to send Marx yearly accounts of German joint stock companies, industrial firms, mining enterprises, railway companies and banks.⁵² Marx was particularly interested in railway companies, because they stimulated the building of joint stock companies in other branches, 'the *concentration of capital*', as Marx called it, also on a worldwide level.⁵³

Michael Krätke points out the importance of the articles Marx had written in the 1850s and early 1860s, most of them for the *New York Tribune*. They often contain criticism or analysis of more than just the events of the day, which gave him the chance to elaborate a subject in greater historical and/or theoretical detail. Much of the information gathered in his articles – for instance, on the legislation for factories – occurs in those parts of *Capital* which Marx published himself. Therefore, with a view to the fragmentary state of Marx's chapter on credit and money, Krätke argues that those articles should be regarded as a supplement and significant elaboration of Marx's theory on these subjects. He suggests that Marx would have presented the history of English legislation on banking and shown that the failure of this banking policy was a result of illusions and false theories about money, its character and function.⁵⁴

As previously mentioned, Marx was fascinated by the development of the United States of America:

The most interesting field for the economist is now certainly to be found in the United States, and, above all, during the period of 1873 [...] until 1878 – the period of chronic crisis. Transformations – which to be elaborated did in England require centuries – were here realised in a few years [...] The imbeciles in Europe who fancy that theore[tic]ians like myself and others are at the root of the evil, might learn a wholesome lesson by reading the official Yankee reports.⁵⁵

There are several requests for material on America in the 1870s,⁵⁶ and a large number of official reports and statistics in Marx's personal library, reflecting

⁵² Carl Hirsch and Sigmund Schott to Marx, 30 August 1877 (IISH, Marx-Engels Collection, D 2341); Sigmund Schott to Marx, 18 March 1878 (ibid.: D 3994); on 22 April 1878 (ibid.: D 3995), for example, Schott sent Marx the book by Otto Glagau, *Der Börsen- und Gründungsschwindel in Berlin*, dating from 1876. In a letter to Engels of 23 July 1877 (Marx and Engels, 1991, p. 246), Marx reported a message from Carl Hirsch, that in France almost all industrial firms had been converted into joint stock companies.

⁵³ Marx to Nikolai Danielson, 10 April 1879 (Marx and Engels, 1991, pp. 353ff.).

⁵⁴ Krätke (2005), pp. 67ff. Krätke also examines Marx's articles on the *Crédit mobilier*, where he analyses potentials and limits of this mixture of a commercial bank and an investment bank, and its central role in the industrialization of France.

⁵⁵ Marx to Nikolai Danielson, 15 November 1878 (Marx and Engels, 1991, p. 344).

⁵⁶ Marx to Sigfrid Meyer, 2 Sept. 1870 (Marx and Engels, 1989, p. 60); Marx to Friedrich Adolph Sorge, 4 April 1876 (Marx and Engels, 1991, p. 115).

economic and social development in the United States.⁵⁷ Even in 1881, when his physical condition had become fragile, he received, as he told his Russian correspondent, Nikolai Danielson, he had 'to struggle through an immense amount of blue books, sent to me [...] above all from the United States'.⁵⁸ Carl-Erich Vollgraf argues that Marx considered switching from Great Britain to the United States as a model for the development of capitalism.⁵⁹ Malcolm Sylvers has suggested recently that Marx (and Engels) developed a particular interest in the United States of America with its sweeping transformation from an agrarian country with a relatively small population to one of the leading capitalist countries of the world. Several pieces of work, letters and excerpts showing a profound interest in the politics and economics of this country would be worth looking at in greater detail, although there is no specific work, article or manuscript to be found dedicated to this subject. Sylvers argues that by the 1850s, Marx was already looking towards the growing importance of the United States for the development of economic crises (p. 38) and that it came to assume the form of a prototype of capitalism in the 1860s and 1870s because the development of the capitalist mode of production was not affected by any relics of a feudal system (p. 42).⁶⁰

Although Marx started all these studies on rent and landed property, on credit, money or banks, on Russia or the United States, within the context of Book 3, it still remains to be explored in what ways he might have considered the possibility of using them for *Capital*. How do they fit into the context of other extensive studies in the late 1870s and the 1880s which dealt with the history of law and constitution, ethnological subjects, geology, chemistry and mathematics?⁶¹ In my opinion, the borders between his studies for *Capital* and other studies appear to have become blurred.

⁵⁷ MEGA® IV/32: No. 21, 22 and 1106. This is clearly to be seen in the correspondence between Marx and Friedrich Adolph Sorge in the late 1870s. For detailed evidence see Marx's *Arbeit am dritten Buch des 'Kapitals'...* In: MEGA® II/14, p. 452–53.

⁵⁸ Marx to Nikolai Danielson, 19 February 1881 (Marx and Engels, 1992, p. 61).

⁵⁹ Vollgraf (2002); Marx' *Arbeit am dritten Buch des 'Kapitals'...* In: MEGA® II/14, p. 452.

⁶⁰ Sylvers (2004). Marx's interest in the New World is also manifested in his correspondence with Adolf Cluß, who emigrated to the United States after the revolution of 1848/9. He provided Marx with a broad range of information about his new homeland, although he focused more on politics, especially on the possibilities of encouraging a labour movement; see Ochs and Wiedenhoef (2002).

⁶¹ His ethnological studies may be found in Krader (1974); the chemical studies have already been edited in MEGA® IV/31. The other subjects are previewed for MEGA® IV/26, 27 and 30.

Engels and Marx's legacy

Let us now turn to the role which Engels played in the drama of *Capital*. When Marx died, in March 1883, he left a large, handwritten legacy.⁶² He had not made a will, nor had he given any instructions as to how to deal with his papers. His only indication on the matter was to tell his daughter Eleanor, shortly before his death, that Engels should 'make something' out of them, as Engels later reported in the Preface to the second volume of *Capital*.⁶³ However, Engels did not know how complete was Marx's work on the missing Books 2 and 3 of *Capital*. As we have seen, there were numerous manuscripts differing widely in purpose, length and stage of completion, but there was no 'authorized version', in the terms of an editor, which could be used for quick publication. Engels learnt this only while arranging the papers.⁶⁴

As soon as the manuscripts were found, Engels did not hesitate to prepare them for publication. On the one hand, socialists all over Europe, Russia and the United States expected him to do so and, on the other, he also hoped to stimulate debate on economic questions and thus strengthen the radicals in their political conflicts both outside and within the labour movement. Moreover, he aimed to uphold the scientific reputation of Marx, expecting at the same time that publishing Books 2 and 3 would create a monument, constructed by Marx himself, grander than any that other people could have constructed for him.⁶⁵

Engels' editorial process for Book 3 lasted for almost a decade. He started by looking for manuscripts, statements or treatises of any kind in letters and notebooks dealing with the problems addressed in Book 3. He then continued by deciphering and dictating the text from the different manuscripts. Eventually, Engels reworked this version of Marx's text, a task that was interrupted several times and was not completed until May 1894.

⁶² The following presentation on the editorial work of Engels is based on the research of Carl-Erich Vollgraf, Jürgen Jungnickel and myself for the MEGA volumes II/14, II/15 and II/4.3. For details and further evidence, see *Einführung*, in MEGA[®] II/14, pp. 391–431; Engels' *Redaktion des dritten Buches des 'Kapitals' 1883 bis 1894*, in *ibid.*, pp. 457–89; *Entstehung und Überlieferung*, in MEGA[®] II/15, pp. 917–46; Vollgraf and Jungnickel (1994); Roth (2001).

⁶³ Engels (1997), pp. 8–7; see also Engels to Laura Lafargue, 24 June 1883 (Marx and Engels, 1995, pp. 39ff.), and to August Bebel, 30 August 1883 (*ibid.*, p. 53).

⁶⁴ He did not even know what manuscripts existed, and whether those he knew of had in fact survived; see Vollgraf (1996), pp. 100ff.; Roth (2002), pp. 61ff.

⁶⁵ For detailed evidence on the expectations, see Engels' *Redaktion des dritten Buches des 'Kapitals' 1883 bis 1894*, in MEGA[®] II/14, pp. 457–58; Engels to August Bebel, 4 April 1885 (Marx and Engels, 1995, p. 271); Engels to Laura Lafargue, 8 March 1885 (*ibid.*, p. 264). For further evidence, see *Einführung*, in MEGA[®] II/14, pp. 391ff.

During this work, Engels found that the main problem was the fragmentary state of Marx's work on *Capital*, described above. How did he cope with this problem? Engels changed Marx's text in some remarkable ways without marking or mentioning each and every one of the changes in detail. Of course, his focus was not the genesis of Marx's thought, as is the case in modern critical editions or in research, but to offer a readable book. He gave a detailed structure to the text, made extensive rearrangements, changed some concepts and notions, and included several additions. In preparing all these changes, Engels tried to take up Marx's hints or phrases wherever possible.

Modifications and additions to the text of *Capital*, Vol. III

We find several modifications with regard to Marx's notions and concepts. In this case, Engels was asking what Marx himself might have changed, and, at the same time, was avoiding unifying any notions or concealing the difficult process Marx went through in trying to find adequate concepts for his analysis. For instance, Engels replaced 'labour capacity' with 'labour-power', 'acting capitalist' with 'functioning capitalist', or 'productive capital' with 'industrial capital'.⁶⁶

Most of Engels' non-initialled additions occurred in the fifth section, where he wanted to bring together different thoughts or quotes from Marx on interest, credit, money capital and so on. But additions may also be found in other places – for instance, at the beginning of the printed version of Book 3 (MEGA[®] II/15: 29.9–14, 975). Some of these additions consist of only one word, which nevertheless changes the sense of the phrase decisively. For instance, Marx, as already mentioned above, had stated, at the beginning of his investigation on credit and fictitious capital, that an analysis of the credit system would be outside the scope of his plan. Yet, in the following pages, Marx discussed many aspects of 'the credit system and the instruments this creates'. This may have influenced Engels to modify Marx's sentence, so that it reads that only 'a detailed analysis' lays outside the scope of Marx's plan.⁶⁷

Selecting, structuring and rearranging the text of *Capital*, Vol. III

Engels had to select text out of several drafts from the 1860s, especially for the beginning of the third volume, and Marx had also dealt a few times with the

⁶⁶ For details and evidence, see *Einführung*, in MEGA[®] II/14, pp. 423–24.

⁶⁷ MEGA[®] II/4.2, p. 469, and II/15, p. 389; Heinrich (1996/7), p. 461.

relationship between surplus rate and rate of profit. In addition, this latter part was much too long and far from being a clear presentation of any results on the subject in the main manuscript from 1864/5, and this also applies to the later manuscripts on the topic under consideration. Thus Engels condensed the more than 200 pages of numerical examples to less than 20 pages in the third chapter of Volume III. He systematized the argument, established two main factors and selected a few examples to discuss the potential cases. Geert Reuten recently observed that, within this selection, Engels left out all of Marx's examination related to a variation of the rate of surplus value, together with a variation of the composition of capital. Thus, Reuten argues, Engels concealed – deliberately or not – some results of Marx's analysis which Marx himself appears to have not expected.⁶⁸

With a view to structuring the text, there are some examples to be found in the sixth section on surplus value and ground rent, where Marx had left some kind of revision instructions (MEGA[®] II/4.2, pp. 690, 816ff.), or in the third section on the tendency of the rate of profit to fall, where Engels took some words as headings which Marx had emphasized in his text (MEGA[®] II/15, pp. 229, 232, 233 and 233; MEGA[®] II/4.2, pp. 301, 302 and 305). Only in cases where he did not find anything of this nature, did Engels add some headings independently. This occurred frequently in the fifth section on interest, profit of enterprise and interest-bearing capital, namely in chapters 27 to 34 on credit and money capital, because he arranged them from the numerous excerpts which Marx had included in his text.⁶⁹ This was difficult terrain, because here Marx had left several hints for revision which, however, conflicted with the composition of the manuscript from 1864/5. This applies, for instance, to the heading of the fifth section. In his heading of the corresponding fifth chapter, Marx had not yet included credit, although he had chosen it for a point in this chapter. He also confirmed in the text of this manuscript that dealing with credit was not in his plan for the book. However, in his letter to Engels of 30 April 1868, Marx called this section the chapter on credit (see above, p. 37).

The rearrangement of texts constitutes one of the most important changes. This also includes the shifting of text from footnotes into the main text and vice versa, thus creating, shifting or strengthening the stress or emphasis of Marx's presentation. There are, for instance, two examples from the third section on the falling rate of profit, which might shed new light on the interpretation of this section for crisis theory. First, Engels strengthened Marx's statement about the 'rapid breakdown of capitalist production'. In chapter 15 on the Law's (Law

⁶⁸ See Roth (2002), pp. 67–69 and the contribution by Geert Reuten in this volume (Chapter 13).

⁶⁹ MEGA[®] II/15, pp. 426–542 and II/4.2, pp. 501–65. The same is true, for example, for the first subdivision in the third section: 'The law itself' (MEGA[®] II/15, p. 209).

of the tendency of the rate of profit to fall) internal contradictions, Engels first transformed Marx's expression '*zum Klappen bringen* [to cause to fold]' into the stronger '*Zusammenbruch* [breakdown]', and then moved the phrase that this 'process would entail the rapid breakdown of capitalist production' to the end of the paragraph which Engels had entitled 'General considerations' (MEGA[®] II/15, 243.13–15, 1077f. and II/4.2: 315.17–19; see also Heinrich, 2001, p. 360). Second, Michael Heinrich argues that Engels, by structuring and rearranging Marx's manuscript for chapter 15 in the printed version, strengthened the impression that Marx wanted to provide a schema for a crisis theory in the chapter. Reading the manuscript itself, however, Heinrich found that this appears to be only one interpretation and, in his view, Marx's text remains open to other interpretations (Heinrich, 1996/97, pp. 459ff.; Heinrich, 2001, pp. 358ff.).

Another prominent place for modifications of the arrangement of the text is to be found in the fifth section on interest, profit of enterprise, credit and so on, due to the aforementioned great number of excerpts included. Marx had not decided how to cope with this difficult component of his analysis, and it is there where we find more than a hundred modifications in the arrangement of the text. Thus, there was, and is, considerable scope for interpretation in this whole section, which still has to be explored in detail. One suggestion, touching on the structure of *Capital*, is made by Heinrich, who contends that, in his presentation, Marx left open the question of whether the laws governing the credit system had to be treated on the general level of *Capital*, or whether they were influenced by factors dependent on prevailing historical conditions. Engels, in his rearranged version, chose the first solution (Heinrich, 1996/97, pp. 461ff.).

When we observe the editorial process and the solutions Engels tried to find for the problems involved, two remarkable things become apparent. First, Engels, in his comments on the state of the manuscripts, often appears to have played down the dimensions of the openness of Marx's analysis. Although he acknowledged that three sections were difficult, he did not specify either the extent or the importance of the subjects that were dealt with there.⁷⁰ These sections made up about half of the total text, and involved the most important questions, a fact that Engels eventually admitted in 1894, in the Preface to Book 3.⁷¹ Also his judgement of the manuscripts for Book 2 proved to be questionable,

⁷⁰ See, for example, Engels to Nikolai Danielson, 9 November 1886 (Marx and Engels, 1995, pp. 522–23) and 19 February 1887 (Marx and Engels, 2001, pp. 26–27), or Engels to Conrad Schmidt, 8 October 1888 (*ibid.*, pp. 220–21).

⁷¹ Engels (1998), p. 5. Similarly vaguely, Engels had already described his problems with Book 2: two out of three sections gave him difficulties, which were 'of more than a merely technical nature' and 'indeed considerable'. (Engels, 1997, p. 9). (The edition presented by Penguin Classics (1992, p. 87), is more precise with the translation of the last phrase: the difficulties that Engels encountered were 'in no way slight'.)

as the editors of MEGA volume II/11 have discovered: Engels describes them as preparations for a printed version, but they were no more than another of Marx's attempts to clarify his thoughts and his presentation.⁷²

Second, we may discover evidence of a shortening of the editorial principle applied by Engels when editing the manuscripts. He did this section by section, needing almost a decade to complete his work. At the beginning of his editorial work, Engels, in a manner similar to his work on Book 2, selected some passages and left out others, after comparing several versions of treatises or passages.⁷³ He also considered including 'critical notes' written down in excerpts,⁷⁴ and offering extended comments for the fifth section.⁷⁵

However, when working on this fifth section in particular, Engels encountered difficulties in finding criteria by which to select passages and to condense the presentation. The numerous excerpts from various sources,⁷⁶ which Marx had included in his presentation on credit and fictitious capital, discussed the different concepts of money and capital in existence, as represented by merchants, bankers and political economists. A large part of those excerpts were collected under the heading 'The Confusion'. The excerpts also dealt with credit, movement of gold, exchange rates, balance of trade, speculation, English banking legislation and so on. Engels first tried to use some of the various statements as illustrations for chapters 25 to 30, and had planned to condense the remaining ones into one additional chapter as he noted in the Preface of the third volume (Engels, 1998, p. 9). In one of his editorial extracts concerning this part of Marx's manuscript, Engels highlighted some of the statements and assigned them to such a chapter.⁷⁷ But Engels did not succeed in creating this

⁷² This may be seen, for example, in the often missing footnotes, in the use of the whole page for main text, in the great number of variants, or in the breaking off after seven, ten or fifteen pages.

⁷³ For details on the beginning of Book 3, see Roth (2001), pp. 28–29.

⁷⁴ 'I shall have to work it out by comparison with what other materials have been left by the author, and there are, for the chapter on rent, very voluminous extracts from the various statistical works he owed to you – but whether these will contain any critical notes that can be made use of for this volume, I cannot as yet tell. Whatever there is, shall be used most conscientiously' (Engels to Nikolai Danielson, 3 June 1885 [Marx and Engels, 1995, p. 294]; see also Engels to Paul Lafargue, 19 May 1885 [ibid., p. 290]).

⁷⁵ 'the whole context is such that it presupposes the reader to be well acquainted with the chief works of literature on the subject such as Tooke & Fullarton, & as this is not the case generally, it will require a deal of explanatory notes etc.' (Engels to Nikolai Danielson, 4 July 1889 [Marx and Engels, 2001, p. 347]).

⁷⁶ These were mainly parliamentary enquiries from 1848 and 1857 on Bank Acts and their effect on economic crises. See also *Einführung*, in MEGA^{II}/14, pp. 404 ff.

⁷⁷ Then Engels planned to collect these illustrations in chapter 31 (Friedrich Engels: *Kredit und fiktives Kapital*, in MEGA^{II}/14, pp. 252, 257–60, 856–57).

chapter, neither with this first version nor with a second one. Eventually, he decided to refrain from selecting anything at all, instead settling for combining the passages in a different manner from that employed by Marx. He finally presented most of the statements under several subject classifications.⁷⁸

Conclusion

Marx was always one of the most ardent critics of his own work, which is one reason why he needed so much time to complete any of his writings. Therefore, we have a lot more of manuscripts and studies from him on various subjects and problems of *Capital* than are presented in most of the current editions. I would like to draw the reader's attention to the openness of Marx's mind with regard to his further studies after the publication of Vol. I of *Capital* in 1867. Looking first at his manuscripts, but then also taking into account the other parts of his legacy, the excerpts, the books he read and the ones he noted for further reading, the newspaper cuttings, and the letters, may offer new insights into how Marx might have thought to further develop his analysis, in the ways he defined his problems, and how he tried to cope with them.

Engels as editor endeavoured to provide the reader with an authentic text, as near as possible to the analysis which Marx had left. But this analysis was in a very fragmentary state, in which large parts proved to be more a documentation of research than a presentation of results. Therefore, Engels modified the text extensively to make it readable, and with this he produced the first interpretation of this fragmentary investigation. Thus the disparity between manuscripts and the printed version creates room for interpretation of a part of Marx's legacy which is still to be explored in detail.

References

- Einführung*, in MEGA[®] II/14 (2003), 391–431.
 Engels' Redaktion des dritten Buches des 'Kapitals' 1883 bis 1894, in MEGA[®] II/14 (2003), 457–89.
 Engels, Friedrich (1997) Preface to K. Marx, *Capital*, Volume II, in K. Marx and F. Engels, *Collected Works*, Vol. 36 (New York: International Publishers), pp. 5–23.
 — (1998) Preface to K. Marx, *Capital*, Volume III, in K. Marx and F. Engels, *Collected Works*, Vol. 37 (New York: International Publishers), pp. 5–23.
 Hecker, Rolf, Carl-Erich Vollgraf and Richard Sperl (eds) (1997) *David Borisovich Rjasanov und die erste MEGA* (Hamburg: Argument-Verlag). (*Beiträge zur Marx-Engels-Forschung Neue Folge*, Sonderband 1.)

⁷⁸ Friedrich Engels: *Zweite Ordnung des Materials 'Die Confusion' nach inhaltlichen Aspekten*, in MEGA[®] II/14, pp. 267–73, 905; ders.: *Aufgliederung des Materials 'Die Confusion' nach Marx-Text und Quellen*, in *ibid.*, pp. 279–91; ders.: *Dritte Ordnung des Materials 'Die Confusion' nach inhaltlichen Aspekten*, in *ibid.*, pp. 292–304; see also Engels' *Redaktion des dritten Buches des 'Kapitals' ...*, in *ibid.*, pp. 475–76; *Einführung*, in *ibid.*, pp. 392ff., 405.

- Heinrich, Michael (1996/7) 'Engels' Edition of the Third Volume of *Capital*, and Marx's Original Manuscript', *Science & Society*, Vol. 60, no. 4, pp. 452–66.
- (2001) *Die Wissenschaft vom Wert. Die Marxsche Kritik der politischen Ökonomie zwischen wissenschaftlicher Revolution und klassischer Tradition*. Überarb. und erw. Neuauflage. 2nd edn (Münster: Westfälisches Dampfboot).
- Herres, Jürgen and Manfred Neuhaus (eds) (2002) *Politische Netzwerke durch Briefkommunikation. Briefkultur der politischen Oppositionsbewegungen und frühen Arbeiterbewegungen im 19. Jahrhundert* (Berlin: Akademie-Verlag).
- Hubmann, Gerald, Herfried Münkler and Manfred Neuhaus (2001), "'es kömmt drauf an sie zu verändern". Zur Wiederaufnahme der Marx-Engels-Gesamtausgabe (MEGA)', *Deutsche Zeitschrift für Philosophie*, Vol. 49, no. 2, pp. 299–311.
- Krader, Lawrence (ed.) (1974) *The Ethnological Notebooks of Karl Marx (Studies of Morgan, Phear, Maine, Lubbock)*, 2nd edn (Assen: Van Gorcum).
- Krätke, Michael (2005) 'Marx als Wirtschaftsjournalist', in *Beiträge zur Marx-Engels-Forschung. Neue Folge* (Hamburg: Argument Verlag), pp. 29–97.
- Marx, Karl (2003) *Arbeit am dritten Buch des 'Kapitals' Mitte 1868 bis 1883*, in MEGA[®] II/14, pp. 438–56.
- (1939/41) *Grundrisse der Kritik der politischen Ökonomie (Rohentwurf) 1857/58*. Edited by the Marx-Engels-Lenin Institute, Moskow (Moskow: Verlag fuer fremdsprachige Literatur, erster Halbband, zweiter Halbband: Anhang 1850–59). (ND Berlin: Dietz 1953.)
- Marx, Karl and Friedrich Engels (1982), *Collected Works*, Vol. 38 (New York: International Publishers).
- (1983), *Collected Works*, Vol. 40 (New York: International Publishers).
- (1987), *Collected Works*, Vol. 42 (New York: International Publishers).
- (1988), *Collected Works*, Vol. 43 (New York: International Publishers).
- (1989), *Collected Works*, Vol. 44 (New York: International Publishers).
- (1991), *Collected Works*, Vol. 45 (New York: International Publishers).
- (1992), *Collected Works*, Vol. 46 (New York: International Publishers).
- (1995), *Collected Works*, Vol. 47 (New York: International Publishers).
- (2001), *Collected Works*, Vol. 48 (New York: International Publishers).
- Marx-Engels-Jahrbuch (2003) *Karl Marx, Friedrich Engels and Joseph Weydemeyer: Die deutsche Ideologie. Artikel, Druckvorlagen, Entwürfe, Reinschriftenfragmente und Notizen zu I. Feuerbach und II. Sankt Bruno* (Berlin: Akademie-Verlag).
- Mayer, Paul (1966/67) 'Die Geschichte des sozialdemokratischen Parteiarchivs und des Marx-Engels-Nachlasses' *Archiv für Sozialgeschichte*, Vol. 6/7, pp. 5–198.
- MEGA I/3 (1932) 'Karl Marx and Friedrich Engels: Die heilige Familie und Schriften von Marx von Anfang 1844 bis Anfang 1845' (Berlin: Marx-Engels-Verlag).
- (1935) 'Friedrich Engels: Herrn Eugen Dührings Umwälzung der Wissenschaft/ Dialektik der Natur. 1873–82. Zum vierzigsten Todestage von Friedrich Engels' (Moskow/Leningrad: Verlag fuer fremdsprachige Literatur).
- MEGA[®] I/2 (1982) 'Karl Marx and Friedrich Engels: Werke. Artikel. Entwürfe. März 1843 bis August 1844'. In K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 2 (Berlin: Dietz).
- MEGA[®] I/13 (1985) 'Karl Marx, Friedrich Engels: Werke. Artikel. Entwürfe. Januar bis Dezember 1854'. In K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 13 (Berlin: Dietz).
- MEGA[®] I/18 (1984) 'Karl Marx, Friedrich Engels: Werke. Artikel. Entwürfe. Oktober 1859 bis Dezember 1860'. In K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 18 (Berlin: Dietz).

- MEGA® I/20 (1992) 'Karl Marx, Friedrich Engels: Werke. Artikel. Entwürfe. September 1864 bis September 1867'. In K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 20 (Berlin: Dietz).
- MEGA® I/25 (1985) 'Karl Marx, Friedrich Engels: Werke. Artikel. Entwürfe. Mai 1875 bis Mai 1883'. In K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 25 (Berlin: Dietz).
- MEGA® I/27 (1988) 'Friedrich Engels: Hern Eugen Dührings Umwälzung der Wissenschaft (Anti-Dühring)'. In K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 27 (Berlin: Dietz).
- MEGA® II/4.2 (1992) 'Karl Marx: Ökonomische Manuskripte 1863–1867'. Teil 2. Bearb. von Manfred Müller, Jürgen Jungnickel, Barabara Lietz, Christel Sander und Artur Schnickmann. In K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 4, Part 2 (Berlin: Dietz).
- MEGA® II/6 (1987) 'Karl Marx: Das Kapital. Kritik der politischen Ökonomie. Erster Band. 2. ed. Hamburg 1872'. In K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 6 (Berlin: Dietz).
- MEGA® II/14 (2003) 'Karl Marx and Friedrich Engels: Manuskripte und redaktionelle Texte zum dritten Buch des Kapitals 1871 bis 1895'. Bearb. von Carl-Erich Vollgraf und Regina Roth. Unter Mitwirkung von Jürgen Jungnickel. In K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 14 (Berlin: Akademie).
- MEGA® II/15 (2004) 'Karl Marx: Das Kapital. Kritik der politischen Ökonomie. Dritter Band. Hamburg 1894'. Bearb. von Regina Roth, Eike Kopf und Carl-Erich Vollgraf. Unter Mitwirkung von Gerald Hubmann. Mit einer Einführung von Betram Schefold. In K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 15 (Berlin: Akademie).
- MEGA® IV/2 (1981) 'Karl Marx and Friedrich Engels: Exzerpte und Notizen. 1843 bis Januar 1845'. In K. Marx and F. Engels, *Gesamtausgabe*, Fourth Section, Vol. 2 (Berlin: Dietz).
- MEGA® IV/3 (1998) 'Karl Marx and Friedrich Engels: Exzerpte und Notizen. Sommer 1844 bis Anfang 1847'. In K. Marx and F. Engels, *Gesamtausgabe*, Fourth Section, Vol. 3 (Berlin: Akademie).
- MEGA® IV/4 (1988) 'Karl Marx: Exzerpte und Notizen Juli bis August 1845'. In K. Marx and F. Engels, *Gesamtausgabe*, Fourth Section, Vol. 4 (Berlin: Dietz).
- MEGA® IV/7–9 (1983–1991) 'Karl Marx and Friedrich Engels: Exzerpte und Notizen. September 1849 bis September 1851'. In K. Marx and F. Engels, *Gesamtausgabe*, Fourth Section, Vol. 7–9 (Berlin: Dietz).
- MEGA® IV/31 (1999) 'Karl Marx and Friedrich Engels: Naturwissenschaftliche Exzerpte und Notizen. Mitte 1877 bis Anfang 1883'. Bearb. von Anneliese Griese, Friederun Fessen, Peter Jäckel und Gerd Pawelzig. In K. Marx and F. Engels, *Gesamtausgabe*, Fourth Section, Vol. 31 (Berlin: Akademie).
- MEGA® IV/32 (1999) 'Die Bibliotheken von Karl Marx und Friedrich Engels. Annotiertes Verzeichnis des ermittelten Bestandes'. Bearb. von Hans-Peter Harstick, Richard Sperl und Hanno Strauß unter Mitarbeit von Gerald Hubmann, Karl-Ludwig König, Larisa Mis'kevich und Ninel' Rumjanceva. In K. Marx and F. Engels, *Gesamtausgabe*, Fourth Section, Vol. 32 (Berlin: Akademie).
- Ochs, Haila and Sabina Wiedenhoeft (2002) 'Einsichten in die Amerikanische Gastgesellschaft. Die Briefe des Architekten Adolf Cluß', in Herres and Neuhaus, *Politische Netzwerke durch Briefkommunikation*, pp. 177–91.
- Otani, Teinosuke (2001) 'Zur Datierung von Marx' Arbeit am zweiten Buch des Kapital, hauptsächlich von Manuskript 8', *MEGA-Studien*, pp. 79–89.
- Rojahn, Jürgen (2002) (1985) 'Die Marxschen Manuskripte aus dem Jahre 1844 in der neuen Marx-Engels-Gesamtausgabe (MEGA)', *Archiv für Sozialgeschichte*, Vol. 25, pp. 647–63.

- (1998) 'Edition im Spannungsfeld von Politik und Wissenschaft (Marx/Engels)', in Hans-Gert Roloff (ed.), *Die Funktion von Editionen in Wissenschaft und Gesellschaft* (Berlin: Weidler Buchverlag), pp. 133–204.
- 'The Emergence of a Theory: The Importance of Marx's Notebooks Exemplified by those from 1844', *Rethinking Marxism*, Vol. 14, no. 4, pp. 29–46.
- Roth, Regina (2001) 'Capital Vol. III and Marx's manuscripts of the 1870s', *Studies in Marxism*, Vol. 8, pp. 19–37.
- (2002) 'The Author Marx and His Editor Engels: Different Views on Volume 3 of Capital', *Rethinking Marxism*, Vol. 14, no. 4, pp. 59–72.
- Schefold, Bertram (2005) '"Das Kapital" Band 3: Ausgangspunkt von Wegen und Irrwegen des ökonomischen Denkens im 20. Jahrhundert', in *Karl Marx. Neue Perspektiven auf sein Werk* (Friedrich-Ebert-Stiftung Trier) (Gesprächskreis Politik und Geschichte im Karl-Marx-Haus. H. 2), pp. 21–34.
- Sombart, Werner (1927) *Der moderne Kapitalismus*. Vol. 3 (Munich/Leipzig: Duncker & Humblot).
- Sperl, Richard (2004) 'Die Vierte Abteilung (Exzerpte, Notizen, Marginalien – immanenter Bestandteil oder bloßes Additivum der Marx-Engels-Gesamtausgabe?', in ders.: 'Edition auf hohem Niveau'. *Zu den Grundsätzen der Marx-Engels-Gesamtausgabe (MEGA)* (Hamburg: Argument-Verlag), 68–87.
- Sylvers, Malcolm (2004) 'Marx and Engels und die USA – ein Forschungsprojekt über ein wenig beachtetes Thema', in *Marx-Engels-Jahrbuch*, pp. 31–53.
- Vasina, Ljudmila (2001) 'Der werkgeschichtliche Platz von Manuskript 2 zum zweiten Buch des Kapitals' *MEGA-Studien*, pp. 50–78.
- Verzeichnis von verschollenen Büchern aus den Bibliotheken von Marx und Engels (1981/82) (Zusammengest. von Inge Werchan, bibliographisch überarb. von Ingrid Skambraks), in *Beiträge zur Marx-Engels-Forschung*. H. 8, pp. 1–225; H. 12, pp. 1–106.
- Vollgraf, Carl-Erich (1996) 'Kontroversen zum dritten Buch des Kapital. Folgen von und Herausforderungen für Edition', *MEGA-Studien* 1996/2, pp. 86–108.
- (2002) 'Marx' Arbeit am dritten Buch des Kapital in den 1870/80er Jahren', in *In memoriam Wolfgang Jahn: Der ganze Marx. Alles Verfasste veröffentlichen, erforschen und den 'ungeschriebenen' Marx rekonstruieren* (Hamburg: Argument-Verlag), pp. 33–66. (Wissenschaftliche Mitteilungen des Berliner Vereins zur Förderung der MEGA-Edition e.V. H. 1.)
- and Jürgen Jungnickel (1994) '"Marx in Marx' Worten"? Zu Engels' Edition des Hauptmanuskripts zum dritten Buch des Kapital', *MEGA-Studien* 1994/2, pp. 3–55. (English translation in *International Journal of Political Economy*, Vol. 32, no. 1, 2002, pp. 35–78).

4

Dialectic of the Commodity and Its Exposition: The German Debate in the 1970s – A Personal Survey

Roberto Fineschi

On the basis of the new critical edition of Marx's and Engels' works¹ in the 1970s, the debate on several traditional issues concerning their theories was re-opened.² This happened especially in Germany and Russia, where most of the publication was realized and the texts could be read according to the original. Beyond the ideological controversies, the discussion rested on a common scientific background: the materials offered by the new edition. On some crucial points, an agreement was found. I will focus mainly on two questions: the value-form and the relationship of Engels to Marx.

A necessary remark: it is not my intention to deal with the entire broad debate which occurred in Germany in that period, but to go into those questions that I consider most relevant to contemporary research.

The 'logic' interpretation of Marx's method in West Germany

In West Germany, two authors, Hans Georg Backhaus and Helmut Reichelt, pointed out a 'logical' – neither 'historical' nor 'logical-historical' – attitude in Marx's methodology. Their ideas influenced several scholars also in East Germany.

¹ K. Marx and F. Engels (1975–) *Gesamtausgabe (MEGA)* (Berlin: Akademie).

² Several contributions on the history of the MEGA edition and the publication in German of Marx's and Engels's works are now available. The *Berliner Verein zur Förderung der MEGA-Edition* published four volumes on this topics, see Vollgraf *et al.* (1997, 2000, 2001, 2006). In Italian, see Mazzone (2002); Fineschi (2008). In English, see the Preface to Bellofiore and Taylor (2004).

According to Backhaus, Marx's theory of the capitalistic mode of production is a *logical model* of a determined phase of humankind's reproduction process. This must not, and cannot, be reduced either to a sort of historical description of capitalism in the nineteenth century, or to a pre-capitalistic 'simple commodities production'. He deals with the 'reconstruction' of *Capital*³ and its inner dialectics, in particular with regard to value-form and the necessary doubling of the commodity into commodity and money. This development has neither necessarily to correspond to a historical process, nor be in itself a description of a phenomenal history; on the contrary, it is a conceptual exposition [*Darstellung*] of a logic that is immanent to the 'commodity' itself. Direct references to historical facts do not define its scientific nature; any result is accomplished by the dialectical exposition.

According to Backhaus, however, Marx's approach is not generally coherent, inasmuch as we can find in his works – as we could in Adam Smith's – both an 'exoteric' and an 'esoteric' part. That is, while he sometimes critically develops a model of the capitalistic mode of production, he also sometimes gets lost and does not follow his own method. This internal ambiguity caused both the reduction of dialectics in the published version of *Capital*, and Engels' interpretation of the first three chapters of Book I as a 'Simple Commodities Production', which should be distinguished (strictly speaking) from the proper capitalistic one.

Backhaus thinks that this traditional Marxist interpretation – the first part of *Capital*, Vol. I would deal with a Simple Commodities Production either as a historical fact or as a logical model, to be put *before* (either logically or historically) the capitalistic mode of production – sets aside the internal connection between value and money, which are not analysed in their mutual relation, as two sides of the same thing. Therefore Marxian and Marx's theory of value are, paradoxically, not the same. On the other hand, the subjectivist and the Marxist theory of value have several points in common: both build up a theory about a *pre-monetary*, natural economic system (a point that characterizes the neo-Ricardian approach as well; see Backhaus, 1975, p. 124). They also have in common their methodology, which cannot be considered Marxian: dialectic is not taken into account at all. These interpretations do not refer in fact to Marx's criticism of Ricardo, according to which not only the quantitative, but also the qualitative aspects are to be considered. Both in the Marxist and subjectivist tradition, scholars always deal with the quantitative exchange ratio, based, on the one hand, on objectified labour, and on the other, on marginal utility. But such an approach, confined to the point of measurability, is not able to go

³ 'Materialien zur Rekonstruktion der Marxschen Werttheorie' is the title of Backhaus's three essays published in *Gesellschaft. Beiträge zur Marxschen Theorie* in the 1970s. These are now collected in Backhaus (1997) together with a fourth part and other writings.

beyond a pre-monetarism attitude (see Backhaus, 1975, p. 127); money turns out to be only a superficial, inessential aspect to be omitted in the scientific analysis, in order to go back to the essence, which is commodities exchange – as if money were not a commodity.

All these theories, apparently so different from one another, share the common idea that we have to disregard money in order to find the core of the modern economic system in a fictitious model of a natural economy; on the contrary, 'in its first drafts, Marx's critique of the economic categories was still very clearly determined by the intent of destroying the assumptions of a pre-monetarist theory of value...this implied first of all the demonstration that an exchange process based on pre-monetarist commodities should necessarily fail' (Backhaus, 1975, p. 38).

According to Backhaus, the most important flaws in Marx's exposition concern the dialectic of substance and form of value; the false interpretations mentioned above arise from this undemonstrated passage, which also caused the disappearance of the dialectic development (Backhaus, 1969, pp. 129ff.). Moreover, Engels misinterpreted Marx's simple circulation as simple commodities production: the first part of *Capital* should describe a pre-capitalistic society in which exchanges take place according to their magnitudes of value; in a proper capitalistic society we should have not values, but production prices. In this way, Engels fostered the thesis that there is a contradiction between Volumes I and III of *Capital*. Such a mistake arises from the misunderstanding of the dialectic of essence and phenomenal forms, where the latter are the way the former manifests itself at the surface of society: both are co-essential for the concept as a whole. On the contrary, in those approaches, the latter were in fact not considered, taken not as phenomenal forms of the essence, but as non-essential accidents. Treating the first part of *Capital* as a pre-capitalistic society, Engels made it difficult to perceive that value and price are interconnected categories, and that the second is nothing but the necessary phenomenal form of the first.

Backhaus reaches the point of doubting Engels' comprehension of Marx's dialectical method, which was 'historicized' in so far as the necessity of historical factual evidence for almost every category of Marx's theoretical construction was claimed;⁴ this explains too why Engels suggested, in a letter, that Marx should put some historical descriptions into the logical exposition of value-form.⁵ Backhaus

⁴ See Engels (1859, pp. 252 ff.; English, 223 ff.). According to this point of view, for example, every step of the value-form analysis (simple, expanded, general and money form) has to correspond to historical passages in the generalization of commodities exchange.

⁵ See Engels's letter to Marx of 16 June 1867 and Marx's answer of 21 June 1867 (Marx and Engels, 1987, pp. 381, 384).

comments: 'How so? The historical analysis simply has to "complete" and "illustrate" the essential definitions or "correct" and "verify" them' (Backhaus, 1975, p. 139). This is not clear; furthermore, Engels spoke of theory as a sort of summary of the historical process, in which the inessential accidents were set aside. The logical method should be nothing but a way to simplify the historical reconstruction and description (see Backhaus, 1975, p. 140). Backhaus thinks that the logical-dialectical development of money does not require any historical demonstration; but quite the opposite, it is the theory that allows us to arrange historical facts in a coherent way. The dialectical exposition proceeds thanks to its a-priori internal necessity. Did Engels understand this conceptual dialectical framework? He was surely wrong when he asserted in the preface of *Capital*, Book III, the existence of a simple commodities production (Backhaus, 1975, p. 142).

While writing part III of his 'Reconstruction', Backhaus had second thoughts about his previous analysis:

If my interpretation of some textual evidences completely ignored by various approaches in the secondary literature is right, these indicate a certain indecision in Marx when he has to determine the origin and soundness of the concepts he uses. This indecision appears above all in his more or less dogmatic dealing with the 'historic'. From this stance came the necessity for checking thoroughly the concept of 'reconstruction', which was at the basis of the first two parts of the *Materialien*. This idea of mine rested, more or less unspoken, on the naïve point that Marx's critique of political economy consists, so to speak, of two levels put one on another, which could be clearly distinguished: an exoteric surface and an esoteric deep level. Now, this idea seems to me to be pretty ingenuous. (Backhaus, 1978, p. 19)

Marx himself, according to Backhaus, had no clear understanding of his own method. Then, we have (i) to make clear this implicit distinction between exoteric and esoteric aspects, and to show that incorrect interpretations such as Engels' derive from the exoteric level; (ii) to bring to light the esoteric core that fortunately was preserved in a poor form in the *Grundrisse*. Backhaus tries to demonstrate that the esoteric 'logical' Marx elaborates a substantially correct theory; the logic nature of this reconstruction must be distinguished from the pseudo-method of a logic-historic development of economic modes of production.

Even if we accept that it was Engels who historicized the theory, the question is (i) to understand whether he caught elements actually present in Marx's theory; and, in particular; (ii) to recognize that Marx himself progressively historicized the 'logic', establishing a relationship with the 'historic'. Therefore, Backhaus concludes that the attempt of a 'logical' reconstruction of Marx's theory of value itself can be only an interpretation; if we want to save the unity of method, we have to consider the logic *and* the logic-historic one; if we opt

for the logic interpretation, we have to drop a part of the method – that is, the logical-historical one. Marx surely ‘flirted’ with the ‘historic’ or, at any rate, did not overcome the difficulties connected with a logical exposition of categories. Such problems are confirmed by two further points: (i) we are not clear yet about what Marx intended by method, and Marx himself was probably not, in so far as he did not finish his project; (ii) the logic approach itself was not able to answer this question and preferred not to pay attention to the evidence that allows interpretations such as those of Engels.

In the end, the flaws of Marx’s dialectical exposition are rooted in the flaws of the content to be exposed; Marx did not formulate the fundamental concepts of his theory correctly, and nor, therefore, those of his method (Backhaus, 1978, p. 81). Neither Marx nor his followers were able to write the famous pages on dialectics;⁶ this should provide him/them with the required theoretical means. Marx did not write it for important theoretical reasons: a ‘materialistic’ conception of the world prevented him from working out systematically a ‘specific logic’ that corresponded to a ‘specific object’ such as ‘money’ or ‘capital’. In fact, if the dialectical determinations, which had emerged from the economic categories, had turned out to rest on the dialectic of reality in act, this necessarily would have had consequences for the philosophical framework of his theory. If these concepts had their foundations in the ‘thing itself’,⁷ they could not be explained by means of the post-Hegelian philosophy, including materialism. Finally, Marx understood that the Hegelian dialectic was strictly connected with the dialectic of reality itself, and that he would have recognized this idealistic framework if he had been aware of his method through to the end. This was why a ‘*Widerspiegelungstheorie*’ and a direct link between logical development and reality (Engels’ logic-historic method) seemed to be necessary: in order not to be considered an idealist (Backhaus, 1978, p. 97).

However, according to Backhaus, all the laws presented in *Capital* had already been deduced, either in the *Grundrisse* or in *A Contribution*, where there was no historical foundation. As to value-form, we have to focus on two points: (i) in the first edition of *Capital*, Book I, there is no sign of logic-historic constructions, which appear only in the second German edition; (ii) Marx had been working on his theory for a long time when he started using a logic-historic methodology that can therefore be considered subsidiary.

Reichelt also supports a logical approach, with explicit reference to Backhaus; his position is perhaps more radical in so far as he maintains a closer interconnection between Marxian and Hegelian methodology. In his most important contribution, he tries to present in a very accurate way the logic of the concept

⁶ See Marx’s letter to Engels of 16 January 1858 (Marx and Engels, 1983, p. 249).

⁷ ‘Die Sache selbst’ is the famous expression with which Hegel indicated the inner dialectical necessity that dwells within things.

of 'capital' as a self-determining process, which corresponds perfectly to the Hegelian *Übersichhinausgehen* (going beyond oneself).

In this context, a few problems related to method and its validity arise; Reichelt speaks of *Methode auf Widerruf* (revocable method): such a method is valid inasmuch as the categories, from whose internal contradiction it comes out, exist. It is then coupled to the capitalistic mode of production's features. This thesis is a complete contrast to Lenin's attempt to conceive method as a general instrument to understand reality. The logic-historic issue, together with Engels' interpretation of the first part of *Capital*, Book I, is linked to this point.

Reichelt is perhaps the first who speaks not of Simple Commodities Production (as Engels did) but of Simple Commodities Circulation. In accord with Backhaus, he thinks that only the *Grundrisse* can be considered a valid source to go into Marx's actual dialectical exposition of the concept of capital, because later this was concealed (Reichelt, 1970, p. 75).

Reichelt argues that the scholastic attitude 'pre-forms' its theoretical content so that this is classifiable according to a methodology borrowed from natural sciences; content's proper nature gets lost this way, because it is analysed from *outside*. This subjective pre-formation prevents the study of 'the thing itself' and its development. On the other hand, Marx's goal is to show the conceptual 'genesis' of these categories and this is possible only because of the Hegelian *Übersichhinausgehen*. The theoretical development is carried out in a coherent process by the internal contradiction of the fundamental category itself, the commodity; each step of this process is the result of the previous step and condition of the next one. All of them are nothing but the ongoing manifestation of that internal contradiction in a spiral that grows in complexity and, step by step, gets closer to reality in act; however, in the *Grundrisse* the level of abstraction still remains high.

In the relationship of Marx to Hegel, the 'second' reading of the *Science of Logic* in 1857 is considered crucial (see Marx's letter to Engels of 16 January 1858 in Marx and Engels, 1983, p. 249). Reichelt claims that Marx's concept of Capital and Hegel's concept of Spirit are structurally identical. This emerges, for example, from a passage in Hegel's *Jenaer Realphilosophie* on Money, or more clearly in Book 3 of *Capital*⁸ (Reichelt, 1970, p. 76). Even Marx's and Hegel's notions of truth match, because they rest on the correspondence of things to concept – a setting that is pretty distant from a representative, 'pictorial' theory of knowledge. Another Hegelian feature is the relationship between essence and phenomenon that are distinguished but not separated – the second

⁸ 'In a general analysis of the present thing, it is assumed throughout that actual conditions correspond to their concept, or, and this amounts to the same thing, actual conditions are depicted only in so far as they express their own general type' (Marx 1894, p. 152; English, p. 242).

represents the way the first manifests itself on the surface – and their relationship as such is essential. If essence and phenomenon were identical, no science would be necessary (Reichelt, 1970, pp. 88 ff.; see Marx, 1894, p. 824; English: p. 956). This implies that, if we consider the phenomenon setting apart its mediated relation with the essence, this appears as an irrational figure; this was exactly the attitude of vulgar political economy that reduced the essence to a phenomenon in a linear way, ‘intellectually’, as Hegel would say. But: ‘The expression “concepts of intellect” lets us know that Marx intends the general concept of Capital as a system of concepts of reason, and so, in his own system, bourgeois scholars have the positions assigned by the Hegelian system to the modern science of experience’ (Reichelt, 1970, p. 93).

Reichelt sets himself the goal of reconstructing the conceptual core of Marxian method, disregarding, so far, the issue of applying this theory to the ‘existing capitalism’; this is a further problem with which Marx himself did not deal. *Capital’s* scientific framework, the incomplete way it was realized, is valid as far as we research into the pure theory.

Going back to the ‘revocable method’, neither Hegel nor Marx accepted that a given methodology could be applied to an external given content. This would mean that form and content should be pre-existent each from the other, and be separated and put into a connection only in a second phase. The dialectical approach consists, in contrast, in the exposition of the thing itself: commodity (in our particular case) as contradictory unity of value and use-value, which posits itself as commodity and money. Although Reichelt admits that there is no explicit passage where Marx affirms this, he claims:

by dialectical method Marx did not intend a method with supratemporal soundness, but rather a method that is as good or bad as the society it corresponds to. It is valid where a universal imposes itself at the expense of a singular. As idealistic dialectics, it is the philosophical doubling of the real inversion; as materialistic dialectics, it is the revocable method, which will have to disappear together with the conditions of its own existence. (Reichelt, 1970, p. 264; see also p. 82)

As for the distinction between logic and historic exposition, Reichelt shares Backhaus’s idea: the exchange process turns out to be nothing but a phenomenal manifestation of the essence that lies behind it. The fact that the existence of free wagedworkers is a presupposition of the theoretical structure of the capitalistic mode of production does not imply that the conceptual exposition of this framework and the historical genesis either of capital or of wagedworkers have to coincide (Reichelt, 1970, p. 132).

If in *Capital* Marx presents the actual relations only insofar as these ‘correspond to their concept’, at the same time this means that the existing

capitalism has neither to immediately correspond to its concept nor to be 'adequate to itself'; nevertheless, the form in which it exists has to be conceived as the mode of existence to which the development of the category of value tends. (Reichelt, 1970, p. 135; see also pp. 261ff.).

So, what is affirmed in the Preface to *A Contribution* as the periodization of the various economic historical phases must not be read as a scientific formulation but only as a simple hypothetical typology.⁹

The debate in East Germany

In East Germany, an interesting debate on method took place among several scholars and members of the MEGA editorial staff. In particular, they commented on some Marxian passages in the 'Postface' to the second German edition of *Capital*, Book I (Marx, 1890, p. 17; English, p. 102) and in the so-called 'Introduction' to the *Grundrisse* (Marx, 1857–58, pp. 35ff.; English, pp. 100ff.). Most of this debate appeared in the review *Arbeitsblätter zur Marx-Engels-Forschung*. The core points were the relationships between 'abstract' and 'concrete', and between 'mode of exposition' (presentation) and 'mode of research' (inquiry).

The relationship between abstract and concrete, and between research and exposition

Vygotsky¹⁰ thinks that between mode of exposition and mode of research there is dialectical unity; that is, also a distinction. In *Capital*, exposition is more important, but, if it is a result, we also have to consider the great distance the research travelled to reach it:

The study of the process of research and exposition as two sides of the coherent process of development of the economic theory justifies the hypothesis that the rise from concrete to abstract ($C \rightarrow A$), from the concrete – but not yet known – reality to the starting abstractions characterizes the research process, while the scientific process exposes the rise from abstract to concrete ($A \rightarrow C$), from the starting abstractions to the concrete reality, which appears now as theoretically reproduced concrete. (Vygotsky, 1978, p. 58)

⁹ Göhler (1980) presented an interesting and influential contribution; he introduced, for example, a distinction between 'emphatic' and 'reduced' dialectic (the first is dialectic in a proper way; while the second is weakened). Even if his argumentation was not generally accepted, many scholars shared the assumption that, after the first drafts of the theory, a 'reduction' in the dialectic occurred.

¹⁰ Vygotsky was not German, but Russian. However, as one of the fathers of the critical edition, he exerted a strong influence and was regularly translated into German, so we have to take his contribution into account.

The process of knowledge as a whole is then $C \rightarrow A \rightarrow C$. We should, in fact, speak of reciprocal interaction: there is no work in which we find only one of the two; it is always a question of predominance. In the *Grundrisse*, passing from money to value, the rise to abstract was completed; in *A Contribution*, the way back to concrete began. However, it did not go too far; that is, the level of abstraction of Marx's theory was still very high; for an empirical application of it, further steps in the exposition are required, as well as further research.

Vygodsky comments: 'mode of research and mode of exposition are, according to Marx, essentially *different*, used in *different* phases of the elaboration of the scientific theory, properly separated in space and time. Their difference is *formal*, because both of them rest on a coherent process of knowledge of reality in act' (Vygodsky, 1979, p. 5). In his view, Marx identifies three features in the mode of research: (i) accurate selection of material; (ii) analysis of its different forms of development; (iii) individuation of their internal unity.

We have, then: (i) a close connection between mode of exposition and rise from abstract to concrete; (ii) a close connection between mode of research and rise from concrete to abstract; (iii) a separation in space and time – although not absolute – of exposition and research.

Jahn and Noske maintain that, when they were writing (1979), a detailed analysis of Marx's method had not yet been possible, because the only available texts concerning this point were *A Contribution* and the *Grundrisse*; a few fundamental *Exzerpte* – in particular those of the period 1850–53¹¹ – had not been studied. Resting on these, the two scholars achieve some interesting conclusions that diverge from Vygodsky's.

By mode of exposition, we do not have to mean only the classic form we have in *Capital*; mode of exposition and research cannot be separated, because the exposition itself belongs to the research process, which proceeds through mistakes, hypotheses, false assumptions, and so on. Moreover, before the *final* exposition there were various *provisional* ones, first attempts at a systematic presentation. Therefore, 'research and exposition are united in the coherent process of knowledge as formally different ones; they are in a reciprocal relation and develop in spiral. Since research always aims at exposition, exposition itself is the object of research, exposition of results of research and therewith research in special form' (Jahn and Noske, 1979, pp. 10ff.). If the result of research is the ideal reproduction of the dialectical development, which is

¹¹ In the period 1850–53, Marx wrote several notes on money theory: he studied in particular the so-called 'currency principles' and the 'banking school' approaches. Parts of these materials were published for the first time in the fourth section of MEGA[®]: Marx and Engels (1983–91) *Gesamtausgabe* (MEGA), Fourth Section, Volumes 7–9 (Berlin, Dietz); Volumes 10 and 11 are not yet published.

internal to the object itself, then the process of selection cannot be only an intellectual abstract generalization, but is already a dialectical connection.

The relation of theory to empirics is interesting. They argue that in Marx we have no direct rise from empirics to theory, even though we cannot say that his theory is purely speculative and disregards the empirical evidence. Both are levels of the same objective reality, which is represented differently: empirical analysis stays on the surface, considering things as they appear, while theory aims at the essence. But the understanding of what is essential does not dispense with the necessity to find out the links, the necessary mediations to go back to phenomenon; that is, to the manifestation of essence. The history of economic thought consists in this development. Empirics remains as a reference point at the end; it confirms, or not, through a process mediated by the human praxis, the soundness of the theory. Several factors are influential on empirical research: (i) interests and aims of knowledge – in this case, the connection is given by the class struggle; (ii) theory has to explain reality – this does not mean that each step or theorem needs an empirical parallel – theory as a whole has to explain the complexity of real phenomena; (iii) empirics itself, in the end, is not a formless heap of individual elements, but has some structure (Jahn and Noske, 1979, p. 38).

They conclude that 'When Marx speaks of "method of elaboration",¹² it is not a question of presenting already achieved results, but an elaboration that brings to new discoveries' (Jahn and Noske, 1979, p. 73).

In opposition to Vygotsky, they claim:

The shared view that the rise from concrete to abstract be the specific mark of the research mode against the exposition mode is not confirmed by the reconstruction of Marx's research process... Therefore, in our opinion, the rise from abstract to concrete, as Marx's "proper scientific method", has to be referred not only to the mode of exposition but also to that of research. (Jahn and Noske, 1979, p. 76)

This is why: 'The essential in Marx's abstraction method is...the rise from abstract to concrete. Through this method, one goes from the simplest forms of the object we need to research into to the more complicated ones' (Jahn and Noske, 1979, p. 74). At the lower levels of research, this rise from abstract to concrete does not reflect the structure of the object in its genetic sequence; to get this, we need a more advanced phase. We have the genetic connection of abstract and concrete, of the two rises from one to another, when the research mode gets together with the exposition one. Research, aiming at elaborating

¹² See Marx's letter to Engels of 16 January 1858 (Marx and Engels, 1983, p. 249).

abstract concepts, does not start from the living whole, but begins with the critical analysis of the theories of the past and proceeds, checking their contradictions, also with the mediation of praxis, to achieve a unity of the diverse (Jahn and Noske, 1979, p. 79).¹³

Fabiunke (1980) took part in the discussion as well. He criticizes the partiality of Jahn and Noske's position, according to which Marx's abstraction method is reduced to the rise from abstract to concrete. Fabiunke thinks the opposite: abstraction leads from concrete to abstract. Jahn and Noske, who would avoid unilateral interpretations of the mode of exposition by refusing the idea that the rise from concrete to abstract disregards it, end up by denying the research mode such a rise. According to Fabiunke, they would have been right if they had claimed that the rise from abstract to concrete does not regard 'only' the mode of research, but also that of exposition (and the same as for the rise from concrete to abstract); in this way, the old idea shared by Vygotsky, according to which the rise from concrete to abstract characterizes research and the rise from abstract to concrete characterizes exposition, would be dropped. The fundamental criticism is that we cannot set apart the rise from concrete to abstract inasmuch as the starting point is always diverse and chaotic reality.

Vygotsky (1980) and Jahn and Noske (1980) replied, concluding the debate. The former re-exposed his theses, accepting some remarks from Jahn and Noske. The two authors wrote an articulated answer, which went back to a more complex theory of knowledge.

A general theory of knowledge requires three fundamental phases: (i) the living vision of concrete objects in the material world; (ii) the knowledge of concrete in form of abstract concepts as mental concrete; (iii) the application of

¹³ E. Schwarz agrees with them: 'The two moments rest on the scientific method of the rise from abstract to concrete, to which it is presupposed the rise from concrete to abstract. The process of the rise from abstract to concrete characterizes not only the mode of exposition but begins in the research process. There, we already have abstractions and syntheses' (E. Schwarz, 1978, p. 23). He adds: 'Marx's works make clear that the interaction between research and exposition is never stopped... Exposition presupposes research, but research is conditioned by elements peculiar to the mode of exposition and every exposition needs a renewed research process. There is no pure exposition, not even in *Capital*'. Jahn and Nietzold comment that Marx does not begin researching as if nobody has researched before; he took into account the scientific results achieved by his predecessors (see also Jahn and Marxhausen, 1983, pp. 43ff.): 'According to Marx, empirics is not only what we can perceive immediately, but also the generalizations realized by other scholars... not only in the exposition but already in the research all the scientific means of the materialistic dialectic are at work' (Jahn and Nietzold, 1978, p. 156). Winfried Schwarz also agrees: 'The dialectical exposition can't simply assume given knowledge obtained before somehow' (W. Schwarz, 1978, p. 22); this is exactly Marx's criticism to Lassalle. Marx intends to show the development as such, and find out formal internal connections. Therefore the fundamental dialectical structures are proper, both of research and exposition.

those abstract concepts of the mental concrete through practical activity (Jahn and Noske, 1980, p. 39). The second phase is the only one given to mankind to have knowledge of the concrete, the first is not adequate to this task:

As Marx writes in the Introduction of 1857, the concrete of the first stage, that is as intuition and representation, is the very starting point of knowledge; but at this level, as "represented concrete", it is only a "chaotic representation of the whole". It is difficult to consider this the "proper scientific method" of knowledge. The only possibility mankind has to grasp the concrete is in form of concepts, categories, laws, that is to reproduce it in thought as a "mental concrete".

The proper scientific method Marx talks about refers, then, to the second stage. Empirical analysis cannot go beyond the simple connection of elements, cannot discover their fundamental structure. If Fabiunke's ideas that abstract can be the result of the abstraction process were right, this would mean that abstract is to be deduced from concrete, while the complex whole is the result of the dialectical development of the abstract.

With Vygodsky, they generally agree, except for the separation in space and time of research and exposition. The two processes develop in a spiral: Marx does not realize all the required abstractions at the first moment and then pass on to their exposition; every intermediate phase is instead the exposition of results obtained thanks to research, in so far as the same exposition process becomes the object of research. Claiming also that, in the research process, scientific thought goes from abstract to concrete, they do not refer to every single step, but to the process as a whole. The resolution of the contradictions internal to the process is the spring of further developments.

'Starting category', 'logic' and 'historic'

Another important issue of this debate was to establish which should be the starting category [*Ausgangskategorie*] of the dialectical exposition of the political economy. Vygodsky's contribution to this point was very important.

Following Marx, he focuses on the distinction between *social form* and *material content* in the modes of production.¹⁴ The material content, the labour process, is 'abstractly' common to each phase of social reproduction; that is, in each of them mankind needs to work in order to reproduce themselves and the material world in which they live. The framework that constitutes and describes this abstract notion does not show, however, the *historical determined*

¹⁴ See Marx's passages: Marx (1890), pp. 161, 167, 38, 44 (English, pp. 283, 290, 126, 133). See Marx (1885), p. 42 (English, p. 120). See also Marx (1863-64), pp. 56, 57 (English, pp. 981ff.).

forms in which this process takes place: that is, the *historically particular* way humans – as part of nature – interact with one another and with nature. From the abstract labour process, we only know that such individuals will have to reproduce themselves, and that in this reproduction there will be some constant elements; but we do not know from this, which determined form the interrelation of all these elements will assume. But it is exactly the specific form of that interrelation that confers a peculiar historical character to each mode of production. We can then point out continuities and discontinuities in the historical reproduction process and its logic, and so speak of its *historicity*, which does not mean *historicism*.

Taking this notion into account, Vygodsky goes back to the question of the starting category. Which is an adequate level of abstraction at which the exposition can begin? He claims that commodity, *since unity of use value (material content) and value (social form)*, is the 'economic cell' of the capitalistic mode of production and, as such, it is the starting point of the exposition of Marx's theory: 'The distinction between social form and material content gives each time the exact criteria to consider the right abstraction level' (see also Noske, 1976, p. 85). Classical political economy did not grasp this distinction and identified social form and material content, affirming in this way the eternity of capitalism (see Marx, 1890, p. 79; English, pp. 173ff.).

The 'mode of research' that begins with concrete and proceeds to abstract culminates in the elementary form; it is 'elementary' in so far as it expresses the most abstract unity of the two faces of the economic process: a peculiar historical form of use value, a peculiar historical form of the labour process, a peculiar historical form of the social reproduction process (Vygodsky, 1975, p. 69). Value is more abstract than commodity, but does not in itself express the content. Content is more abstract than commodity, but does not express the social form (Vygodsky, 1978, p. 60).

Marx draws this conclusion in the *Grundrisse*: his analysis begins with money and reaches value; at the end of the manuscripts, in the last pages where he starts writing the first chapter entitled 'Value', he affirms that the first category of bourgeois political economy is *commodity* and coherently begins *A Contribution* (and every successive version of his theory) with that – also changing the title of the first chapter into 'commodity' (see Marx, 1857–58, p. 740; English, p. 881).

Jahn's (1978) considerations were an answer to those 'occidental' criticisms, according to which Marx should not be completely familiar with his own method. He agrees with Vygodsky that, in the *Grundrisse*, in the end, Marx focused on the commodity as an economic cell, because of the unity of social form and material content. Now, however, a further problem related to the development of the system of political economy needs to be considered: even though we have reached an adequately abstract starting point, we do

not know yet whether this is the real economic cell. To be a proper starting point,

the economic cell must be developable. The cell, as an elementary form of the whole, has to be at the same time unity of contradictions; its unfolding works out the system. As an element of them, the starting point is contained in all categories of the system; each of them refers to that. Every following concept refers to the starting point. Therefore the basic category could be determined in an exactly scientific way only when the fundamental categories of the whole system of the capitalistic political economy had been analyzed in depth – at least in principle – aiming at the reconstruction, in a second step, of the internal core of the exposition. (Jahn, 1978, p. 72)

A crucial question, then, is whether the commodity analysed in the first chapters of *Capital* belongs to the capitalistic or a pre-capitalistic mode of production. Jahn is inclined to accept the first option on the base of Marx's criticism to Wagner: 'What I proceed from is the simplest social form in which the product of labour presents itself in contemporary society, and this is the "commodity"' (Marx, 1881, p. 369; English, p. 544). Therefore 'that' commodity is already part of the theory of 'contemporary society' (on this, see also Zengerling, 1979, p. 79; and Schwärzel, 1981, pp. 44ff.). Even categories that already existed in previous modes of production are *re-formed* by the capitalistic one and so get new meanings.

Hecker shares this idea too. In his opinion, the historical approach would not have been sufficient to find out the internal development of capitalistic production; but without historical knowledge even the logic approach would not have been possible (Hecker, 1983, p. 82). The two accomplish different tasks in the system: history has to confirm theory as a whole, but not every single step of it (Hecker, 1983, p. 82). The historical character of production is incorporated into the system thanks to its logic (see also Jahn and Nietzold, 1978; and Jahn and Marxhausen, 1983, pp. 58ff.). For instance, not every step of money deduction needs to be empirically confirmed, but only the theoretical whole; so the idea of a pre-capitalist Simple Commodities Production cannot be accepted. Hecker claims: 'Marx showed how, in the exchange process, commodities are one in front of another, not under what conditions they are produced' (Hecker, 1987, p. 154). This is confirmed by the summaries Marx wrote in *Manuscripts of 1861–63*, to which both Jahn and Hecker refer:

In developing capital it is important to keep in mind that the sole prerequisite the sole material we start out from — is commodity circulation and money circulation, commodities and money, and that individuals only confront each other as commodity owners. The second prerequisite is that the

change of form the commodity undergoes in circulation is only formal, i.e. that in all forms the value remains unchanged, that although the commodity exists at one time as a use value and next time as money, there is no alteration in the magnitude of its value, that the commodities are therefore bought and sold at their *value*, in proportion to the labour time contained in them: in other words, that equivalents alone are exchanged. (Marx, 1861–63, p. 28; English, p. 33)

Jahn strengthens his considerations by pointing out that the distinction between 'becoming' [*werdend*] capital, which still has exogenous presuppositions, and 'become' [*geworden*] capital, where every former presupposition is posited by capital itself, is left behind in *Capital*. Its objective is not the historical making of capitalism but rather the theoretical exposition of its conceptual nature. The commodity is the most abstract concrete of the whole to be exposed. With this, the scientific inquiry begins, and proceeds from the essential determinations to the surface:

From the standpoint of the totality [of the capitalistic mode of production], the conceptual beginning, the commodity is a simple economic form... a 'not yet accomplished result' that must go through 'further formal transformations' to reach its complete concept. Therefore, as 'not yet accomplished result', this simple form contains in itself [*an sich*] the core, the genetic code of further developments. (Jahn, 1978, p. 72)

The logical approach does not imply that Marx's theory is not historical; we have to consider the 'logical history' of the capitalistic mode of production:

The history of capitalism is reproduced in theoretical form, in concepts. Therefore, from the very beginning, the historical character and the unity of logical and historical method are given. The whole is presented as a historical passage of the social development. There is no doubt that the capitalistic relationships as a whole are conceptually delimited from all other ones... At the same time, a correct comprehension of how history becomes makes the past accessible (Jahn, 1978, pp. 74ff.).¹⁵

¹⁵ Jahn claims that the 'historic' is to be interpreted in a logic way and not that there is a logic-historic in the sense criticized by Backhaus. He talks about phases, which we could consider 'logically' different and therefore belonging to different 'historical' periods. His position seems not to be so different from Backhaus's and Reichelt's. The point is that the logic, because of its internal necessity, posits the present time (better the capitalistic mode of production) as something finite. It is not claimed, as in the logic-historic approach, that the empirical evidence is generalized in order to become laws of logic.

W. Schwarz (1978, pp. 8ff.) deals with method in relation to the question of 'capital in general'. His main theses are: (i) the abstraction level of the theory of Capital is definitely high; this aspect needs to be taken into account if we intend to apply this theory to concrete reality; (ii) we would be wrong if we considered the relation of abstract to concrete as a relation of unreal to real; the abstract laws of capital outline instead the essential, real trends of capital as such; (iii) political economy can proceed only through abstractions in order to go beyond what can be perceived by the senses; (iv) the materialistic character of such a theory consists in the fact that this way the theory reflects reality.

The scientific abstraction is not complete until we reach an adequate starting point; this must be able to work out the whole system, so should not be a *caput mortuum*: 'It is the quality to be value, peculiar to all figures of the capitalistic production, in which Marx sees the fundamental generality of concept and its internal unity' (W. Schwarz, 1978, p. 15). The concrete phenomenon we had at the beginning has disappeared in its unity and will not reappear until we go back from this unity to phenomenon. The first concrete is only a representation from which, by means of abstraction, the starting point is reached; as part of the whole, it needs to be reached again in the end as a result of the exposition. The construction of the system is the process from abstract to concrete, what Marx defines as the properly scientific method. The first is the mode of research the second the mode of exposition. This one is not simple and direct and implies contradictions, because the concrete is unity of diverse and so of opposites (W. Schwarz, 1978, p. 16). Their development rests on the contradiction internal to the 'thing itself' and is similar to Hegel's *Fortgehen*. The concept of capital is outlined through the notions of connection and totality:

All categories of the process that rises from abstract to concrete are subordinated to the goal of reconstructing the concrete. Only aiming at the goal of the exposition, this or that category can be conceived as necessary, and the single categories expose, in their complexity, a genetic developed relation only because they are posited in the internal logic of the process of formation of concrete. (W. Schwarz, 1978, p. 23)

This is the coherent principle going throughout the exposition. Historical method, on the contrary, cannot be considered fundamental in scientific research.

W. Schwarz defines this method as materialistic because the categories reproduce ideally the relationships of the real concrete; they simply reflect the relations immanent to the object. Marx speaks of a dialectical way of

development and never strives to anticipate categories belonging to a more concrete level of abstraction.¹⁶

Conclusion

From the above-presented debate we can draw some conclusions, which, although sometimes controversial, are generally accepted by most of the scholars that took part in it.

1. *Value-form and exchange process analysis represent a conceptual model, which develops thanks to immanent laws and trends.*

Many scholars share this conclusion. The internal logical necessity implies a genetic and not-empirical-orientated development. Whether this method is idealistic or materialistic, there is a necessity in the thing itself. In this context, the concept of 'economic cell', 'starting point' came out as its core; it is the more abstract unity of the essential elements of whatever mode of production, material content and social value; in the capitalist mode of production: commodity as unity of use value and value.

2. *Neither the model nor its laws can be reduced to any empirical factuality.*

Such a model does require no direct empirical reference. The essential laws do not appear as such, but in their necessary phenomenal form. Value does not appear as such, but in prices. We cannot see the Man as such next to John, Hannah and so on.¹⁷

3. *Once we have the commodity as unity of value and use value, as a starting category, we have potentially the entire model of the simple circulation and the genetic necessity of its further development.*

Commodity as unity of value and use value implies that: (i) it is the product of a twofold characterized labour (concrete and abstract) – that is, a sort of labour that at the same time creates utility and value; (ii) it must be exchanged, because this defines it as such; (iii) we need existing individuals to bring them to the market; (iv) there is division of labour among independent and autono-

¹⁶ When W. Schwarz says: 'never strives to anticipate', he does not refer to a self-reflective attitude, but to the theoretical development itself. In fact, the core of his book on capital in general (see W. Schwarz, 1978) aims at showing that, in some relevant cases, he did it in any case, and that this caused some methodological confusion.

¹⁷ For a 'logical' rather than an 'historical' inquiry into the subsumption of labour process under capital, see Fineschi (2004).

mous individuals: the satisfaction of each one's needs is possible only through the satisfaction of others' needs, and so through the generalized production for others mediated by commodities exchange; (v) because each single individual's product is immediately private and, furthermore, only latently social, the sociality of its private effort is guaranteed, posited only *ex post* (that is, through the exchange process). All these presuppositions, incorporated in the opposition of value and use value immanent to the concept of commodity, imply the further development of simple commodities circulation as a whole.¹⁸

As for Marx's relation to Engels, as we saw, the maintained monolithic identity of their ideas cannot be accepted. First, Simple Commodities Production is not the object of Marx's inquiry in the first section of *Capital*, Book I, neither as a description of the historical making of circulation nor as a model of a pre-capitalistic mode of production or economic system. Marx intended to deal with the question of what is conceptually necessary to conceive exchanges. Moreover, there is no reference, either conceptual or empirical, to the way the exchanged commodities have been produced; in the end, simple circulation proves to be nothing but the phenomenal form of a process occurring beyond it: capitalistic production as generalized commodities production.

Engels second mistake is the misinterpretation of the relationship between logic and historic; according to him, the logical theory should be a sort of simplification and schematization of the real historical process. Marx claims instead that the logic connection of categories in the present allows the understanding of their history together with their historical meaning. If we think of the contemporary world as the present in the history of human reproduction (which is itself part of nature, occurs in nature, and in mutual relationship with nature), we have at the same time a clue to inquiry into both the past and the future.¹⁹

References

Backhaus, Hans Georg (1969) 'Zur Dialektik der Wertform', in A. Schmidt (ed.), *Beiträge zur marxistischen Erkenntnistheorie* (Frankfurt am Main: Suhrkamp), pp. 128–52.

¹⁸ Resting on these presuppositions, I developed my interpretation of Marx's theory of Capital as a whole in Fineschi (2001; outlined in Fineschi, 2005).

¹⁹ These two justified criticisms of Engels, or the fact that, as an editor, he 'finished' Marx's manuscripts for Books II and III, should not imply, in my view, any simplification of their relationship, or interpretations according to which Engels would be the betrayer of Marx or the inventor of Marxism. In fact, several previous criticisms asserted that, because of Engels, Marx's theory had been transformed into a sort of new Hegelian system – and according to their views this was very bad, whereas the positions presented here claim *exactly the opposite*: Engels did not entirely understand the dialectical dimension of Marx's exposition.

- Backhaus, Hans Georg (1975) 'Materialien zur Rekonstruktion der Marxschen Werttheorie 2', in *Gesellschaft. Beiträge zur Marxschen Theorie* 3 (Frankfurt am Main: Suhrkamp), pp. 122–59.
- (1978) 'Materialien zur Rekonstruktion der Marxschen Werttheorie 3', in *Gesellschaft. Beiträge zur Marxschen Theorie* 11 (Frankfurt am Main: Suhrkamp), pp. 16–117.
- (1997) *Dialektik der Wertform* (Freiburg: ça ira).
- Bellofiore, Riccardo and Nicola Taylor (eds) (2004) *The Constitution of Capital: Essays on Volume 1 of Marx's Capital* (Basingstoke: Palgrave Macmillan).
- Engels, Friedrich (1859), 'Rezension zu Karl Marx: Zur Kritik der politischen Ökonomie. Erstes Heft', in Karl Marx and Friedrich Engels, *Gesamtausgabe*, Second Section, Vol. 2 (Berlin: Dietz, 1980, pp. 246–249) (English in Marx 1859, pp. 218–27).
- Fabiunke, Günter (1980) 'Das Aufsteigen vom Konkreten zum Abstrakten und vom Abstrakten zum Konkreten – eine unauflösliche materialistisch-dialektische Einheit', *Arbeitsblätter zur Marx-Engels Forschung*, no. 11, Halle (Saale), pp. 26–37.
- Fineschi, Roberto (2001) *Ripartire da Marx. Processo storico ed economia politica nella teoria del "capitale"* (Naples: La Città del Sole).
- (2002) 'Per la storia della MEGA', in Mazzone, MEGA®, pp. 37–48.
- (2004) 'Le temps du capital ou le capital dans le temps? Sur la logique du mode de production capitaliste', in D. Losurdo and A. Tosel (eds), *L'idée d'époque historique/Die Idee der historischen Epoche* (Frankfurt am Main: Peter Lang).
- (2005) 'The Four Levels of Abstraction of Marx's Concept of "Capital"', Paper for the 2 Conferencia International: Marx sobre el Concepto de Capital; available at www.azc.uam.mx/socialesyhumanidades/06/departamentos/economia/PDF/2%20Roberto%20%20Fineschi.pdf.
- Fineschi, Roberto and Malcolm Sylvers (2003) 'Novità dalla MEGA. La grande edizione storico-critica va avanti', *Marxismo oggi*, 2003/1, pp. 87–129.
- Göhler, Gerhard (1980) *Die Reduktion der Dialektik durch Marx: Strukturveränderungen der dialektischen Entwicklung in der Kritik der politischen Ökonomie* (Stuttgart: Klett-Cotta).
- Hecker, Rolf (1983) 'Einige Probleme der Entwicklung der Werttheorie', in *Der zweite Entwurf des "Kapitals". Analysen – Aspekte – Argumente* (Berlin: Dietz), pp. 78–97.
- (1987) 'Zur Entwicklung der Werttheorie von der 1. zur 3. Auflage des ersten Bandes des "Kapitals" von Karl Marx (1867–83), in *Marx-Engels-Jahrbuch* 10 (Berlin: Dietz), pp. 147–98.
- Hegel, Georg Wilhelm Friedrich (1996) *Wissenschaft der Logik*, 4th edn (Frankfurt am Main: Suhrkamp). (Werkausgabe no. 6).
- Jahn, Wolfgang (1978) 'Die Entwicklung der Ausgangstheorie der politischen Ökonomie des Kapitalismus in den Vorarbeiten zu Marx' "Kapital"', in *"... unserer Partei einen Sieg erringen". Entstehungs- und Wirkungsgeschichte des "Kapitals" von Karl Marx* (Berlin: Die Wirtschaft).
- Jahn, Wolfgang and Thomas Marxhausen (1983) 'Die Stellung der "Theorien über den Mehrwert" in der Entstehungsgeschichte des "Kapitals"', in *Der zweite Entwurf des "Kapitals". Analysen – Aspekte – Argumente* (Berlin: Dietz), pp. 43–77.
- Jahn, Wolfgang and Roland Nietzold (1978) 'Probleme der Entwicklung der Marxschen politischen Ökonomie im Zeitraum von 1850 bis 1863', in *Marx-Engels-Jahrbuch* 1 (Berlin: Dietz), pp. 145–74).
- Jahn, Wolfgang and Dietrich Noske (1979) *Arbeitsblätter zur Marx-Engels-Forschung* n. 7, Halle (Saale).
- (1980) 'Ist das Aufsteigen vom Abstrakten zum Konkreten die wissenschaftlich richtige Methode?', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 11, Halle (Saale), pp. 38–47.

- Marx, Karl (1857–58) *Ökonomische Manuskripte 1857/58*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 1, Parts 1–2 (Berlin: Dietz, 1976–81) (In English: *Grundrisse*, London, Penguin, 1993).
- (1859) *Zur Kritik der politischen Ökonomie*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 2 (Berlin: Dietz, 1980) (In English: *A Contribution to the Critique of Political Economy*, Moscow, Progress, 1970).
- (1861–63) *Zur Kritik der politischen Ökonomie (Manuskripte 1861–1863)*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 3, Parts 1–6 (Berlin: Dietz, 1976–82) (In English: K. Marx, *Economic Manuscripts of 1861–63*, in K. Marx and F. Engels, *Collected Works*, New York: International Publishers, 1975, Vol. 30).
- (1863–64) *Ökonomische Manuskripte 1863–67*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 4, Part 1 (Berlin: Dietz, 1988) (In English: *Results of the Immediate Process of Production, in Capital. A Critique of Political Economy*, Vol. I, London, Penguin, 1990, pp. 943–1084).
- (1881) *Randglossen zu Adolph Wagners "Lehrbuch der politischen Ökonomie"*, in K. Marx and F. Engels, *Werke*, Berlin: Dietz, 1962, Vol. 19, pp. 355–83 (In English: K. Marx, *Marginal Notes on Adolph Wagner's "Lehrbuch der politischen Oekonomie" (second edition), volume I, 1879*, in K. Marx and F. Engels, *Collected Works*, New York: International Publishers, 1975, Vol. 24).
- (1885) *Das Kapital. Kritik der politischen Ökonomie, Zweiter Band*, in K. Marx, F. Engels, *Werke*, Vol. 24 (Berlin: Dietz, 1963) (In English: *Capital. A Critique of Political Economy*, Vol. II, London, Penguin, 1992).
- (1890) *Das Kapital. Kritik der politischen Ökonomie. Erster Band. Hamburg 1890*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 10 (Berlin: Dietz, 1991) (In English: *Capital. A Critique of Political Economy*, Vol. I, London, Penguin, 1990).
- (1894) *Das Kapital. Kritik der politischen Ökonomie, Dritter Band*, in K. Marx and F. Engels, *Werke*, Vol. 25 (Berlin: Dietz, 1983) (In English: *Capital. A Critique of Political Economy*, Vol. III, London, Penguin, 1991).
- Marx, Karl and Frederick Engels (1983) *Collected Works*, Vol. 40 (New York: International Publishers).
- (1987) *Collected Works*, Vol. 42 (New York: International Publishers).
- Mazzone, Alessandro (ed.) (2002) *MEGA®: Marx ritrovato, grazie alla nuova edizione critica* (Roma, Mediaprint).
- Müller, Manfred (1978) *Auf dem Wege zum "Kapital". Zur Entwicklung des Kapitalbegriffs von Marx in den Jahren 1857–63* (Berlin: deb Verlag das europäische Buch).
- Noske, Dietrich (1976) 'Über Weg und Ziel dialektischer Untersuchungen der Marxschen politischen Ökonomie', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 2, Halle (Saale), pp. 79–91.
- Reichelt, Helmut (1970) *Zur logischen Struktur des Kapitalbegriffs bei Karl Marx* (Frankfurt am Main: Europäische Verlagsanstalt).
- Schkredov, Vladimir (1987) 'Die Untersuchungsmethode der Entstehungs- und Entwicklungsgeschichte der kapitalistischen Produktionsweise im "Kapital", *Marxistische Studien. Jahrbuch des IMSF* 12, 1/1987, pp. 232–37.
- Schwarz, Eckart (1978) 'Die Entwicklung der Marxschen politischen Ökonomie – Ein Schlüssel zur Lösung der gegenwärtigen theoretischen und methodologischen Probleme der materialistischen Widerspruchsdiagnostik', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 5, Halle (Saale), pp. 17–40.
- (1981) 'Zur Entwicklung der materialistischen Widerspruchsdiagnostik in den Schriften von Karl Marx', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 14, Halle (Saale), pp. 49–65.

- Schwarz, Winfried (1978) *Vom "Rohentwurf" zum "Kapital". Die Strukturgeschichte des Marxschen Hauptwerkes* (Berlin: deb Verlag das europäische Buch).
- Schwärzel, Hagen (1981) 'Wert und Kapital bei Marx und die Beziehung von Grundlegendem Produktionsverhältnis und Ausgangsproduktionsverhältnis', *Deutsche Zeitschrift für Philosophie*, no. 1, pp. 41–53.
- Tuchscheerer, Walter (1968) *Bevor "Das Kapital" entstand* (Berlin: Akademie).
- Vollgraf, Carl-Erich, Richard Sperl and Rolf Hecker (eds) (1997) *David Borisovic Rjazanov und die erste MEGA* (Berlin/Hamburg: Argument).
- Tuchscheerer, Walter (2000) *Erfolgreiche Kooperation: Das Frankfurter Institut für Sozialforschung und das Moskauer Marx-Engels-Institut (1924–28)* (Berlin/Hamburg: Argument).
- (2001) *Stalinismus und das Ende der ersten Marx-Engels-Gesamtausgabe (1931–41)* (Berlin/Hamburg: Argument).
- (2006) *Die Marx-Engels-Werkausgaben in der UdSSR und DDR (1945–68)* (Berlin/Hamburg: Argument).
- Vygodsky, Vitali S. (1967) *Geschichte einer großen Entdeckung* (Berlin: Die Wirtschaft).
- (1975) *Das Werden des ökonomischen Theorie von Marx und der wissenschaftliche Kommunismus* (Berlin: Dietz, 1978).
- (1978) 'Die dialektische Einheit von Forschungs- und Darstellungsmethode im politökonomischen Schaffen von Karl Marx und ihre schöpferische Anwendung durch W. I. Lenin', *Beiträge zur Marx-Engels-Forschung*, no. 3, pp. 57–72.
- (1979), 'Die Verflechtung von Forschungs- und Darstellungsmethode in den "Grundrissen der Kritik der politischen Ökonomie"', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 9, Halle (Saale), pp. 4–18.
- (1980) 'Nochmals zum Verhältnis von Forschungs- und Darstellungsmethode', *Arbeitsblätter zur Marx-Engels Forschung*, no. 11, Halle (Saale), pp. 20–25.
- Zeleny, Jindrich (1980) 'Die Logik des "Kapitals" von Karl Marx', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 11, Halle (Saale), pp. 4–19.
- Zengerling, Dittman (1979) 'Zur Untersuchung der Ausgangskategorie in der Herausbildung der Marxschen politischen Ökonomie', *Arbeitsblätter zur Marx-Engels-Forschung*, no. 10, Halle (Saale), pp. 64–73.

5

Reconstruction or Deconstruction? Methodological Controversies about Value and Capital, and New Insights from the Critical Edition

*Michael Heinrich**

In the late 1960s and 1970s, as a result of the students' movement in West Germany, a broad debate arose about Marx's critique of political economy. Traditional views were questioned and different attempts at a 'reconstruction' of Marx's critique were made. A process that was in some respects similar happened in East Germany, starting in the late 1970s, as a result of editing work on the critical edition MEGA[®]. After sketching these debates and explaining the specific meaning of 'reconstruction' in these contexts, I will discuss how far all such reconstruction projects were challenged by the discontinuities and ambivalences in Marx's project of critique which MEGA[®] made visible.

'New Readings' of Marx and the 'Reconstruction of the Critique of Political Economy' in the German debate

When Marx prepared 'Capital' in the 1860s, the workers' movement was rather weak. It was only in the late 1870s, and after Marx's death in the 1880s, that political parties of the working class became stronger and were recognized as 'Marxist' parties. Confronted with early forms of 'Marxism' by his son-in-law, Paul Lafargue, who reported him about some French 'Marxists', Marx reacted with his famous 'Je ne suis pas marxiste' – 'I am

* I would like to thank Chris Arthur and Tony Smith for helpful comments on an earlier draft of this paper, and especially Fred Moseley for intensive and productive discussions. Special thanks to John Clegg, who corrected the English text and helped greatly in clarifying my presentation.

not a Marxist'.¹ That he not only criticized these specific French positions, but also the transformation of his critique into a 'system' can be seen in his 'Notes on Wagner': Commenting on a remark of Wagner, Marx maintained that he never created a 'socialist system' (Marx, 1989, p. 533). Nevertheless, the socialist parties of the late nineteenth century created such a system to satisfy their needs for simple explanations and propagandistic formulae. 'Marxism' as a comprehensive 'world-view' emerged, a 'doctrine' about which Lenin wrote with nearly religious admiration: 'The Marxist doctrine is omnipotent because it is true. It is comprehensive and harmonious, and provides men with an integral world outlook' (Lenin, 1913).

In accordance with Marx's denial to have created a socialist system, 'Capital' did not have, as a subtitle, 'A new System of Socialist Political Economy' but 'A Critique of Political Economy'.² Marx's claim was to deliver a critique not only of certain theories but of an *entire science*, more precisely a critique of that science, which articulated the self-understanding of civil society. In traditional Marxism, this critical project was widely neglected or reduced to a critique of competing theories. Marx's critique of *categories*, his accentuation of *social forms* and *fetishism* played no important role. Instead of this 'Marxist political economy' (besides 'Dialectical' and 'Historical Materialism', the third main part of traditional 'Marxism') was constituted around a strongly *simplified* labour theory of value and a theory of exploitation similar to those of left-Ricardians during the 1830s. A remarkable exception to these simplified views was offered by Isaac Rubin, but his book on value theory which appeared in 1923 in the USSR (where it disappeared after he was arrested in 1931), was only translated into English and other languages in the 1970s.

While 'Dialectical Materialism' as a comprehensive philosophical system, and 'Historical Materialism' as a determinist and economic theory of history, were heavily criticized since the 1920s by 'Western Marxism', 'Marxist political economy' remained widely accepted. Even elaborate texts presenting Marxian economics, such as Sweezy (1942), Meek (1956) or Mandel (1962), paid no (or only very little) attention to issues such as value form analysis, commodity fetishism, the Trinitarian Formula and so on – issues, which show the *differentia specifica* of Marx's value theory as a critique of political economy.

It took until the 1960s for this view to change. With the background of protests against the US war in Vietnam, and the students' movement, a new reading of Marx began in various Western countries, opposing authoritarian

¹ See Engels' letters to Eduard Bernstein, 2–3 November 1882 (Marx and Engels, 1992, p. 359); and to Conrad Schmidt, 5 August 1890 (Marx and Engels, 2002, p. 7); and the short note that appeared on 13 September 1890 in 'Der Sozialdemokrat'.

² The subtitle of the first English translation, 'A Critical Analysis of Capitalist Production' is rather misleading.

Soviet 'Socialism' as much as Western capitalism. The movements criticized not only the philosophical foundations of 'Marxism' but also traditional 'Marxist political economy'. The means and principal ends of these criticisms were rather different: take, for example, Mario Tronti and his 'operaistic' criticism of orthodox readings in Italy; Louis Althusser and his 'structuralist' views in France; or Hans Georg Backhaus and Helmut Reichelt in West Germany, who accentuated Hegelian dialectics as methodological foundations for the 'development of categories'. Also, in Eastern Europe, where an open discussion about Marx was much more difficult than in Western countries, we can detect some more elaborated views emerging in the 1960s; see, for example, Vitali Vygodsky (1967) in Russia, or Walter Tuchscheerer (1968) in East Germany.

In sum we can speak (in a broad sense) of a 'New Reading' of Marx, which started during the 1960s in many countries. These different approaches had two features in common: (1) they relied not only on 'Capital' but also on earlier, preparatory manuscripts; and (2) they stressed methodological questions. It was not only important, *what* was said by Marx, but also *how it was grounded* and in what ways his views developed (cf. Elbe, 2006, for a compact discussion of some of these new readings).

For the West German discussion especially two texts had an important impact. One text was the 'Grundrisse', first published 1939/41, and available since 1953 in a cheap East German edition. But only in the 1960s did it become widely discussed, first in Schmidt (1962), then, in Rosdolsky's commentary, with its influential introduction stressing the Marx-Hegel relation and the importance of the 6-book plan with its notion of 'Capital in General' (Rosdolsky, 1968).

The other text was the section on commodity in the first edition of 'Capital', where value form analysis was treated in a rather different way than in later, better-known editions. The arguments seemed to be much more 'Hegelian', and thus the first edition was seen as the 'missing link' between the 'Grundrisse' and later editions of 'Capital'. Between 1966 and 1977, 90,000 copies of this text (Marx, 1966) were sold (numbers given at the imprint of the book). Other texts such as 'Results of the immediate production process' were added, also reprints of a number of older contributions appeared, such as Rubin's book.

In the late 1960s and in the 1970s, the West German debate on 'Capital' was focused on methodological questions such as the relation between the 'dialectical presentation of categories' in 'Capital' and Hegelian dialectics, the original 6-book-plan and the scope of 'Capital', the character of 'critique' and of 'value theory' and so on. These questions were addressed by considering the making of 'Capital'. This implies investigating the role of the 'Grundrisse', 'Theories of Surplus Value' and so on, in the development of central concepts, as well as considering the differences between the first and second editions of 'Capital'. Commentaries on the 'Grundrisse', 'Theories of Surplus-Value' and

the first chapter of 'Capital' were published, as well as a huge number of texts on the relation between Marx and Hegel.

Speaking simply, one could see two poles in these discussions. One pole tried to modernize and adjust traditional Marxism. The other pole consisted of different attempts to come to a 'reconstruction' of Marx's critique of political economy. According to this approach, Marx's work should be freed of misleading traditional interpretations. Its real but *hidden kernel* should be reconstructed from various manuscripts, because 'Capital' was recognized as being deeply incomplete – not only with regard to the field of investigation, but also in explicating its own methodological foundations. In this context, 'reconstruction' meant new construction only in relation to problematic traditional views, but not in relation to Marx's own work. Regarding Marx's own work, 'reconstruction' meant *to reveal the hidden logic, the covered inner coherence of his work*. The undisputed presupposition of the differing reconstruction attempts was that such an inner coherence existed.

The main issues concerning value, capital, and the structure of Marxian theory have been:

- the development of Marx's theory, levels of abstraction, the status of certain manuscripts ('Theories of Surplus-Value' as the fourth volume of 'Capital'?) and especially the question of how far the 6-book plan and the concept of 'Capital in General' was relevant for 'Capital';
- the motion behind the order and development of categories: dialectical development of notions or an abstract presentation of historical evolution; related to this point was the discussion of Engels' concept of 'simple commodity production' as opposed to Marx's concept of 'simple circulation';
- following the influential work of Sohn-Rethel (1970, 1978) the nature of abstraction in 'Capital' was debated: abstraction not as the outcome of cognitive action, but as 'real abstraction', inscribed in a certain social practice.

Further issues were closely related to these discussions:

- the so-called '*Staatsableitungsdebatte*', in which, at a high level of abstraction, state theory should be linked to critique of political economy by the development of categories;
- the discussion of world market theory, also at a high level of abstraction, using categories such as 'modification of the law of value', which can be found in Volume I of 'Capital'.

There is no space here to sketch these discussions. I will touch only on one point, the Marx–Hegel relation. During the early and mid-1970s, many books and articles appeared, attempting to follow the Hegelian traces in Marx's

critique. Many variants of how Marx 'applied' dialectic logic, which parts of Hegel's book on 'Logic' was the decisive one, and so on, were discussed. The issues were rather similar to debates in the English-speaking world since the late 1980s (cf. the contributions of Chris Arthur, Tony Smith, Geert Reuten and others). But also some studies appeared, which, via a detailed investigation of the structure of Marx's presentation, questioned the idea that one can find an application of Hegelian logic, or a mimic of Hegelian lines of argumentation in 'Capital'; see especially the rather different works of Kocyba (1979) and Schrader (1980). For me, the most plausible conclusion was the following: from Hegel, Marx gained a precise *perception* of the difficulties of presentation (which led in some cases to similar formulations), but regarding Hegel's notions and lines of argumentation themselves, there is no *application* (cf. Heinrich, 1986, 1999).³

In West Germany, the intensive discussions of the 1970s were driven by expectations of a speedy political and social change. The discussions about Marx became much weaker when these exaggerated hopes were disappointed. Instead of a self-critical discussion of such expectations, the image of a 'crisis of Marxism', which originated in France under rather different conditions, was broadly accepted and led many former adherents to abandon Marxian theory. Therefore the critical edition (Marx-Engels Gesamtausgabe: MEGA[®]), which began in 1975, came too late for the broad discussions in West Germany. MEGA[®] had an impact in the 1980s, but in the meantime, discussion of Marx had tapered off.

To some degree, a reverse of this picture can be observed in East Germany and the Soviet Union. While there was less discussion during the 1970s, intense work on MEGA[®] led after the late 1970s to increasingly elaborate contributions. In East Germany especially two important research groups emerged, one in Halle, around Wolfgang Jahn, and one in Berlin, with Rolf Hecker, Jürgen Jungnickel, Carl Erich Vollgraf and some others. The group around Jahn also had a kind of 'reconstruction' project in mind (cf. Jahn, 1992). They tried to rebuild Marx's critique of political economy along the lines of the original 6-book plan, and as in the West German debate, they presupposed a coherent but hidden kernel of Marx's critique.

In East Germany, MEGA[®] also stimulated discussions about method and presentation, which had an impact even at the textbook level. The last textbook on 'Political Economy of Capitalism and Socialism', which appeared in 1988, abandoned Engels' concept of simple commodity production, which had prevailed for decades (cf. Hecker, 2002, p. 89). In the 1990s, the East German research groups became victims of German reunification. None of the institutions in which discussions took place survived the 'evaluation' by the

³ A translation of Heinrich (1986) appeared in 1989 in *Capital & Class*, but the editors skipped the part on the dialectical development of the categories.

West German academic bureaucracy. In the early 1990s, even the continuation of MEGA[®] was in doubt (Marxhausen, 2006, gives an overview of the adventurous history of MEGA[®] both before and after German reunification). But MEGA[®] was able to survive under the new conditions, and its publication of Marx's original manuscript of Book III of 'Capital' inspired new discussions, both about the relation between Marx's original text and Engels' edition, and about the crucial issues of Book III, such as the theory of crisis, or the theory of interest and credit, which were shown in a new light by the original manuscript (cf. Vollgraf and Jungnickel, 1995; Heinrich, 1996/7).

The critical edition of the works of Marx and Engels (MEGA[®])

The MEGA[®] of the 1970s was the second attempt at publishing the complete works of Marx and Engels. The first MEGA began in the 1920s as a German-Russian project. Fascism and Stalinism prevented it from continuing.⁴ Both editions aimed to publish all writings, manuscripts and letters of Marx and Engels, following the principles of 'critical' editions. While older editions of important works followed the 'last' edition prepared by the author or, in the case of unpublished manuscripts, searched for the author's intentions and tried to present an almost-ready work, critical editions try to publish what has been passed down in its original shape and language. Editorial interventions such as correcting or amending the text, reordering or structuring the material should not appear, but if they cannot be avoided, they are to be documented in the editorial notes which accompany all critical editions.

The new MEGA[®] is in this respect stricter than the old one, as the texts are really published in the form that the manuscripts were received, while in the first MEGA some manuscripts, such as the 'Economic-philosophical Manuscripts' or 'The German Ideology', were reordered. Also, the new MEGA[®] includes the complete excerpts, rather than only parts of them, and furthermore, not only the letters that Marx and Engels wrote, but also the letters they received, have been published. By the end of 2008, 61 volumes had already appeared; the complete MEGA[®] will encompass about 120 volumes.⁵ Every volume is made up of a book with the text and a separate book with the editorial index, which depicts the emergence of the manuscripts and the ways they have been passed down, includes all editorial information, variants of the texts and

⁴ Vollgraf *et al.* (1997, 2001) about the history and political context of the first MEGA[®].

⁵ The fifty volumes of the now-complete published Marx-Engels Collected Works (MECW) used the already existing volumes of the MEGA[®], but these were only a part of MEGA[®].

detailed descriptions of material witnesses (kind of paper, colour of the ink used, and so on).⁶

Following the principles of critical editions, attention is drawn to the process of the emergence and development of a text, and in many cases it becomes obvious that there is no final work. It also becomes clear that, for unpublished drafts and manuscripts, the search for the editorial form which 'the author himself wanted' is like chasing a phantom. In some respects, a critical edition resembles what Michel Foucault (1969), in a broader context, called an 'archaeology of knowledge', where theories are handled not as 'documents' (which seemingly speak for themselves) but as 'monuments' (which do not speak for themselves). To some degree, the MEGA[®] treats the texts of Marx and Engels in such a way, and through this a much better foundation for a discussion of these texts is provided. Understanding monuments cannot be reduced to the simple question of reading, claiming a good reading for oneself and accusing authors with a different interpretations of conducting a bad reading. Dealing with monuments is an open process which takes place repeatedly. It is not a passive perception of given textual entities because no text is unambiguous, but rather an *active process of construction* depending on changing political and discursive conditions, which influence discussions, the directions of attention, the problems which were seen as decisive, and so on.

The new MEGA[®] delivers a mass of new insights and treats many difficult editorial problems in an excellent way. The edition of the extremely complex (and until now not translated) manuscript '*Ergänzungen und Veränderungen*' for example (we shall come back to this text later), is a masterpiece of editorial work. I stress this point because the critical remarks which will follow do not change my high appreciation of the quality of the MEGA[®].

One problem is caused by the division of the MEGA[®] into four sections (works other than 'Capital'; 'Capital' and preparatory works; letters; excerpts), which can result in a misleading separation of studies. The division sets up certain boundaries, although all the texts are interconnected. In section II, we find 'Capital' and preparatory manuscripts, which were written from 1857 onwards. In some respects it makes sense to start in 1857, when something new began, which is not at the same level as the 'Economic-philosophical manuscripts' of 1844 or 'The Poverty of Philosophy' of 1847. Marx himself said (in the preface

⁶ This may sound like an excess of scholarly precision, but such work has achieved significant insights. By observing the way in which the pages were numbered, Miskewitsch *et al.* (1982) argued that the second section of Book III of 'Capital' was written before section one (which invites some conclusions about the formation of Marx's arguments). This conclusion was also expressed in the MEGA[®] II/4.2, which contains the original manuscript of Book III. But by using the precise description of the different kinds of paper used by Marx, I was able to demonstrate that this conclusion was not very plausible (see Heinrich, 1994).

of 'A Contribution to the Critique of Political Economy') that in 1850 he made a new beginning with his studies after moving to London. But what he produced there at first were excerpts (published in section IV of the MEGA[®]) and the short text 'Reflection' (1851). 'Einleitung' (1857) and 'Grundrisse' (1857/58) are based on these excerpts. Simultaneously with the 'Grundrisse', Marx wrote a lot of newspaper articles (to be published in section I of the MEGA[®]) and letters (published in section III), some concerning economic issues. Furthermore, he prepared important collections of material; namely, the still unpublished 'book on crisis' (cf. Block and Hecker, 1991), which will appear in section IV. All these texts must be studied together and not separately. As readers, we may not confuse the *editorial division* with a kind of *intrinsic order* of the body of texts.

It may be that an extensive edition such as the MEGA[®], because of the huge mass of texts, cannot avoid such problems of ordering. But another difficulty could have been avoided. Section II of the MEGA[®] is named "*Das Kapital*" und *Vorarbeiten*" ('"Capital" and preparatory works'), and in the introductions to several MEGA[®] volumes we read of the 'three drafts of "Capital"' – referring to the 'Grundrisse' 1857/8, the 'Economic Manuscript of 1861–63', and the 'Economic Manuscript of 1863–65' – a labelling which has meanwhile spread widely.⁷ But this labelling is not a pure *description*, it implies a certain *judgement*, and a judgement which can be questioned. It is presupposed that 'Capital' was the aim from 1857 onwards, and all the major drafts were steps towards this aim. And it is further suggested that, after writing the 'three drafts of "Capital"' Marx published Volume I of 'Capital' as a final result, followed by Engels' edition of Volumes II and III, which are also final. In this view, we have a clear line of development, and a clear distinction between drafts and the final work. But all this is by no means clear cut.

Continuity and discontinuity in the development of Marx's critique of political economy

The above-sketched view (for which some precedent exists) presupposes a *strong continuity*, which structures the field of possible questions about the nature of this development. Roughly speaking, two contradicting positions may be articulated:

1. The consecutive drafts show a development towards greater perfection in analysis and presentation, because of deeper research.

⁷ Dussel (2000) and Krätke (2001, p. 10) continue this approach when they call all the published texts and manuscripts of the period between 1866 and 1881 the 'fourth' draft of 'Capital'. Krätke (2001, 2002) discusses many of the problems that occurred in this later period.

2. The consecutive drafts show a development which leaves some more elaborated parts behind; in some respects this is a development leading to greater imperfection, because of Marx's attempt to popularize his presentation.

In the German debates, both lines of argumentation can be found. The first view belongs to the core of the 'traditional' position, for which a 'reconstruction' in the sense explained in the first section of this chapter is not necessary at all. The most distinguished representatives of the second view are Backhaus and Reichelt. 'Reconstruction', then, means to collect and maintain what has been lost, and to reread the later texts in the light of the earlier ones. But with the actual materials already provided by the MEGA[®], a picture quite different from the simple relation between 'preparatory studies' and 'Capital' that is suggested by speaking of 'three drafts' of 'Capital', seems to fit much better.

During the 1850s, Marx always planned to write a comprehensive critique of political economy, but this critique was far from having a definite shape or structure. Writing 'Einleitung' in the summer of 1857 was the first attempt to articulate methodological problems and the structural needs of this critique. 'Einleitung' is not an introduction to the 'Grundrisse'; it is an introduction to this planned, but rather vague, work. Many authors see in 'Einleitung' Marx's mature conception of method, but it is rather the 'first' (in his mature period) than the 'last' word on method. The often quoted 'method of advancing from the abstract to the concrete', is much too vague to describe the complex way in which Marx actually argued in Volume I of 'Capital' some ten years later.

The 'Grundrisse' itself does not have a definite starting point; the manuscripts are not 'planned' they developed out of a discussion of a book by Darimon. They were driven by Marx's expectations of a near crisis (which did take place) and related revolutionary movements (which did not take place). In the 'Grundrisse', simultaneously with the presentation of a certain *content*, Marx had to form the *structure* of his presentation, which opens up many methodological questions. Therefore, the 'Grundrisse' is not really a draft for a work that already has a detailed shape; rather the 'Grundrisse' shows how this shape is emerging. As we know, the result was the 6-book plan (that is, to present the 'Critique of Political Economy', which was the title of the whole project, in books on capital, landed property, wage labour, the state, foreign trade, the world market) and the distinction between 'capital in general' and 'competition of many capitals'. Therefore, the period from the summer of 1857 to spring/summer 1858 can be considered as the *formative period* for the planned Critique, and the 'Grundrisse' as the text in which this formation took place.

In the next period, Marx tried to *realize* this project. We can already find the very first step at the end of 'Grundrisse': the short text 'I. Value'. The next steps are the 'Urtext' (1858) and the published book *A Contribution to the Critique of Political Economy. Part One* (1859), where Marx announced his 6-book plan

to the public and also used 'capital in general' (for the first and only time) as a heading in a published work. Furthermore, Marx included the history of political economy in his presentation: each category should be followed by its history in economic thinking. But even in *A Contribution ...* we can find conceptual revisions: the sections on 'the law of appropriation in simple circulation' and on the 'transition to capital', which in the 'Urtext' were the two last sections of the chapter on money, have been omitted.⁸

After a break of two years, Marx continued his project by writing, as a direct sequel to *A Contribution ...* the huge 'Economic Manuscript of 1861–63' (about half of which was devoted to 'Theories of Surplus-Value'). In this manuscript Marx tried to follow his original plan, but also a number of serious revisions took place. One important example is the way in which Marx viewed economic crisis. In a few pages in the 'Grundrisse' (and only there) we can find something like a theory of a final breakdown of capitalism. At other places in the 'Grundrisse', Marx also stressed the destructive features of crisis. This fitted with his expectation at the time that a deep crisis will bring revolutionary uprisings. But in 1858 the crisis vanished very quickly without inspiring any revolutionary processes, and furthermore it improved accumulation possibilities and strengthened capitalist development. This experience deeply influenced Marx's further treatment of crisis theory, and especially he questioned the position crisis theory should have in the development of categories.

Already during his 1861–63 attempt to conduct his plan, outlines of a *changed project* emerged. In a letter to Kugelmann from 28 December 1862 (Marx and Engels, 1985, p. 435), Marx mentioned for the first time the new title: 'Capital'. He described it as continuation of *A Contribution ...* but simultaneously a 'self-sustaining' work dealing only with 'capital in general'. At this time, Marx seemed to realize that he would not be able to finish his 6-book plan and therefore decided just to present the basics. But in the following months a deeper transformation must have happened. After finishing the '1861–63 Manuscript' in the summer of 1863, Marx *never again mentioned* 'capital in general': neither in manuscripts nor in letters nor in published texts. The notion, which was so important from 1857 to 1863, and often used in different types of texts, just vanished. What this exactly means has been heavily disputed during the past decades. On the one hand, it was argued that the concept 'capital in general' is still structuring the presentation in 'Capital', but there was no consensus

⁸ We find these omissions also in 'Capital'. The last one has direct political impact: blurring the inner connection between simple circulation and capital, something like a 'socialist market economy' seems to be compatible with Marx's analysis. The omission of the former makes it hard to understand what Marx means by 'The Inversion which converts the Property Laws of Commodity Production into Laws of Capitalist Appropriation' in chapter 24 of 'Capital', Volume 1.

on how far 'capital in general' reaches: only to the first two books, or do parts or even the whole of Book III also argue at this level? On the other hand, it was argued that Marx changed his structural concept and in fact abandoned 'capital in general'.

In an article (Heinrich, 1986), I argued that, under the heading 'capital in general', Marx wanted to present a certain *content* (as the drafts for the content of the section on capital in general clearly show, the categories from value to profit and interest – categories which articulate all that, which 'appears' in the competition of many capitals) at a certain *level of abstraction* (abstraction from the movements of many capitals): what is appearing in this movement should not be explained by using this movement. This certain *combination* of content and level of abstraction is constitutive of the division between 'capital in general' and 'competition'. But in the '1861–63 Manuscript' (which MEGA[®] has published for the first time in its entirety) Marx had to recognize that this double demand could not be realized: to deal with interest, which according to Marx's plan should be the last category of 'capital in general' (cf. for example, Marx's letter to Lassalle of 11 March 1858: Marx and Engels, 1983, p. 286), is impossible without developing the general rate of profit, which presupposes the competition of 'many capitals', and the presentation of the circulation process already needs to deal with different types of capital. Marx had to abandon the *concept* of 'capital in general', and therefore the *word* also vanished. The methodological axis of the new project is the relation of *individual capital* (a general concept not to be confounded with the concrete single capital appearing in competition) and *total social capital*, a relation which Marx analysed in several steps at different levels of abstraction.⁹

So, during 1863 and 1864 a *second project of critique* was born, named 'Capital', which was to consist of four books, three theoretical ones and a fourth dealing with the history of economic theory (Marx also abandoned his original plan to present the history of economic theory step by step for each single category). Marx not only never again mentioned 'capital in general', but he also avoided saying anything about his original 6-book plan; in 'Capital' he only mentions 'special investigations' lying outside the scope of 'Capital'. This scope was defined as presenting 'the internal organization of the capitalist mode of production, its

⁹ Fred Moseley has elaborated a different view (cf. his contribution, Chapter 8 in this volume). Moseley sees the distinction between production and distribution of surplus value as the decisive content of the distinction between 'capital in general' and 'competition of many capitals'. Because Marx maintains this distinction in 'Capital', Moseley argues that there Marx also adheres to 'capital in general', although he omitted the word. I do not deny that the distinction between production and distribution of surplus value is important for Marx, and that this distinction also plays a crucial role in 'Capital'. But I do not agree that this distinction is the kernel of the distinction between 'capital in general' and 'competition of many capitals'.

ideal average' (Marx, 1894, p. 970). This 'ideal average' includes a treatment of competition at an abstract level, but as Marx also stressed, not the 'actual movement of competition'. Key issues of the originally planned books on wage labour and on landed property were nevertheless included, so it seems plausible that 'Capital' replaces the first three books of the 6-book plan, but with substantial differences in the methodological approach of presentation.

Considering all these changes, we cannot judge that the subsequent 'Economic Manuscript of 1863–65' is the *third* draft of 'Capital': it is the *first* draft of this new project named 'Capital': put precisely, the first draft for the three *theoretical* books of 'Capital'. For the fourth book, there is not even a draft: 'Theories of Surplus-Value' follows a different concept, dealing only with the history of one category, although it includes a lot of digressions. A draft of Book I was written in 1863/4 but is now lost, with the exception of the last chapter, 'Results of the Immediate Process of Production'. For Book II we find in the '1863–65 Manuscript' a complete presentation. Engels, however, when preparing Volume II of 'Capital', did not use this oldest manuscript. After a Russian translation in 1974, it was published for the first time in its original language in MEGA[®] II/4.1 in 1988. For Book III, the so-called 'main manuscript' originated in 1863/4, it is the only nearly complete version, and Engels used mainly this text when editing Volume III of 'Capital'.

Based on this *first* draft of 'Capital', Marx began in January 1866 to write the text for Book I, which was published in 1867. But this publication was the result of a revision of the first draft. The published text did not include the chapter on the 'Results ...'. But it did include an extensive chapter on 'Commodities and Money', extending the presentation of *A Contribution ...* instead of giving a short resume as an introduction, which was Marx's original plan. Furthermore, during the printing process, Marx amended the 'dialectical' presentation of the value form in chapter 1 by inserting a 'less dialectical' version as an appendix to the volume.

Marx assumed that after preparing Book I for printing, he would be able to finish Books II and III quickly. Both books were to appear in the second volume of 'Capital'; and then the third volume with Book IV, the history of the theory, would follow (this is announced in the Preface of Volume I). From 1867 to 1871, shorter manuscripts for Book III, an extended manuscript for Book II (the so-called 'manuscript II' of Book II) and some shorter manuscripts for Book II were originated. But Marx's hope to finish quickly was not fulfilled: as he wrote in a letter to Danielson dated 13 June 1871 (Marx and Engels, 1989, p. 152), he thought that a complete revision of the manuscript (meaning the 1863–65 manuscript) would be necessary before he could publish Books II and III. In the 1867–71 manuscripts for Books II and III he undertook this revision, so that these texts, together with the first edition of Volume I, constitute a new, *second draft* of 'Capital'.

This process of reworking was stopped suddenly by the announcement by the publisher in late 1871 that a second edition of Volume I should be published in 1872. Marx therefore started to revise Book I. With this, a new (and final) period of reworking began, at first centred around Book I, when Marx was preparing both the second German edition and the French translation, which appeared in 1872–75. After 1874, some manuscripts for Book III were written, and after 1877 some important manuscripts for Book II.

When preparing the second German edition of Volume I, Marx eliminated the double presentation of the value form in chapter 1 and in the appendix. This reworking was done in the above-mentioned manuscript '*Ergänzungen und Veränderungen*', which shows not only how Marx searched for a proper presentation, but also includes commentaries on his presentation which cannot be found in any published text. These considerations are especially important in understanding his concept of 'value-objectivity' [*Wertgegenständlichkeit*]. In the next section I will come back to this manuscript.

In the second edition of 'Capital', value form analysis follows mainly the appendix of the first edition, which was clearly a popularization: in the Preface of the first edition, Marx recommended the appendix version to the reader 'who is not exercised in dialectical thinking' (cf. Marx, 1867, p. 12). Marx was very conscious that something important was lost in this revision. For the second edition of 'Capital', he retained the Preface to the first edition, but quietly erased one important sentence. Comparing *A Contribution...* with 'Capital', in 1867 he wrote about his presentation of value form analysis: 'It is difficult to understand, because the dialectics is much more precise than in the first presentation' ('*Sie ist schwerverständlich, weil die Dialektik viel schärfer ist als in der ersten Darstellung*': Marx, 1867, pp. 11–12). Removing this sentence in the second edition shows that Marx did not consider any longer the dialectics of value form analysis to be 'much more precise'.

In this respect, Backhaus's thesis about a tendency towards popularization, in which some clarity is lost, is quite right. But it is an exaggeration to stress *only* this tendency, even in the case of value form analysis, where the loss in precision is rather obvious. Here, among other problematic changes, Marx omitted the fourth 'paradoxical' value form (which can be found in the presentation of chapter one of the first edition) and substituted it with the 'money form', which has no difference in *form* compared to the 'general form of value'. The only difference is produced by the *social action* of the commodity owners. Including the money form means not only that the road of strict 'form-development' is abandoned, but above all the difference in the levels of presentation of chapter one (analysis of the commodity form) and chapter two (analysis of the social actions of commodity owners) is blurred. As a consequence, in many discussions, the status and aim of chapter two remained rather unclear. When

money was already the result of value-form analysis in chapter one, why have a second chapter, which also presented money as a result?

Although we observe certain losses by such reworking, the implications are not so straightforward. The appendix also includes some developments (for example, we find here for the first time a very clear presentation of the 'peculiarities of the equivalent form'), and the presentation in the second edition includes some improvements. In sum, we have three presentations of the section on value form, and none of them is definitely the 'best one'. All three published presentations and, just as important, at least some crucial arguments of the reworking manuscript '*Ergänzungen und Veränderungen*', must be used to gain a complete understanding of value form analysis (see Heinrich, 2008).

For the French edition of Book I, Marx carried out further revisions and extensions, mainly in the section on accumulation. Among other issues, he stressed the connection between accumulation, centralization and credit, considerations which had an important impact on the content of Book III, where the section on credit was still rather incomplete. But in this last period, in addition to some smaller manuscripts dealing with parts of Book III, only one bigger manuscript about mathematical relations between the rate of surplus value and the rate of profit emerged (published in MEGA[®] II/14). However, between 1877 and 1881, Marx wrote some important manuscripts for Book II, which will be published for the first time in MEGA[®] II/11.

The 1870s were not only a period of further reworking: new issues of interest also occurred. One of these issues was Russia. Marx even learned Russian in order to read Russian economic texts and statistical reports. Another important issue was the development of the USA.¹⁰ Before the 1870s, Marx was also interested in the USA, but mainly in its political development (cf. his remarks in the Preface of 1867). In the 1870s, the economic development of the USA became increasingly important to him. In a letter to Danielson of 15 November 1878 (Marx and Engels, 1991, p. 343), Marx wrote that, at that time, the USA was the most interesting country for an economist, especially in the period between 1873 and 1878. In the Preface of Volume I, Marx had considered England as the '*locus classicus*' for the capitalist mode of production. It seems that at the end of the 1870s Marx saw the USA, with its extensive system of banking and credit, and the enormous concentration and centralization of capital, as being at least equal in importance to England, perhaps even as a new '*locus classicus*'. This increasing importance of the USA would have had a great impact, and not only on Book III.¹¹ Book I would probably also have been altered in some respect. In

¹⁰ See Sylvers (2005) for an overview of Marx's and Engels' preoccupation with the USA from the early 1840s.

¹¹ In the letter to Danielson dated 13 June 1871 (Marx and Engels, 1989, p. 152), Marx mentioned documents for his book that were to arrive from the United States. According

sum, we can say that during the 1870s, the attempts to finish 'Capital' as well as the process of investigation continued.¹²

We do not know which revisions Marx would have made, and in which ways he would have handled the still unsolved problems of the manuscripts. But we know that Marx himself was convinced that a fundamental reworking, even of the already published Book I, was necessary. At the end of 1881, when Marx was informed that a third edition of Volume I would be necessary soon, he intended to propose to the publisher to print only a limited number of copies, with minor alterations, because he wanted to alter and adjust Book I in a fundamental way (see his letter to Danielson, 13 December 1881 in Marx and Engels, 1992, p. 160). According to an improved dating, the 'Notes on Wagner' could have been written in 1881, making them possibly a part of Marx's intended plan to rework Book I (cf. Kopf, 1992).

Summarizing the previous arguments, we can distinguish two different projects: a 'Critique of Political Economy' in six books and 'Capital' in four books. After a preparatory period in the 1850s, there are five different periods of the emergence and attempted realization of these projects, resulting in five different bodies of text (including drafts and published texts), two drafts for the first project and three drafts for the second, as sketched in Table 5.1. In the last column I add some information regarding value theory to give at least a few hints of what development of theory took place. Further important changes can be found in other fields such as accumulation, circulation or crisis, but it is impossible to describe them all in only one table.

to an interview Marx gave to John Swinton in 1880, the USA would be the most important country to illustrate his presentation of credit (see Marx, 1989, pp. 583–85). During the late 1860s and the 1870s Marx also excerpted a huge amount of literature about banks, currency and exchange rates, material that will be published in Fourth Section of the MEGA[®].

¹² This contradicts a proposition in the introduction of MEGA[®] II/10, that with the publication of the first book of 'Capital' the research process had come to an end and only problems of presentation remained (Marx, 1890b, p. 13*). It also contradicts the rather bizarre statement of the German economist Bertram Schefold, who wrote in the 'Introduction' to another volume, that Marx was not interested in completing 'Capital' because he thought others could do this as well as he (Marx, 1867, p. 871). Both introductions provide less information about Marx, but reflect the political conditions of producing the MEGA[®]. The first, although appearing in 1991 after German unification, was completely prepared in the GDR and was filled with the spirit of a rather dogmatic Marxism, where Marxian theory had to be complete and perfect. The second introduction appeared in 2004 in a reunified Germany, where the 'end of ideologies' was proclaimed. In violating the new editorial principles of the MEGA[®] of 1993, which aim to separate editorial and interpretational work as far as possible, Schefold's introduction has no other content than an interpretation that fits the political conditions of the time: he states that Marx's theory is completely outdated, and as a substitute he offers Sraffa's Neoricardianism (see my review of MEGA[®] II/15 in Heinrich, 2007).

Table 5.1 Marx's economic manuscripts 1850-81

Year	Texts (unpublished)	Texts (published by Marx)	General character of the period	Value theory
1850-53	<i>London notebooks</i> (including 'Reflection')		Preparatory period	Increasing critic of Ricardo's theory of value and money
1854-57	<i>Excerpts on Political Economy</i>			
	'Critique of Political Economy'			
1857-58	First Draft of 'Critique of Political Economy' <i>Introduction</i> <i>Grundrisse</i> <i>Excerpts</i> (especially: <i>Book of the Crisis of 1857</i>)		Formation of this <i>first project</i> : 6-book plan and 'Capital in general'/competition of many capitals as structural principle First attempt to realize this project	<i>Grundrisse</i> : Transition from value to money (several attempts); transition from money to capital (first attempt)
1858	Second Draft of 'Critique of Political Economy' <i>Urtext</i> (<i>Original Text of 'A Contribution...'</i>)		Second attempt to realize this first project Considerable reworking in many fields	<i>Urtext</i> : Transition from money to capital (second attempt)
1859		A Contribution to the Critique of Political Economy 1859		A <i>Contribution</i> : 'general labour'; value form analysis intersects with analysis of exchange process <i>Theories of Surplus Value</i> : critic of Bailey shows the necessity of reworking value form analysis
1861-63	<i>Economic Manuscript of 1861-63</i> (including ' <i>Theories of Surplus Value</i> ')			

'Capital'

1863-65	<p>First Draft of 'Capital'</p> <p>(Economic Manuscript of 1863-65)</p> <ul style="list-style-type: none"> - Book I (only 'Results of the Immediate Process of Production' left) - Book II ('manuscript I') - Book III ('main manuscript') 	<p>Formation of a <i>second project</i>:</p> <p>4 books of 'Capital'</p> <p>Individual capital/total social capital as structural principle</p> <p>First attempt to realize this second project</p> <p>The most complete executed draft of the three theoretical books of 'Capital'</p>	<p>Manuscript for book I is left, so there is no information about changes in Marx's treatment of value and money</p>
1866-67	<p>Second Draft of 'Capital'</p>	<p>Capital Vol. I (first edition) 1867</p>	<p><i>Capital I (first edition):</i> Value form analysis in chapter I ('the dialectic is more precise').</p> <p>'Popularised' value form analysis in appendix</p>
1867-68 1868-71	<p><i>Manuscript II-V for book III</i></p> <p><i>Manuscript II, III and IV for book II</i></p>	<p>Manuscripts for book II as a direct sequel of the published book I</p>	
1871-83	<p>Third Draft of 'Capital'</p> <p><i>Ergänzungen und Veränderungen</i> 1871/72</p>	<p>Capital Vol. I (2nd edition) 1872/73</p> <p>Capital Vol. I (French) 1872-75</p>	<p><i>Ergänzungen und Veränderungen:</i></p> <p>Methodological reflections, reworking value form analysis</p> <p><i>Capital I (2nd edition):</i></p> <p>Popularised value form analysis, extended fetishism analysis; reduction of explicit methodical reflections</p> <p><i>Notes on Wagner:</i> methodological reflections</p>
1874-78 1877-81 1877-79	<p><i>Manuscripts for book III</i></p> <p><i>Manuscript V, VI, VII, VIII for book II</i></p> <p><i>Excerpts on banking and finance</i></p> <p>Materials for further reworking of book I</p>	<p>considerable improvements of book II</p> <p>announcement in letters to rework also book I fundamentally</p>	
1881	<p><i>Notes on Wagner</i></p>		

After Marx's death, Engels began to edit 'Capital', and in 1883 he published the third German edition of Book I, including many of the changes Marx had made for the French translation. But Engels did not take all the changes into account, so a *new version* of Book I was born: the third German edition (as well as the English translation) was compiled by Engels and it is not completely identical with any edition which appeared in Marx's lifetime. In 1890, Engels published the fourth German edition, with some minor changes, and this edition, the last supervised by Engels, served as a standard edition in Germany and as the basic text for many translations.

Book II of 'Capital' appeared in 1885. Engels put it together from several manuscripts written between 1868 and 1881; Book III appeared in 1894, the main source for this being the manuscript written in 1865. The publication of the original manuscript of Book III in MEGA[®] II/4.2 in 1993 showed that Engels, although he tried to preserve the main lines of argumentation, made extensive interventions: he structured the text by dividing it into chapters and subchapters, giving them titles and subtitles, reordering the material, dropping some minor parts and changing the original formulations of Marx in nearly every sentence. These points are not stressed because I want to accuse Engels. Without him, Books II and III would probably never have been published. What he did was the best he could have done in the circumstances. But nevertheless we have to compare Marx's original manuscripts with Engels' edition. By his interventions, Engels facilitates reading of the text, but at the same time he blurs over the fact that in Marx's original manuscripts many questions were not answered definitively. Engels not only in many points decided how to deal with such questions, but for the reader it was not always clear that there had in fact been a question at all (cf. for the problems of Engels' edition, Vollgraf and Jungnickel, 1995; Heinrich, 1996/7). For example, Engels decided to structure Marx's considerations of crises which follow his presentation of the law of the tendency of the profit rate to fall. Engels introduced all the headings and subheadings, and reordered and shortened the text, so that the reader gets the impression that here we find the kernel of Marx's theory of crisis. Although the theory is not complete, one assumes that Marx had in mind a strict connection between the law of the profit rate and crisis theory. But this strict connection is an editorial artefact: in the original manuscript things are much less clear. Engels' solution is one *possible* solution, but not the only one. Similar problems will be recognized when the original manuscripts for Book II are published.

When we compare Marx's original plan for 'Capital' (consisting of three 'theoretical' books and a fourth book on the history of theory) with the three volumes of 'Capital' as we know them, then at least three points are worth mentioning:

1. The fourth book is missing completely. 'Theories of Surplus-Value' is definitely not a draft for this book. Probably the importance of the non-existence

of this fourth book is highly underestimated. In traditional Marxism, the difference between Marx's critique of political economy and classical political economy is widely reduced to surplus value, exploitation and crisis theory. The impact of value form analysis, the role of money, fetishism, and the Trinitarian Formula are to a large extent neglected. Apart from anything else, this is also a consequence of the missing fourth book. This book would not have been just an addendum to the three theoretical books; it would probably have been an important key to a better understanding of the theoretical arguments themselves.

2. Nowadays none of the three theoretical books exist in a form given by Marx himself. Every volume (even the first) was given its final shape by Engels. This does not mean so much for the first volume, but for the other two Engels' interventions had a considerable impact on the structure and content of the argument. In some places, Marx's original argument is shifted to some degree; while in others a certain 'openness' of the original text (certain unsolved problems) is closed in a definite way by Engels without making this clear to the reader.
3. The three volumes of 'Capital', as they are used today, are based on texts which were written at different periods, in which Marx had different views and conceptual ideas on some problems:
 - Volume I is a combination of the second German edition of 1872/3 and the French edition of 1872–75 (according to Table 5.1, belonging to the *third draft* of 'Capital');
 - Volume II is a compilation of several texts written between 1868 and 1881 (combining texts from the *second and the third drafts* of 'Capital');
 - Volume III is based on the 'main manuscript' for Book III, written in 1864/5 (belonging to the *first draft* of 'Capital').

In short, we can say, that 'Capital' is not only unfinished, but the three published volumes do not even constitute a homogenous entity. Volume III in particular falls behind the level of reasoning which was reached in the reworking of Book I and in the later manuscripts for Book II.

Using all the material provided by the MEGA[®], we can say that, in a strict sense, a three-volume work 'Capital', written by Marx does not really exist. The 3-volume work that is well-known is an editorial artefact (similar to Max Weber's main work '*Economy and Society*'). In this respect, the MEGA[®] has contributed to a certain 'deconstruction' of 'Capital'. I stress this point because it makes clear that a lot of the problems in 'Capital' remain open (what can be shown in detail). There are not only problems of presentation or of unfinished reasoning: in many cases, such as with crisis theory or the theory of banking and finance, even basic conceptual problems are unsolved.

Any project of 'reconstruction', in the sense of revealing a certain core of textual foundations, to be used as a main source for uncovering the coherent kernel of Marx's critique, must fail when we take into account the totality and the inner connections of the texts passed down.

Ambivalences in basic notions

Besides the uneven level of development of the texts constituting 'Capital', there is another problem: we can find ambivalences even in basic notions such as abstract labour, value and money. Ambivalences and unclear points may be found in any complex text, so this is not extraordinary. But these ambivalences are of a specific nature. They result from the peculiar character of Marx's critical project, which is as Marx stated in his letter to Kugelmann on 28 December 1862 (Marx and Engels, 1985, p. 435), the 'scientific attempt' to 'revolutionize a science'.

A scientific revolution means a radical critique of the existing categories, a break not only with single theories, but also with the *theoretical field* in which different theories of the old science are rooted. As we know from the history of the sciences, an author who inaugurates a scientific revolution does not do it all at once in a perfect way. At some points, Marx stuck to the theoretical field which he broke with at the same moment. These two sides are not clearly separated. We cannot distinguish them, for example, along the line of chapters. These two sides constitute two discourses. Roughly speaking, one can distinguish a *substantialist and naturalist* approach to value (belonging to the theoretical field of classical political economy, though providing in many cases a considerable improvement over the reasoning of both Smith and Ricardo) and a *social and monetary* approach (which presents a real break). Both discourses interfere and give not only the basis for a variety of interpretations; above all this interference causes specific problems in the argumentation of Marx – as in, for example, the well-known 'transformation problem'. While these problems are already noticeable in the three volumes of 'Capital' as we know them, the MEGA[®] also provided new insights in this field. In the following pages I will provide some brief hints about these rather complex problems.¹³

Abstract labour

The ambivalences begin with the notion of abstract labour. Marx seems to introduce this concept at the beginning of 'Capital' as an improvement of

¹³ The complex structure of Marx's 'break' with the field of political economy, the remaining ambivalences and their consequences for the conceptual structure of Marx's critique are examined extensively in my book *Die Wissenschaft vom Wert* of 1991 (a substantially enlarged edition appeared in 1999).

classical political economy: the distinction between the two factors of the commodity – use-value and value – is complemented by the distinction between two features of commodity-producing labour – concrete and abstract labour. By relating abstract labour to the spending of ‘human brains, muscles, nerves, hands etc.’ (Marx, 1890a, p. 134) and stressing that value creating labour is labour ‘in the physiological sense’ (Marx, 1890a, p. 137), Marx not only connects abstract labour to natural features which might characterize any form of labour but which do not help to characterize abstract labour (as Rubin has already noted); by such formulations he also poses the abstraction of abstract labour as the attribute of *every* labour process. But, as Marx stresses, otherwise abstract labour is not such an attribute. The real existence of labour is always concrete, and what we can observe is always a certain mode of concrete labour, no matter if it is the boring labour at an assembly line or the labour of a goldsmith. Under certain social conditions, labour ‘counts’¹⁴ not only as the concrete labour we can observe, but also as ‘abstract human labour’: it is an abstraction, as Marx stressed against Smith, ‘forced’ by exchange.¹⁵ But not by any exchange, in a strict sense only by the exchange of commodities in a society, ‘in which the capitalist mode of production prevails’. Only by this kind of exchange are the averages made possible which constitute ‘socially necessary labour time’ in its double meaning (expressing technological conditions as presented in chapter one, and social solvent demand as expressed in chapter three of ‘Capital’; cf. Marx, 1890a, p. 202).

A further point is only made clear in an indirect way by Marx when he stresses, at the beginning of chapter three, that not labour time but only money can serve as measure of value. After the distinction between concrete and abstract labour, we should also make the distinction between concrete and abstract labour *time*, which Marx failed to do explicitly. What is measured by clocks is always ‘concrete labour time’, the time period spent on certain concrete labour. Abstract labour needs abstract labour time as a measurement, but this abstract labour time is a social result, which cannot be measured by a clock, so the only possible measurement is money. Therefore in *A Contribution* ... Marx could

¹⁴ The verb Marx often used in this context was ‘*gelten*’, here translated as ‘to count’. In the classical translation by Moore and Aveling we can find *gelten* translated as ‘to count’, ‘to rank’, or ‘to consider to be’, so that for the English-speaking reader it is not obvious that Marx was using the same word. Ben Fowkes used in his improved translation ‘to count’. It is an advantage to always use the same word, but ‘to count’ has a strong quantitative bias, which is completely missing when using ‘*gelten*’ in German.

¹⁵ In *A Contribution* ... Marx wrote that ‘Smith mistakes the objective equalization of unequal labours forcibly brought about by the social process for the subjective equality of the labours of individuals’ (Marx, 1859, p. 299, corrected translation). MECW translates as a very misleading ‘equalization of unequal quantities of labour’, but in the German text Marx did not use the word ‘quantity’. Unequal *kinds* of labour are equalized, not unequal quantities.

call money the 'immediate form of existence' [*unmittelbare Existenzform*] of abstract labour.¹⁶

Value

When Marx speaks of 'abstract labour' as the 'substance' of value, we have to ask of 'substance', in which sense? We can distinguish a substantialist and non-substantialist meaning of substance. A *substantialist theory of value* relates value to a substance found in a *single* commodity. Value would then be an attribute of a single commodity, independent from other commodities and already determined by production. Such a substantialist view dominated in traditional Marxism.

In 'Capital' you can find such a substantialist approach, especially when Marx is discussing in the manuscript of Book III the transformation of values into prices of production: what Marx transforms here are 'Ricardian' values, values as single commodity attributes, which need no independent value form, and no money. In a strictly quantitative sense, the transformation which Marx presented failed, as he himself noted (cf. Marx, 1894, pp. 264–65), but without recognizing the consequences. A hundred years of debate showed the failure in many details, and Steedman (1977) and many others draw the consequence, that value theory is 'redundant' for determining prices of production. But the value theory, which was shown to be redundant (and which a number of Marxist scholars tried to save by new transformation algorithms) was a 'Ricardian', non-monetary theory of value.

Before Marx's original manuscript was published, it was not clear whether Engels eventually produced such an impression through editorial changes. But after publishing the 'main manuscript' in MEGA[®] II/4.2 it is obvious that it was Marx himself who used a non-monetary theory of value when discussing the transformation of values in prices of production.

Many authors also read the first four of five pages of Volume I of 'Capital' in such a way as a substantialist theory of value, and founded on such a reading a 'Marxist value theory', ignoring value form analysis. But even in these first pages we find the hint that abstract labour is not only a 'social' substance of value; it is also a 'common' substance. 'Common' has a double meaning: two objects can have something in common, because each of them has this attribute in isolation (such as, for example, a green apple and a green car) and we put them together (saying that they have in common the green colour), or they have something in common, such as, for example, two people who have a car as common property (neither alone is a car owner; only together do they own a car).

¹⁶ The translation in Marx, 1859, p. 297 'direct embodiment' (instead of 'immediate form of existence') is not very precise.

Especially in the manuscript '*Ergänzungen und Veränderungen*', Marx makes clear that value is 'common' in the second sense, so that we cannot speak of value as an attribute of a *single* commodity; we cannot even speak of a single commodity itself without relation to other commodities – and Marx also states that this insight is obscured in his own presentation. After referring to his presentation of coat and linen as objectifications of human labour as such, he wrote about this 'reduction':

Aber in dieser Reduktion wurde vergessen, daß *keines für sich solche Werthgegenständlichkeit ist, sondern daß sie solches nur sind, soweit das ihnen gemeinsame Gegenständlichkeit ist. Ausserhalb ihrer Beziehung auf einander – der Beziehung worin sie gleichgelten – besitzen weder Rock noch Leinwand Werthgegenständlichkeit oder ihre Gegenständlichkeit als Gallerten menschlicher Arbeit schlechthin.* (Marx, 1871–72, p. 30)

[But in this reduction it was forgotten, that none of it has such value-objectivity for itself, but each of it has it only in so far as it is a common objectivity. Outside their relation to each other – outside the relation, in which they are count as equal – neither coat nor linen possess value-objectivity or their objectivity as congealed human labour as such.] (My translation)

From this follows:

Ein Arbeitsprodukt, für sich isolirt betrachtet, ist also nicht Werth, so wenig wie es Waare ist. Es wird nur Werth in seiner Einheit mit andrem Arbeitsprodukt. (Marx, 1871–72, p. 31)

[A product of labour, considered isolated as such, is not value, nor is it a commodity. It only becomes value in its unity with another product of labour.] (My translation)

This has important consequences. Value is not only the expression of a social substance, it is the expression of a substance which cannot exist in a single thing and which is not determined by production alone: it is the *expression of a certain connection of production and circulation*. The specific character of this substance is the reason Marx used a lot of metaphors when he wrote about it. These metaphors, such as 'phantom-like objectivity' (Marx, 1890a, p. 128) or 'purely fantastic objectivity' ('*rein phantastische Gegenständlichkeit*', Marx, 1871–72, p. 32), are often neglected by readers. But they are not a question of style; they carry important information about this very specific *non-substantial* substance of value. This non-substantialist theory of value (which in the analysis of the value form is shown as a *monetary* theory of value, in so far as a universal value-relation between the labour products is only possible when an independent form of value – money – exists) contradicts the substantialist, non-monetary approach,

which was used by Marx, when he presented the transformation of values in prices of production (cf. on this point, also Milios *et al.*, 2002, chapter 5).

Money and money-commodity

In 'Capital', Marx always presupposes that the money system is founded on the existence of a *money commodity*. In real exchange relations, the money commodity does not have to be present, it can be substituted, as Marx already analysed in chapter three of 'Capital'. But in Marx's view, the circulating signs are only substitutes for the money commodity, which serves as something like an anchor for the monetary system. Marx conceptualized his theory of money as if the *existence* of a money commodity would be absolutely necessary.

But the contemporary monetary system does not depend on a money commodity, neither legally (since the end of the Bretton Woods system), nor actually (there is no special money commodity: the fact that central banks still possess gold is a historical relic). Attempts of some Marxist scholars to show that gold also nowadays serves as a 'hidden' money commodity are not very convincing.

In his approach to credit theory in the 'main manuscript' of Book III, Marx several times recognized the money commodity as an obstacle to capitalist production and development. One can continue these considerations and demonstrate that a money commodity can only be necessary at a certain stage in the emergence of capitalism, but that a fully developed capitalism needs a monetary system which does not depend on a money commodity. Marx, however, did not recognize that the capitalist mode of production can also function without a money commodity. At this point, he confounded a certain historical stage of development (the gold standard) with the 'ideal average' he wanted to present (cf. Heinrich, 2006, pp. 302–05).

But is the necessity of a money commodity not demonstrated in value form analysis? Value form analysis is *form* analysis. It starts by considering the value relation of two commodities. Because we *start* with commodities, we also end with them. What was proved, was not the *commodity character* of money, but rather the necessity of the existence of the general equivalent *form*, which becomes the money *form* as a result of social action. But neither the general equivalent nor money was proved to be necessarily a commodity; this was just an unproved presupposition.

A quick counter-argument to this line of reasoning says that for measuring the value of a commodity a valuable thing, that is, another commodity is needed. But this would only be true if measuring value was an isolated act between a single commodity and money. But the specific attribute of the general equivalent form is that a relation between the entire world of commodities is constituted; the expression and measurement of value is not the isolated act presupposed in this counter-argument.

A further point is important, which is stressed by Marx. The *specificity* of the general equivalent is not that it is something which bears value (every commodity has this feature); its specificity is that the general equivalent in its 'natural' form 'counts' as value. It is 'value as such' confronted by all the commodities, which are not values as such. In his presentation of value form analysis in the first chapter of the first edition of 'Capital', Marx illustrates this with a brilliant analogy. The general equivalent is a universal, but a universal which exists as an individual besides all the other individuals. It is, Marx wrote, as if besides the concrete lions, tigers, rabbits and so on, also 'the animal' would exist and be walking around (Marx, 1867, p. 37). Continuing this consideration (something Marx did not do), we can conclude, that 'the animal' cannot really exist as an individual besides the concrete lions, tigers and so on. There must be 'something', which 'counts' as 'the animal', which is a *representation* of 'the animal'. 'The animal' cannot exist, it can only be represented either by a certain animal or, for example, by a plate with a big A. The same holds for money: value as such can also only be represented, either by a commodity or by a symbol.

In sum, we can conclude that at the level of value form analysis and simple circulation there is no argument demonstrating the necessity of a *money commodity*. What is shown is the necessity of the *money form*. At this level of presentation, whether the bearer of the money form is a commodity or not must remain open, the level of presentation is too abstract to determine this. But at the level of interest and credit one can demonstrate (with the help of Marx's arguments but against his explicit line of reasoning), that in a fully developed capitalism money cannot be founded in a money commodity (cf. Heinrich, 1999, pp. 302–05).

From the above-mentioned ambivalences, other ambiguities derive, especially in the relation of money and capital, and in crisis theory (cf. Heinrich, 1999), but here is no space to discuss these points.

Understanding Marx's critical project

When Engels edited Volume III of 'Capital' in 1894, the three theoretical books seemed to be nearly complete, and after Kautsky published 'Theories of Surplus-Value' (1904–08), the fourth book, the history of theory, also appeared to be available. In the following decades, with a very few exceptions, Marx's critical project was simplified to a 'Marxist political economy'. When in the 1960s and 1970s a new reading of Marx began, and the simplifying views were challenged, 'Capital' still appeared to be almost complete and final, despite being a sometimes unclear or overly popularized work. But it could be complemented above all by the 'Grundrisse', the big and in some aspects richer draft, so that a 'reconstruction' of the inner, coherent kernel of Marx's project seemed to be

possible (an idea which was shared by different readings of 'Capital', whether or not they explicitly used such terms). But with all the texts the MEGA® made available, the idea of such a coherent inner kernel, to be 'reconstructed', has been made questionable in two respects. On the one hand there is no clear difference between drafts and the final work – we have only differently developed drafts of a shifting, unfinished and incomplete project. And on the other hand we find a number of ambivalences, even in basic notions which make different lines of interpretation and reasoning possible. Thus the MEGA® contributes to a certain 'deconstruction' of widespread views about 'Capital'.

This deconstruction shows that understanding Marx's critique of political economy is a much more *constructive* task than a mere perception of a given work or a reconstruction of a hidden core. As a construction, such an understanding is not revealing the final truth about Marx's critique; it is an always unfinished, open and at every level a questionable process. Marx's critique presents itself as an *open* project, open in a much more fundamental meaning than was assumed in the past. It is not only open in that new phenomena of capitalism have to be analysed, it is also open and questionable in relation to the *categories* used for the analysis. This openness, however, is not to be confounded with arbitrariness. There are elements of a well-defined research project which cannot be removed, such as, for example, a (non-substantialist) theory of value. And furthermore this project is committed to a certain aim: to overcome capitalism. An aim which cannot determine the *results* of scientific research (any attempt to do so would only produce a kind of left vulgarism), but which can give rise to the directions in which decisive *questions* can be posed.

References

- Block, Klaus-Dieter and Rolf Hecker (1991), 'Das "Book of the Crisis of 1857" von Karl Marx', *Beiträge zur Marx-Engels-Forschung*, Neue Folge (Hamburg: Argument Verlag), pp. 89–102.
- Dussel, Enrique (2000) 'The Four Drafts of "Capital": Towards a New Interpretation of the Dialectical Thought of Marx', *Rethinking Marxism*, Vol. 13, no. 1, pp. 10–26.
- Elbe, Ingo (2006) 'Zwischen Marx, Marxismus und Marxismen – Lesarten der Marxschen Theorie', in Jan Hoff, Alexis Petrioli, Ingo Stütze and Frieder Otto Wolf (eds), *Das Kapital neu lesen* (Münster: Dampfboot), pp. 52–71.
- Foucault, Michel (1969) *L'archéologie du savoir* (Paris: Gallimard).
- Hecker, Rolf (2002) 'Einfache Warenproduktion oder einfache Warenzirkulation – die Debatte um die Ausgangskategorie des "Kapital"' in Berliner Verein zur Förderung der MEGA® Edition e.V. (ed.), *Wissenschaftliche Mitteilungen Heft 1: In Memoriam Wolfgang Jahn* (Hamburg: Argument), pp. 81–91.
- Heinrich, Michael (1986) 'Hegel, die "Grundrisse" und das "Kapital"', in *PROKLA* 65, Vol. 16, no. 4, pp. 145–60 (revised and shortened version: 'Capital in General and the Structure of Marx's Capital. New Insights from Marx's "Economic Manuscripts of 1861–63"', *Capital & Class*, Vol. 38, 1989, pp. 63–79.

- (1994) 'Über die Reihenfolge der Entstehung von Buch II und der ersten drei Kapitel von Buch III des ökonomischen Manuskripts 1863–65', in *Beiträge zur Marx Engels Forschung*. Neue Folge (Hamburg: Argument Verlag), pp. 214–17.
- (1996–97) 'Engels' Edition of the Third Volume of "Capital" and Marx's Original Manuscript', *Science & Society*, Vol. 60, no. 4, pp. 452–67.
- (1999) *Die Wissenschaft vom Wert. Die Marxsche Kritik der politischen Ökonomie zwischen wissenschaftlicher Revolution und klassischer Tradition*, 4th edn 2006 (Münster: Dampfboot).
- (2007) 'On Karl Marx's Das Kapital. Kritik der politischen Ökonomie. Dritter Band (MEGA[®] II/15)', *Historical Materialism*, Vol. 15, no. 4, pp. 195–210.
- (2008) *Wie das Marxsche 'Kapital' lesen? Leseanleitung und Kommentar zum Anfang des 'Kapital'* (Stuttgart: Schmetterling).
- Jahn, Wolfgang (1992) 'Ist "Das Kapital" ein Torso? Über Sinn und Unsinn einer Rekonstruktion des "6-Bücherplanes" von Karl Marx', *Dialektik*, 1992/3, pp. 127–38.
- Kocyba, Hermann (1979) *Widerspruch und Theoriestruktur. Zur Darstellungsmethode im Marxschen 'Kapital'* (Frankfurt am Main: Materialis).
- Kopf, Eike (1992) 'Wann verfaßte Marx seine letzte ökonomische Arbeit?', in *Beiträge zur Marx-Engels-Forschung Neue Folge 1992* (Hamburg: Argument Verlag), pp. 124–26.
- Krätke, Michael (2001) '"Hier bricht das Manuskript ab" (Engels). Hat das Kapital einen Schluß? Teil I', in *Beiträge zur Marx-Engels-Forschung Neue Folge 2001* (Hamburg: Argument Verlag), pp. 7–43.
- (2002) '"Hier bricht das Manuskript ab" (Engels). Hat das Kapital einen Schluß? Teil II', in *Beiträge zur Marx-Engels-Forschung Neue Folge 2002* (Hamburg: Argument Verlag), pp. 211–62.
- Lenin, W. I. (1913) 'The Three Sources and Three Component Parts of Marxism', *Lenin Collected Works*, Vol. 19.
- Mandel, Ernest (1962) *Traité d'Économie Marxiste* (Paris: René Julliard).
- Marx, Karl (1859) *A Contribution to the Critique of Political Economy*, in K. Marx. and F. Engels, *Collected Works*, Vol. 29 (New York: International Publishers, 1987).
- (1867) *Das Kapital*. Erster Band (1st edn, 1867), in K. Marx and F. Engels, *Gesamtausgabe*, First Section, Vol. 5 (Berlin: Dietz Verlag, 1983).
- (1871–72) *Ergänzungen und Veränderungen zum ersten Band des 'Kapitals'*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 6 (Berlin: Dietz Verlag, 1987).
- (1890a) *Capital*, Vol. I, trans. Ben Fowkes (Penguin, 1990).
- (1890b) *Das Kapital*. Erster Band, 4th edn 1890, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 10 (Berlin: Dietz Verlag, 1991).
- (1894) *Capital*, Vol. III, trans. David Fernbach (Penguin, 1991).
- (1966) 'Ware und Geld', in K. Marx and F. Engels, *Studienausgabe*, Bd.II (Frankfurt am Main: Fischer).
- (1989) 'Marginal Notes on Adolph Wagner's *Lehrbuch der politischen Oekonomie*', in K. Marx and F. Engels, *Collected Works*, Vol. 24 (New York: International Publishers).
- Marx, Karl and Frederick Engels (1983) *Collected Works*, Vol. 40 (New York: International Publishers).
- (1985) *Collected Works*, Vol. 41 (New York: International Publishers).
- (1989) *Collected Works*, Vol. 44 (New York: International Publishers).
- (1991) *Collected Works*, Vol. 45 (New York: International Publishers).
- (1992) *Collected Works*, Vol. 46 (New York: International Publishers).
- (2002) *Collected Works*, Vol. 49 (New York: International Publishers).

- Marxhausen, Thomas (2006) '“MEGA® – MEGA®” und kein Ende', *Utopie kreativ*, 189/190, July/August, pp. 596–617.
- Meek, Ronald L. (1956) *Studies in the Labor Theory of Value* (New York: Monthly Review Press).
- Milios, John, Dimitri Dimoulis and George Economakis (2002) *Karl Marx and the Classics* (Aldershot: Ashgate).
- Miskewitsch, Larissa, Michail Ternowski, Alexander Teschepurenko and Vitali Vygodsky (1982) 'Zur Periodisierung der Arbeit von Karl Marx am "Kapital" in den Jahren 1863 bis 1867', in *Marx-Engels-Jahrbuch* 5 (Berlin: Dietz-Verlag), pp. 294–322.
- Rosdolsky, Roman (1968) *Die Entstehungsgeschichte des Marxschen "Kapitals"* (Frankfurt am Main: EVA) (English: *The Making of Marx's 'Capital'*, Pluto Press, 1977).
- Rubin, Isaac I. (1972) *Essays on Marx's Theory of Value* (Detroit, Mich.: Black & Red). [First Russian printing 1923].
- Schefold, Bertram (2004) *Einführung*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 15 (Berlin: Dietz Verlag), pp. 871–910.
- Schmidt, Alfred (1962) *Der Begriff der Natur in der Lehre von Karl Marx* (Frankfurt am Main: EVA) (English: *Concept of Nature in Marx*, New Left Books, 1971).
- Schrader, Fred E. (1980) *Restauration und Revolution. Die Vorarbeiten zum 'Kapital' von Karl Marx in seinen Studienheften 1850–58* (Hildesheim: Gerstenberg).
- Sohn-Rethel, Alfred (1970) *Geistige und körperliche Arbeit* (Frankfurt am Main: Suhrkamp).
- (1978) *Warenform und Denkform* (Frankfurt am Main: Suhrkamp).
- Steedman, Ian (1977) *Marx after Sraffa* (London: NLB).
- Sweezy, Paul M. (1942) *The Theory of Capitalist Development – Principles of Marxian Political Economy* (New York: Oxford University Press).
- Sylvers, Malcolm (2005) 'Marx and Engels und die USA – ein Forschungsprojekt über ein wenig beachtetes Thema', in *Marx-Engels Jahrbuch* 2004 (Berlin: Akademie Verlag), pp. 31–53.
- Tuchscheerer, Walter (1968) *Bevor 'Das Kapital' entstand. Die Entstehung der ökonomischen Theorie von Karl Marx* (Berlin: Akademie Verlag).
- Vollgraf, Carl-Erich and Jürgen Jungnickel (1995) 'Marx in Marx' Worten? Zu Engels' Edition des Hauptmanuskripts zum dritten Buch des "Kapitals"', *MEGA®-Studien* 1994–92, pp. S.3–55.
- Vollgraf, Carl-Erich, Richard Sperl and Rolf Hecker (eds) (1997) *David Borisovic Rjazanov und die erste MEGA®*, Sonderband von "Beiträge zur Marx-Engels-Forschung. Neue Folge", I.
- (eds) (2001) *Stalinismus und das Ende der ersten Marx-Engels-Gesamtausgabe (1931–41)*, Sonderband von "Beiträge zur Marx-Engels-Forschung. Neue Folge", III.
- Vygodsky, Vitali (1967) *Die Geschichte einer großen Entdeckung. Über die Entstehung des Werkes 'Das Kapital' von Karl Marx* (Berlin: Verlag die Wirtschaft).

6

The Limits and Uncertainties of Historical Materialism: an Appraisal based on the Text of *Grundrisse* (Notebooks III, IV and V)

Roberto Finelli

The term '*rupture épistémologique*' that Louis Althusser applied to Marx's work, while helping to understand a lot about the humanist mythologies that influenced the young Marx, does not elucidate – with its science based, anti-Hegelian obsession – the theoretical structure of *Grundrisse* and *Capital*. I believe that in order to interpret the transition from the young to the mature Marx, it is not Gaston Bachelard's epistemological ruptures that have to be studied, but the semantic shifts in the conceptual nomenclature utilized by Marx, that appear in his works, at least on the surface, to have remained unchanged. It is precisely the significant shift in the meaning of key concepts such as *labour*, *species*, *abstraction*, *freedom*, *rights* and *nature*, that allows us to understand two things:

1. how Marx's thoughts evolved with respect to key concepts;
2. how the persistence of the nomenclature in his works, including his epistemological consciousness and his own understanding of his works, often appear regressively fixed to his 'pre-capitalist' period.

Taking into consideration the expression 'free labour' [*freie Arbeit*], the term is divided into two parts which, in my opinion, are semantically different in Marx's earlier applications compared with the use he makes of the same term in his mature writings. The term expresses two fundamental conceptual fields in his work, that of *freedom/rights* and that of *labour*.

Rights: from the individual to the false individual

The definition Marx gave of 'free labour' [*freie Arbeit*] in Notebook III of the *Grundrisse* (pages 9 and 10 of the manuscript) casts light on the other meaning

of the modern term *freedom*: that is, one that goes beyond the Kantian-Enlightenment binomial connection of 'freedom' with 'autonomy'. Here freedom means, in fact, not individual autonomy from external authority, but rather *Trennung*, the separation of labour from the objective conditions of its realization. More precisely, freedom defines that specific historical-social period in which the individual existed autonomously from those personal relationships of dependency that characterized pre-modern society. As such, the individual is one who does not share his decision-making capacities with the others, because he is at the same time separated and excluded from all possible relationships of ownership or use of the whole objective world that exists outside.

Marx affirms that the worker, as labour-power, has no relationship with the objective world; he/she is 'not raw-material, not-instrument of labour, not raw-product: labour separated from all means and objects, from its entire objectivity' (Marx, 1857–58, p. 294). The worker experiences a relationship of separation that, as expressed in Notebook V, 'includes, first of all, not-landownership' (Marx, 1857–58, p. 488). In the pages mentioned above from Notebook III, the term 'free labour' coincides with the term 'living labour' [*lebendige Arbeit*], a term which expresses more concisely in what way the worker represents the purely subjective, being absolutely denied an object. 'This living labour, existing as an abstraction from these moments of its actual reality (also not-value); this complete denudation, purely subjective existence of labour, stripped of all objectivity' (Marx, 1857–58, p. 294). It is living labour in the sense that it is pure potential of labour compared the material labour that is concretized in an end-product.

With this concept of freedom – not as autonomy but as a separation of the individual from every possible objectivity in the world – Marx reformulated his earlier theories on the *droits de l'homme*. In his work *On the Jewish Question* – shifting from the metaphysics of man-species or the ontologically communitary man of Feuerbachian derivation – Marx interpreted and criticized those universal rights of man codified in the French and American revolutions, '*égalité*', '*liberté*', '*sureté*', '*propriété*', as expressions of a modern civil society. This society, which he saw as having surpassed the 'society of social orders' or 'society of estate' [*Stände*], is founded on the constitutional principles of 'individualism' and 'egotism'.

Marx's argument is structured around the ontological and axiomatic antinomy between 'genre' [*Gattung*], 'species', and the 'egotistical individual'. Thus 'les droits de l'homme' recalls an atomistic civil and economic society in which the egotistical individual is the basis, irreducible and without reference to other sources or principles of social life.¹ Where the concept of 'les droits du

¹ 'Present-day civil society is the realised principle of individualism; the individual existence is the final goal; activity, work, content, etc., are mere means' (Marx, 1843, p. 81).

citoyen' assumes importance in the political state, is only in the unreality of the imagination, in that sense of unity of species denied by the individualism that characterizes civil society.

These are the three basic categories conceived of by Marx and through which he posits the modern as an 'abstract horizon':

1. The separation of the modern individual from the unity of species [*Gattung*].
2. Structuring of modern civil society according to abstract and egotistical individualism.
3. Re-composition and creation of species in the separation/abstraction of the state, in the separation/abstraction of the political imagination.

The organization of his theory also includes all conceivable substitutions: putting, for example, the historical dissolution of the society of estate in first place, or philosophy in third place (the Hegelian Idea), or economics (money as abstract and divided social cohesion).

In Notebooks I and II of the *Grundrisse*, on the other hand, Marx interprets the world of rights no longer as starting from an initial, external position of the object, as in his metaphysical presuppositions of species in *Contribution to the Critique of Hegel's Philosophy of Right* or in *On the Jewish Question*, but through its immanent and dualistic characteristics of modern freedom. In the *Grundrisse*, the term 'freedom' contains two meanings connected functionally to each other by the concept of the concealment of violence through non-violence. Individual autonomy in an exchange, which is neither violent nor coercive, conceals the violence of radical division-separation from the outside world that the individual has historically suffered from and continues to suffer from, in his/her condition of representative of labour power. Marx asserts that:

exchange-value or, more precisely, the money system is, in fact, the system of equality and freedom [...] It is just as pious as it is stupid to wish that exchange value would not develop into capital, nor labour which produces exchange value into wage labour. (Marx, 1857-58, p. 244)

Here, the individual is no longer the basic principle, given that the relationships of production with an end result (or, to use Marxist terminology deriving from Hegel, 'posit'), are now both principle and basis. Above all, the individual is not separated from a presupposed and mythological community of species, with all the imaginary compensations that this abstraction

implies, but undergoes a real and concrete abstraction, through the imposition of other classes, from the outside world. The other name for this is 'labour power'.

In *On the Jewish Question*, the question of rights, intended as *droit de l'homme*, de-limits and legitimizes individualism in civil society. Intended as *droits du citoyen*, it functions as ideological dissimulation operating through the equality of political rights extended to the individual only through *occasional* and *extraordinary* participation in political life. In the *Grundrisse* Notebooks, rights have a very different function, becoming *everyday* and *permanent* ideological dissimulation, that invests the 'free' subject, separating him/her from any possible relationship with the world and thus also with his/her true self, by creating for him/her the superficial appearance of being a 'free' subject, autonomous and in control.

Separation from the '*Gattung*' (species) and separation from the means of labour and the material for labour

It could be useful at this point to go back to those pages in Notebook III which define – in perhaps the most complete way in the whole of Marx's work – the characteristics of labour-power, in order to analyse the different type of 'separation' introduced by Marx with respect to his earlier work. As I interpret it, while separation of species, that most central category in Marx's earlier works, produces the individual as the principle of society and history, separation in Marx's later work, intended as the absolute separation of the worker from the outside world, does not produce an individual, but merely the *appearance* of being an individual.

The four essential characteristics or conditions that in *Grundrisse* Marx assigns to 'living labour', seen as separation from effective reality and hence work denied all objectivity, are:

1. absolute poverty;
2. the absolute and immediate coincidence of the subject and labour-power; the impossibility of the individual to distance him/herself from his/her bodily existence;
3. existence as a negative relationship with self;
4. source of value, as a life activity, which is, however, the action in which capital is confirmed, and, thus, absolute poverty as the general possibility of wealth.

On the first characteristic, Marx writes: 'Labour as *absolute poverty*: poverty not as shortage, but as the total exclusion of objective wealth' (Marx, 1857–58,

p. 294–95). About the second: 'Or also as the existing not-value, and hence purely objective use value, existing without mediation, this objectivity can only be an objectivity not separated from the person: only an objectivity coinciding with his immediate bodily existence [...] In other words, not as an objectivity which falls outside the immediate presence [*Dasein*] of the individual himself' (Marx, 1857–58, p. 295). Discussing the third characteristic, the absolute negativity that exists and paradoxically assumes a positive valence, being concrete and visible, in the individual, Marx comments '*Not-objectified labour, not-value, conceived positively, or as negativity in relation to itself*' (Marx, 1857–58, p. 295). On the fourth characteristic, Marx writes that 'general wealth (in contrast to capital in which it exists objectively, as reality) as *the general possibility* of the same, which proves itself as such in action' (Marx, 1857–58, p. 295).

With these four characteristics, Marx describes a subjectivity, the principle of action, whose relationship with self is paradoxically one of absolute poverty and negativity. This is not only because, from the beginning, it is separated from the objective world, and not only because it does not exist independently from labour, but also because, when it operates, its operation within labour coincides with the action of capital. Marx thus defines labour power negatively, characterizing it according to an original and formative separation, which is both separation from the outside world and separation-distancing from self.

This original and abstract nature of labour power is truly confirmed for Marx, as we know, in the 'real subsumption' of labour to capital in the process of production. Thus Marx abandons all easy positivistic conceptions and reifications of the machine as a simple instrument, and interprets the machine and technological development more generally as an aspect of *the system of machine-labour-power*, he maintains that the technological aim of management and innovation is to eliminate concrete labour and to introduce abstract labour:

[...] labour [...] becomes more and more a *purely abstract activity*. a purely mechanical activity and hence indifferent to its particular form [...] Here it can be seen once again that the particular specificity of the relation of production, of the category – here, capital and labour – becomes real only with the development of a *particular material mode of production* and a particular stage in the development of the *industrial productive forces*. (This point in general to be particularly developed in connection with this relation, later, since it is here already posited in the relation itself, while, in the case of the abstract concepts, exchange value, circulation, money, it still lies more in our subjective reflection.) (Marx, 1857–58, p. 295–96)

Above all, in my opinion, it seems that the *Abstraktion* of labour power manifests a relational structure of the *Trennung* clearly different from that which functions in the category of 'alienated' or 'estranged' labour [*entfremdete Arbeit*] set forth in the *Economical and Philosophical Manuscripts*. Here, the notion of separation is no longer that of the worker from the objective world, and from the various components of the labour process (raw material, instrument of labour, raw product) but, primarily, it is a separation from the essence of species, which, as Marx underlines, permits human participation in freedom, universality and creativity. Indeed, when human being 'looks upon himself as the present, living species [...] looks upon himself as a universal and therefore free being'. Marx uses terms such as 'life activity', a 'productive life itself', a 'free conscious activity', and 'conscious life activity' (Marx, 1844, p. 276). Alienated labour, on the other hand, is activity forced upon an individual by an impoverished subject; the individual, separated and alienated from his/her true essence, obeys the imposition only on the level of physical-bodily and individual auto-reproduction. In this process of degradation of 'life activity', 'alienated labour' effects a process whereby the *particular* assumes the role and function of the *universal*. It is precisely from this ontological error or exchange, this perversion of species, that the concept of private property is born, the appropriation by a few of the work of others.

As Marx writes in *Economical and Philosophical Manuscripts*,

Private property is thus the product, the result, the necessary consequence, of *alienated labour*, of the external relation of the worker to nature and to himself. *Private property* thus results by analysis from the concept of *alienated labour*, i.e., of *alienated man*, of estranged labour, of estranged life, of *estranged man*. (Marx, 1844, p. 279)

Reflecting on Feuerbach's influence on Marx here, the conceptual structure that Marx utilizes in his explanation of alienated labour is not just an inversion of the species-individual relationship, but is more widely an inversion of the subject-object relationship established by Feuerbach as the basis of his conception of religious alienation.

Thus in *The German Ideology*, labour becomes synonymous with alienation and estranged activity in that it is the manifestation of a 'division of labour' [*die Theilung der Arbeit*], as compared with un-divided labour, not confined to any particular activity. The concepts of 'Arbeit' or 'Theilung der Arbeit' in *The German Ideology*, is constantly contrasted with the notion of self-realization [*Selbstbestätigung*] and even though Marx explicitly abandons Feuerbach's conception of species, he continues, in my opinion, to use the binomials universal-particular and species-individual in *The German Ideology*. Alienation continues to mean the denial of the potentially infinite and unlimited creative

activity of humans; it implies the total loss of self-respect and the subsequent fall into the particular and the finite. The negative/alienating conception of labour in early Marx seems to imply the positive concept of valorization of an ancient and noble master's lifestyle, which according to an ancient and noble master's lifestyle with man, as species-being, could really only produce when *free* from the necessity to work and able to develop a universal praxis. Thus, notwithstanding Marx's critique of Hegel's *Phenomenology of the Spirit*, he utilizes the Hegelian dialectic categories of 'master-servant' to trace the authentic praxis of the master's disappearance from the servant's work of satisfying basic needs. The subject of human praxis before historical development is a rich and universal subject located within an ontological and anthropological fullness of species. In this shift from communitary fullness of the human subject, communism appears as the inevitable conclusion of history, because, behind alienation is a subject who, drained of his/her original wealth, can do nothing but struggle to regain it.

In *Grundrisse*, with his definition of labour power, Marx identifies an individual whose existence is not autonomous from labour, indeed, it is an *existence in no way independent from labour*. This individual possesses no trace of subjectivity apart from being the bearer of an economic function. The *Arbeitsvermögen*, conceived of as a subject radically separated from an object, is apparently only a subject. It is a walking abstraction. The individual in a capitalist society is a theatrical mask [*Charaktermaske*], the bearer [*Träger*] of a specific class relationship; that is, of forced and necessarily stereotypical behaviour. Only in exceptional cases can any sense of personal individuality escape from the collective function.

In short, in my opinion, the negative connotation of labour changes from *Economical and Philosophical Manuscripts* to *Grundrisse*, from a definition of 'alienated labour' to that of 'abstract labour'. Hence 'labour' is no longer the subordination of the species to the particular needs of an individual, it is no longer the alienation of a universal in a particular, it is rather the capitalist 'use of labour power', in which all particularization of work must disappear, because what is produced must be the impersonal substance of value, of equal and quantifiable time of labour.

History as 'après coup' and the defects of historical materialism

The mature Marx's *discovery* of the categories and economic functions of 'labour power' with its characteristic of 'abstract individuality', does not lead to a necessary contradiction of his earlier definition of revolutionary subjectivity, with its obvious and immediate, collective composition and its inevitable opposition and contradiction with the capital. In my opinion, it establishes instead a process of feedback which operates as a profound deconstruction

of Marx's general theory of history; what is commonly known as 'historical materialism'.

In Notebook IV of the *Grundrisse*, under the title 'Forms which precede capitalist production', Marx famously explains the historical origin of labour power, keystone of the capitalist economy, with an historiographical *après coup*, which starts from the present in an attempt to make sense of the past. Before capitalism and the accumulation of wealth that it generated, there was no trace of labour power, or of 'the individual as a *worker*, in his nakedness' (Marx, 1857–58, p. 463). In all types of society, from tribal communities to oriental despotism, from the city states of ancient Greece and Rome to Germanic communities and medieval corporations, the individual, Marx explains, always had some relationship with original property within the context of his/her objective world, in which, as a member of that community, he or she enjoyed a participatory role. As a member of a natural tribal community, or of the Roman *res publica*, or of a Germanic community, or in the medieval world of corporations, the individual existed in a relationship of what Marx calls 'natural ownership' with a part of his/her outside world (land, tools, servants, slaves). The relationship is defined as 'natural' in that it is not the product of labour, but is the 'presupposition' of labour. It is the belonging to a community, founded on relations that are not economic but are those of blood ties, family and so on that create the conditions for economic appropriation. Looking at the example of the tribal community, Marx writes:

This naturally arisen clan community, or, if one will, pastoral society, is the first presupposition – the communality of blood, language, customs – for the appropriation of the objective conditions of their life [...] The real appropriation through the labour process happens under these presuppositions, which are not themselves the product of labour, but appear as its natural or divine presuppositions. (Marx, 1857–58, p. 464)

In the whole of the *Grundrisse* manuscript, Marx identifies the essence of capital, following Hegel, in terms of what I suggest a definition of as 'the circle of presupposition and posit' (Bellofiore and Finelli, 1998, pp. 48–51). That is, in the sense that the nature of capital is *totalitarian*, tending to not leave anything that has autonomous logic outside of itself. Capital tends to translate all external 'presuppositions' into products (to 'posit') within its own logical course. This occurs both on the *historical-diachronic* level, as capital progressively adjusts all systems to its own logic, transforming anything pre-existent from another epoch into something mediated and reproduced; and on the *synchronic* level, because, in the presence of modernity, what appears to be a presupposition external to the market, to circulation and price, is, from a

Marxist perspective, mediated and produced by the production of abstract labour and capital. These two cycles – the diachronic and the synchronic – of capital, which meet in the re/production of labour power as the subjectivity of abstraction, define capital as a totalitarian system.

In other essays I have attempted to explain (Finelli, 1989, pp. 111–31; 2004, pp. 73–90) how and why this totalizing process of capitalism can work and be understood only by ignoring the *contradiction paradigm* proposed in Marx's earlier works (human essence *versus* alienation, concrete *versus* abstract) and by utilizing instead the abstraction paradigm (abstraction as an interior emptying of the concrete; the reduction of the concrete to the superficial level). I have tried to show that it is precisely in this that Marx's real death-blow to Hegel is dealt, although that is not the point of this discussion.

What is relevant here, instead, is that *what is missing from the history of mankind up to capital is, according to Marx, precisely the totalitarian function of the presupposition-posit circle.*

In the society that precedes capitalist society, the criterion of socialization, that which admits access to property and to the use of the means of production, does not derive from and is not produced by the same process of material production. It is generated in another way. Thus, material production can never be used to produce value and abstract labour, wealth in general, but only the values of use and concrete labour aimed at maintaining the configuration of a community, the principle of socialization and the type of individual existence inscribed into such a context.

The economy as an autonomous sphere, not subordinated to other spheres of social integration and legitimization, is born with capitalism. Indeed, it is through its autonomy that it can become totalizing and dominant of the other social spheres, as Marx writes: 'capital is the economic form of bourgeois society that dominates the rest' (Marx, 1857–58, p. 112).

But if the presupposition-posit criterion, the totalitarian aspect of the economy, can be applied only to the historical epoch of capitalism, it can be construed that the notion of historical materialism; that is, the general explanation of all social forms and all history from an economic perspective, does not stand up. An explanation based only on economics can be read as pertinent for only a brief moment in history, that which corresponds to capitalism. Those pages dedicated to 'Forms which precede capitalist production', which seek to explain the all-modern birth of labour power, see Marx inaugurate a new historical science, one which no longer uses the geological-architectural model of structure/superstructure or, to put it another way, the simple linear cause-and-effect model. This new science of history, as announced in the Introduction, moves backwards, interpreting the past from the perspective of the present ('human anatomy contains a key to the anatomy of the ape'), given that the present is

a totality, 'the most developed and the most complex historic organization of production' (Marx, 1857–58, p. 111) that contains within it, in an altered, atrophied or re-elaborated form, all the social forms that preceded it. Here, though, it is impossible to understand to what extent Marx was aware of the different historiographical paradigms that the encounter with the objective structure of capital, as in the presupposition-posit circle, imposed.

This difference in historical methodology with respect to the rough theoretical draft found in the first part of *The German Ideology*, is very clear. In *The German Ideology*, a linear time line is followed, from the ancient to the modern. In the *Grundrisse*, the exact opposite is true. Here it is the systematic and categorical fullness of the present, its totalitarian character, that makes way for a type of retroactive process – or *Nachträglichkeit*, to use Freud's term – that inverts the course of time and allows for a science of the past.

In *The German Ideology* the starting point for a true understanding is described as the concrete nature of material life, and verifiable experience:

The premises from which we begin are not arbitrary ones [...] They are the real individuals, their activity and the material conditions [...] These premises can thus be verified in a purely empirical way. (Marx and Engels, 1845–46, p. 4)

In the Introduction to the *Grundrisse*, the starting point is the centrality of abstractions: abstractions that have no universal logic, are not mental generalizations but are, in a paradoxical sense, real abstractions; that is, they have an existence outside the mind. As in the case of abstract labour, where it is possible to speak of 'an abstraction that becomes a practical truth' [*Abstraktion praktisch wahr*], an abstraction that, for the first time in the philosophical and theoretical history of the term, is used by Marx outside the semantic and functional field of logic and is applied to the sphere of action, to the sphere of praxis.

The identification of the economic and social function of labour power, as an abstract subject, separated from the objective world, is the keystone of Marx's *Capital* and of his conception of capital as a totality in progress. Labour power is also a central concept in the historical science of the past as well as in the founding of a social science of the present.

It appears that Marx would not have been able to do so much with the term if it had not been for the shifting significance of the categories '*Gattungswesen*' or '*Gemeinwesen*'. In his earlier works, in the *Economic and Philosophical Manuscripts* first of all, *Gemeinwesen* seems to signify the free and universal endowment of human being as distinct from animals. The human being is a 'species-being' or 'communal-being'. In *The German Ideology*, '*Gemeinwesen*' already means more 'community' from a social and historical point of view, than an individual

human being. In *Grundrisse*, finally, '*Gemeinwesen*' stands explicitly for the historically determined community in all its various forms, to which the individual is owner of some segments of his or her objective World.

In their first definition, '*Gattungswesen*' or '*Gemeinwesen*' are the essence of the human being, and there is no distinction between individual and species; there can only be a process of inversion-alienation. In the *Grundrisse*, on the other hand, the three fundamental forms of ancient society characterized by landed property – respectively the Asiatic form; the Ancient form (in the classic sense); and the Germanic form, are distinguished by Marx precisely according to the various dislocations and relationships between individuals and community [*Gemeinwesen*]. From an anthropological and metaphysical concept, '*Gemeinwesen*' has become a concept that articulates and explains historiography.

In the Asiatic form, the individual does not possess any autonomy *vis-à-vis* the community. The community [*Gemeinde* or *Gemeinwesen*] is the substance with respect to which the individual appears almost accidentally. The unity that everyone enjoys is experienced unconsciously by the individuality of the beings. In Hegel's terms, it is '*an sich*' or '*für uns*'.

In the second form, '*Gemeinwesen*' and the individual have separate existences, one beside the other. Land is owned by the community. In the case of ancient Rome, it is Roman land. But alongside the concept of *ager publicus*, originally located in the city, other lands are distributed to private owners: 'The commune – as state – is, on one side, the relation of these free and equal private proprietors to one another, their bond against the outside, and is at the same time their safeguard' (Marx and Engels, 1845–46, p. 455). In Hegelian terms, it is a '*nebeneinanderstehen*', in which the individual is independent only in that he is a knowing participator in the community.

In the Germanic form, the community or '*Gemeinwesen*' is, as Marx affirms in true Hegelian terms, only a 'unity-in-itself' (Marx and Engels, 1845–46, p. 455) (*an sich seined Einheit*), a unity that has no distinct existence from that of the individual, which is the only true presence on the scene. This is the opposite of the Asiatic model, in which the individual disappears into the unity of the whole; here, the unity of the '*Gemeinwesen*' disappears in the face of the autonomous unity of the individual:

Among the Germanic tribes, where the individual family chiefs settled in the forests, long distances apart, the commune exists, already from outward observation, only in the periodic gathering-together [*Vereinigung*] of the commune members, although their unity-in-itself is posited in their ancestry, language, common past, history and so on. The commune thus appears as a coming-together [*Vereinigung*], not as a being-together [*Verein*];

as a unification made up of independent subjects, landed proprietors, and not as a unity. (Marx and Engels, 1845–46, p. 478)

Without a doubt, what concerns Marx most, in the 'Forms which precede capitalist production', is to contrast the naturalness of unity between human beings and the nature and artificiality of this connection with capitalism. Before capitalism, human beings existed as a general entity, as their existence was always mediated by being a member of one form of community or another. This original state of being was never produced by labour. This is completely different from capitalism, as Marx is eager to point out, where there is the total negation of any form of unity between human beings and nature.

But quite apart from such organicist and communitarian appreciations in these reflections, what I wish to point out is how the irruption of the category of labour power in Marx's work, along with its constructive abstraction, implies a rethinking of all of Marx's reflections. Marx was perhaps unaware of the radical nature of this aspect of his work, starting from that very condition of naturalness, as the principle of socialization in pre-capitalist society, which casts doubt on the nature and application of historical materialism.

As I said at the beginning of this chapter, my aim was to contribute something to a theoretical project concerned with the re-reading and study of Marx, according to the criteria of semantic shifts in terms and categories, which formally and linguistically appear to remain unchanged. The new MEGA edition is an indispensable tool for reading, but, in my opinion, it is necessary to combine a critical edition of Marx's work with a 'Critical Lemmatic Dictionary' – obviously on the computer and obviously in German – which could trace the occurrences of a term within the context of the complete works of Marx. Such a Dictionary should be able to follow the transformations, shifts and superimpositions in meaning of terms or concepts in Marx's work. I believe this would be an indispensable tool, both philologically and conceptually, and a useful complement to the new MEGA edition, for any Marxist scholar, and clearly, given the financial and theoretical resources, for Engels scholars too.

In my opinion, Marx often superimposes, through semantic and theoretical condensation, various meanings into a single term and, in the course of his work, that meaning changes. I believe that 'the Moor', in an attempt to present his works as *fundamentally one single work*, paid little attention to this matter and as such displays a lack of critical self-reflection. The peculiarity of Marxist *self-understanding* is an element that contemporary Marxism has to come to terms with.

References

- Bellofiore, Riccardo and Roberto Finelli (1998) 'Capital, Labour and Time. The Marxian Monetary Labour of Value as a Theory of Exploitation', in Riccardo Bellofiore (ed.), *Marxian Economics. A Reappraisal* (London: Macmillan).

- Finelli, Roberto (1989) 'Some Thoughts on the Modern in the Works of Smith, Hegel and Marx', *Rethinking Marxism*, Summer, pp. 111–31.
- (2004) 'Le postmoderne: dépassement ou intensification du moderne?', in Domenico Losurdo and André Tosel (eds), *L'idée d'époque historique Die idee der historischen epoche* (Frankfurt am Main: Peter Lang), pp. 73–90.
- Marx, Karl (1843) *Contribution to the Critique of Hegel's Philosophy of Law*, in Karl Marx and Frederick Engels, *Collected Works*, Vol. 3 (Moscow: Progress Publishers, 1975).
- (1844) *Economic and Philosophic Manuscripts of 1844*, in Karl Marx and Frederick Engels, *Collected Works*, Vol. 3 (Moscow: Progress Publishers, 1975).
- (1857–58), *Foundation of the Critique of Political Economy (Grundrisse)* (London: Penguin, 1973).
- Marx, Karl and Frederick Engels (1845–46) *The German Ideology* (London: Progress Publishers, 1968).

7

The Chapters on Machinery in the 1861–63 Manuscripts

Tony Smith

The technological dynamism of the past centuries is completely unprecedented. For many years, the most influential mainstream accounts of economic growth modelled technological change as an exogenous factor, as 'manna from heaven.' In 'new growth theory', in contrast, technological change is treated as being endogenous to capitalism.¹ The crucial point for recent theorists of endogenous technological change is the distinction between forms of scientific-technical knowledge and innovation that are *non-rivalrous* and *non-excludable*,² and those that are *non-rivalrous* but *excludable*, at least for extended periods of time. The former, not the latter, are true public goods.

The models of Paul Romer, the leading new growth theorist, include terms representing investment in R&D, the education and training of the work force, intellectual property rights, and other factors contributing to the creation and use of excludable scientific-technical knowledge and innovations. These models do not assume the declining returns and perfect competition of standard neoclassical economics. Firms able to exclude others from innovations are in principle able to appropriate *increasing* returns from their investments. And from this point of view the drive to attain (temporary) monopolies on innovations lies at the heart of capitalism.

Most contemporary social theorists are willing to give Marx his due as someone who fully appreciated that technological change is endogenous to capitalism. However, this dimension of his work is generally dismissed as merely 'literary', lacking the mathematical sophistication displayed in contemporary

¹ See Jones (2002), Helpman (2004), Lewis (2004), Warsh (2006) and, especially, Romer (1990, 1994).

² Unlike the pie you cannot consume after I have eaten it, my intellectual appropriation of $e = mc^2$ does not prevent you from fully appropriating the formula. The one is a rivalrous good, the other not. And while I can keep the pie locked away until I am ready to eat it, once the formula was published others could not be excluded from appropriating it.

growth models. Given the historical period during which Marx was writing, this could hardly be otherwise; the supposedly fatal flaw in his position lies elsewhere. Marx's writings juxtapose hymns to capitalism's technological dynamism with calls to reject the capitalist order. This is alleged to be incoherent, since the former undermines the latter.

Contemporary theorists of endogenous technological change insist that, if appropriate public policies are in place, capitalism is 'a kind of perpetual cornucopia machine forever spilling out new goods' (Warsh, 2006, p. 224). Some of these new goods are directed towards the satisfaction of workers' wants and needs from the beginning. Others are initially luxury goods. But over the course of time their unit costs tend to reduce as a result of productivity advances, thus lowering their prices to a point where ordinary workers are able to afford them. In short, the technological dynamism of capitalism brings about generalized material prosperity, dooming Marx's political project:

Technology was far and away its [capitalism's] most important source of growth. Labor unions could forget [Marx's] warnings against new machinery. They could stop worrying and learn to love the cornucopia of new innovations. (Warsh, 2006, p. 147)³

New growth theorists are hardly the first, and will surely not be the last, to appeal to capitalism's technological dynamism. In this chapter I shall discuss the arguments against this legitimating ideology found in the drafts for a chapter on 'Machinery' in Marx's 1861–63 *Manuscripts*.⁴ These sections of the *Manuscripts* are somewhat disorganized. But they include all the major themes subsequently presented in a more polished fashion in chapter 15 of *Capital*, Volume I, often in far more striking formulations. As the first comprehensive presentation of Marx's views on technological development in capitalism, they are worth close examination.

Is Marx's theory of 'Machinery' best seen as a mere 'literary' anticipation of contemporary theories of endogenous technological change? One clue that this is not the case is the way that Romer and other new growth theorists

³ I have taken the liberty of substituting 'Marx' for 'Ricardo' in this passage. From Warsh's standpoint, Marx took to extremes Ricardo's error of underestimating just how widespread the benefits of technological change would be.

⁴ After writing the equivalent of 30 pages of published text, Marx broke off a draft chapter on 'Machinery' in March 1862 to compose what came to be known as *The Theories of Surplus Value*. In late 1862–early 1863 he returned to the topic. I have not discovered any substantive differences between the two drafts. It should be noted that the term 'machinery' is to be taken here in an extremely broad sense, including all the forms of fixed constant capital that must be in place in a workplace for machinery in the narrow sense to be used effectively.

are concerned exclusively with increasing *use values* ('wealth'), in contrast to Marx's concern with how the social forms of *value* shape the innovation process. Another clue is that Marx, unlike Romer, did not intend his theory to be a contribution to political economy. It was, as he insisted in the title of the work the *Manuscripts* were initially intended to complete, a contribution to the *critique* of political economy. These clues must now be pursued.

Marx informs us that his treatment of 'Machinery' 'presupposes nothing but our general law about the value of commodities and the laws that follow therefrom about the value of labour capacity and rate of surplus value to the latter' (Marx, 1861–63b, p. 378). The 'general law' is that the value of commodities is determined by socially necessary labour time. This law expresses the unrelenting imperative for privately undertaken labour to prove its social necessity through the successful sale of produced commodities for money. The 'laws that follow' stem from the fact that generalized commodity production is based on the capital/wage labour relation or, equivalently, the fact that the imperative to create value is ultimately the imperative to create surplus value (s , the difference between the value of the labour capacity hired by capital $-v$, variable capital $-$ and the value produced through the actualization of that capacity in production). Two tendency laws follow from this valorization imperative. For any given rate of surplus value (s/v), there is a necessary tendency to increase *absolute surplus value* by extending the working day. And for any given length of the working day, there is a necessary tendency to increase *relative surplus value* by raising the rate of surplus value.

The drive to appropriate relative surplus value necessarily leads to the regular transformation of the social organization of labour, taking the technical apparatus employed in the labour process as given. *Co-operation*, for example, can increase the rate of surplus value, since a set of workers co-operating is generally more productive than the same set operating separately. A *division of labour*, in which each worker is assigned a specialized task, can also produce a greater surplus product. If this surplus product is sold successfully, the appropriated surplus value increases relative to the given investment in labour power.⁵

Reorganizations of the labour process necessarily tend to lead to innovations in the technical apparatus. (In the epoch of manufacturing, for example, the specialization of tasks was accompanied by a specialization of tools; Marx, 1861–63a, pp. 273ff.) These innovations in turn necessarily generate a tendency

⁵ Other ways of increasing labour productivity through changes in the social organization of labour are also possible. The 'multiskilling' of contemporary lean production is designed to raise the rate of surplus value by *decreasing* specialization in certain (limited) respects (Smith, 2000).

to reorganize the social organization of the labour process in order to take advantage of the new instruments of production. This suggests that the drive to transform the production apparatus is as much an essential determination of capital as the drive to transform the social organization of labour; both may further the valorization imperative. When the transformation of the production apparatus reaches the point where 'It is no longer the human being, but a mechanism made by human beings, which HANDLES THE TOOLS,' we have the third way of generating relative surplus value discussed by Marx: machinery (Marx, 1861–63b, p. 422).⁶

Relative surplus value is increased when the time workers spend producing an amount of economic value equivalent to what they receive in return in the form of wages is reduced, leaving more of a given work day for the production of surplus value. Assuming that wages are equivalent to the value of labour power, and that this value is determined in the given historical context by the cost of a given bundle of wage goods, surplus value can be increased by reducing the value of those wage goods. But Marx insists that machinery is generally *not* introduced for this reason.⁷ Units of capital producing luxury goods (or the means of production devoted to them) obviously do not aim at the reduction of the value of wage goods. And units producing wage goods (or means of production for that endeavour) would only see the value of the labour power they hire reduced by the proportion in which their particular output is, directly or indirectly, part of working-class consumption. This is too insignificant to motivate behaviour, even if it were not the case that such innovations do not provide any special advantage to the innovating firm.

For Marx, the main factor behind the introduction of machinery is the drive to appropriate higher-than-average returns. If productivity advances enable a commodity to be produced at a lower individual value than its selling price, while this selling price is lower than its social value (expressed in the average selling price), a producer may appropriate a higher amount of surplus value than is appropriated by its competitors:

The value of the commodity is determined by the *socially necessary* labour time contained in it. With the introduction of new machinery, and as long as the major part of production continues to be based on the old means of production, the capitalist can sell his commodity *at less than* its social value, even though he sells at more than its individual value, i.e. for more *labour*

⁶ The words in capital letters are as in Marx's original text in English.

⁷ 'Only in isolated cases does the capitalist intend to secure a *direct reduction of wages* by introducing machinery' (Marx, 1861–63a, p. 319).

time than he requires to manufacture it under the new production process. (Marx, 1861–63a, p. 319)⁸

Everything else remaining equal, higher-order labour power, labour power of above average productivity, is then paid as if it were standard labour power. This compresses the portion of the working day devoted to the production of a monetary value equivalent to what workers receive in the form of wages, while extending the portion devoted to the production of surplus value (Marx, 1861–63a, p. 320).

A closer look reveals 'an important complicating factor' that does not come into play in other ways of increasing relative surplus value:

(M)achinery, unlike simple cooperation and the division of labour in manufacture, is a productive force which has been produced; it costs money [...] Like any portion of constant capital, the machinery adds to the product the value contained in it, i.e. it makes it dearer to the extent of the labour time required for its own production. (Marx, 1861–63a, p. 322)

And so,

(T)he cheapening of the commodities produced by machines depends on one circumstance alone [...] the value of machinery which enters into the commodity is less than – i.e. = less labour time than – the value of the labour replaced by it. (Marx, 1861–63a, p. 323)

'The value of machinery which enters into the commodity' is determined by the relationship between the total constant capital invested in machinery and the number of individual commodities produced over the machinery's lifetime. The larger the former relative to the latter, the greater the cost of constant capital (*c*) going into the final price of the individual commodity. The larger the latter relative to the former, the lower the *c* going into the

⁸ The main question of the chapters in the *Manuscripts* that correspond to Volume I of *Capital* is how 'the class of capitalists taken as a whole [can] enrich itself as a class, [since] it cannot increase its total capital, or produce a surplus value, by one capitalist gaining what another loses' (Marx, 1861–63a, p. 25). The answer lies in the capital/wage labour relation, examined at the level of 'capital in general', prior to a consideration of concrete forms of inter-capital competition. The main themes of Marx's discussion of machinery are at this level. None the less, this discussion crucially involves inter-capital competition, as the passage in the main text reveals. Just as 'price' (the expression of value in a socially objective form) operates at *all* levels of Marx's theory, 'competition' is also not simply a 'Volume III' category. No 'Volume I' category can be presented, even provisionally, without employing a (simple and abstract categorization of) competition.

final price.⁹ Everything else begin equal, if c is lowered while the final price remains the same (or declines at a slower rate), more surplus value can be appropriated.¹⁰ And so capitalists hope to extend the use of machinery, while fearing that their investment in constant capital will become technologically obsolete prior to appropriating a satisfactory return ('moral depreciation').

Eventually, above-average profits are lost as other capitals duplicate or surpass the innovations responsible for the productivity gains. But the imperative to seek productivity-enhancing innovations is found in industries producing wage goods no less than in other sectors. There is therefore a tendency for the unit costs and prices of wage goods to decline, lowering the costs of reproducing labour power (that is, the value of labour power) at the given standard of living for workers. This increases the rate of surplus value s/v .¹¹ We may conclude that there is a tendency at the level of total social capital for relative surplus value to increase as a result of the introduction of machinery (Mandel, 1975, ch. 3; Smith, 2004).

The *1861–63 Manuscripts*, like *Capital*, include extended discussions of other aspects of technological change in capitalism, including the *mechanical workshop* ('the most developed form of the capitalist application of machinery' Marx, 1861–63a, p. 320).¹² He also discusses how technological change is at least partially determined by 'internal' factors; innovations are often sought that complement established technological systems or address bottlenecks in an existing system (Marx, 1861–63b, pp. 343–44). Marx also examines specific features of the nineteenth-century British Industrial Revolution (Marx, 1861–63a, pp. 330–45; 1861–63b, pp. 387–477; 1861–63c, pp. 46–64). And he regularly contrasts his account with competing views, especially Ure's (Marx,

⁹ 'As the efficiency of the machinery grows, as the productive power of labour is thus raised, the quantity of use values and therefore of commodities which are produced in the same labour time with the help of machinery grows [...] (T)he greater this total amount the smaller the proportion of the machinery's value that re-appears in the individual commodity' (Marx, 1861–63a, pp. 323–24).

¹⁰ The 'economies of scope' of contemporary flexible production illustrate this dynamic no less than traditional 'economies of scale' (Smith, 2000).

¹¹ '(A)s soon as competition has reduced the price of the commodity produced by machinery to its value, the employment of machinery can only increase the *surplus value*, the profit of the capitalist, in so far as the cheapening of the commodity leads to a reduction in the value of wage or the value of labour capacity or in the time necessary for the reproduction of labour capacity' (Marx, 1861–63a, pp. 334–35).

¹² Mechanical workshops need not take the particular form they did in Marx's day – an extensive system of machines located in the same plant and powered by the same prime motor (Marx, 1861–63b, p. 481). In the twenty-first-century 'networked corporation', systems of interconnected machines are scattered across the globe. Marx anticipated the principles of the networked corporation when he referred to 'the combination of factories, one which produces a semi-manufactured object, while the other uses it as its raw material' (Marx, 1861–63b, p. 425).

1861–63b, p. 494). Our concern here, however, is whether Marx provides a compelling alternative to the contemporary new growth theorists who invoke capitalism's technological dynamism as a legitimating ideology.

There are numerous points of agreement between Marx and Paul Romer, the leading contemporary theorist of endogenous technological change. Marx too refers to the manner in which innovations can be, at least temporarily, excludable. This is what enables surplus profits to be appropriated. He also refers explicitly to the manner in which innovations are non-rivalrous. This accounts for the temporary nature of surplus profits. Marx also refers explicitly to the increasing importance of scientific-technological knowledge, insisting that there is a structural tendency for science to be subsumed under the capital form.¹³ As far as these central ideas are concerned, there is nothing new about 'new growth theory'.

Most importantly in the present context, Marx was well aware that productivity advances tend to expand the consumption of use values by workers over time. As we have seen, he often took the workers' consumption bundle as a given in order to explicate important structural tendencies of capital. But he also recognizes explicitly in the *Manuscripts* and elsewhere that productivity advances enable real wages (in use value terms) to increase over time.¹⁴ Here too there is nothing especially new about 'new growth theory'.

Does this last point not fatally undermine Marx's claim that the social relations of capitalism are inherently antagonistic? Does capitalism's unprecedented innovation not generate unprecedented material prosperity on an unprecedented scale? Should Marx not have accepted the force of technological dynamism as a legitimating ideology? An initial response to these questions is straightforward: *Workers' gains in use values do not refute the theory of surplus value*:

Even if the capitalist who introduces the new machinery were to pay a higher than average wage, the surplus realised by him over and above the normal surplus value, the surplus value realised by the other capitalists in the same branch of industry, would originate solely from the fact that the wage was not increased *in the same proportion* as this labour rose above the level of

¹³ 'The employment of the natural agents – their incorporation so to speak into capital – coincides with the development of *scientific knowledge* as an independent factor in the production process. In the same way as the production process becomes an *application of scientific knowledge*, so, conversely, does science become a factor, a function so to speak, of the production process' (Marx, 18613c, p. 32).

¹⁴ '(S)ince the manner of their satisfaction depend to a large degree on the level of civilization of the society, are themselves the product of history, the necessary means of subsistence in one country or epoch include things not included in another' (Marx, 1861–63a, p. 44).

average labour, that a relative increase in surplus labour time continued to occur. Therefore this case can also be subsumed under the general law that surplus value = surplus labour. (Marx, 1861–63a, p. 320)

Accepting this, however, does not eliminate all questions. If workers' wants and needs can be liberated from traditional constraints and fulfilled to an unprecedented degree, does this not make capital/wage labour conflict a contingent and relatively secondary matter, *even if the theory of surplus value is correct*?

A full answer to this question would go far beyond the sections of the *Manuscripts* considered here. But the account of machinery there suggests three sorts of reply. The first concerns the *precarious* nature of workers' gains; even relatively privileged workers remain subject to generalized and profound economic insecurity. As innovations diffuse, competitive pressures tend to erode the wage gains of workers in no-longer-leading firms (Marx, 1861–63a, p. 330). If a given unit of capital does maintain its advantages, it will usually do so only through further innovations that themselves threaten to displace wage labourers. Further, machinery (in the broad sense of the term) may enable the implementation of effective 'divide and conquer' strategies, in which the threat of employing less privileged groups of workers reduces wages.¹⁵ Machinery also regularly 'deskills' entire categories of workers, making previously won gains difficult to maintain.¹⁶ Finally, in so far as machinery can be used to replace striking workers, it lessens the chances of successful strikes, making previously won gains increasingly difficult to maintain.¹⁷

Marx's discussion of machinery occurs at a relatively abstract theoretical level. Investment in constant capital is considered only in so far as it affects the rate of surplus value (s/v), and not the more complex rate of profit, $[s/(c + v)]$.¹⁸

¹⁵ Lebowitz (2003).

¹⁶ Marx describes how machinery developed in the British Industrial Revolution made craft skills obsolete. However, 'deskilling' is not the correct general term for the tendency to seek technologies enabling the employment of a 'new class of workers, who enter the situation as a determining element, alter the character of the whole workshop, and by their nature are more obedient to the despotism of capital' (Marx, 1861–63a, p. 331). A generalization of previously above-average skills may also have this effect. (Marx, 1861–63b, pp. 162–63 and Marx, 1861–63c, p. 228 provide reasons to think that the general skill level in capitalism tends to increase over time.)

¹⁷ 'It is also demonstrated in strikes that machinery is invented and employed in direct opposition to the claims of living labour, and that it appears as a means of defeating and breaking them' (Marx, 1861–63c, p. 29).

¹⁸ 'In *content* of course the two questions come down to the same thing. But here the same phenomenon is considered from entirely different points of view' (Marx, 1861–63b, p. 377). This statement implies that the traditional 'transformation problem' is profoundly misguided. As Marx's theory progresses, one state of affairs is not 'transformed' into a different one. The *same* state of affairs is conceptualized in a different (more complex and concrete) fashion.

But a central premise in an argument regarding the latter can be elaborated. The mad drive to accumulate pushes investments in machinery whenever doing so is foreseen to increase surplus value in the short-to-medium term. C therefore tends to increase at a faster rate than v . In so far as s is a function of v , the result is a structural tendency for a falling rate of profit, resulting from increases in c that are not compensated by increases in s .¹⁹ This systematic tendency to over-accumulation crises reinforces tremendously the precarious nature of workers' gains from technological change, since the extent to which benefits from technological advances trickle down to workers is strongly correlated with the contingent state of the world market.²⁰ The outbreak of over-accumulation crises in the world market is invariably accompanied by attacks on wages (Brenner, 1998).

A second sort of reply to defences of capitalism based on technological dynamism concerns the necessarily *limited* nature of workers' gains from innovations. The first draft on machinery in the *Manuscripts* begins by quoting J. S. Mill's observation that the mechanical innovations of capitalism have not lessened toil (Marx, 1861–63a, p. 318). This would come as no surprise to anyone familiar with the 'general law about the value of commodities and the laws that follow':

(O)n the basis of capitalist production the purpose of machinery is by no means to *lighten or shorten the day's toil* of the worker... (A)s in any development of productive power on a capitalist basis... it is a matter of shortening the part of the working day during which he works for himself, the *paid* part of his labour time, and thereby lengthening the other part of the day, during which he works for capital for no return. (Marx, 1861–63a, pp. 318–19)

Increased consumption of use values also does not eliminate systematic surveillance in the workplace, or ceaseless attempts to control the labour process

¹⁹ 'Since the part of capital laid out in wages has become much smaller in relation to the total capital – particularly in relation to the fixed capital – and since the magnitude of surplus value depends not only on its rate but on the number of working days simultaneously employed, while profit depends on the ratio of this surplus value to the total capital, the consequence is a fall in the rate of profit' (Marx, 1861–63a, p. 333). In the 1861–63 *Manuscripts*, Marx also mentions counter-tendencies: the economizing of constant capital (Marx, 1861–63b, pp. 478, 481), the lowering of constant capital costs (Marx, 1861–63c, p. 126), the lowering of raw material costs through imports and reductions of waste (Marx, 1861–63c, pp. 58–59), increases in the rate of surplus value, and so on.

²⁰ Marx connects the rise in real wages in nineteenth-century Britain to the high levels of demand in the world market for British commodities (Marx, 1861–63b, pp. 386–87).

by management (Marx, 1861–63b, pp. 486, 490).²¹ Nor does increased consumption change the fact that the level of environmental risks and unsafe work practices necessarily tends to be far higher under the reign of capital than is technologically necessary (Marx, 1861–63b, p. 475). The unrelenting fear of moral depreciation implies that the introduction of machinery tends to be accompanied by both an intensification of work²² and pressure to lengthen the work day (Marx, 1861–63a, pp. 330–33), both of which are correlated with increased physical and psychological stress. Gains to workers resulting from advances in productivity are also partial in that they do not extend to those laid off because of the introduction of labour-saving machinery.²³ Nor do the benefits extend to those employed by less productive firms whose competitive strategy revolves around low wages.²⁴

A final way in which use value gains are limited mentioned in the chapters on machinery anticipates the much later stage of Marx's theory devoted to uneven development in the world market:

(T)he relation of the English to the foreign manufacturer is the same as the relation of a manufacturer who has introduced new machinery to his competitor. (Marx, 1861–63a, p. 338)

²¹ Democracy demands that those exercising authority are accountable to those over whom the authority is exercised. No democratic theorist has ever provided a compelling reason to ignore this principle in the workplace.

²² With machinery, 'the continuing activity of the individual is bound and conditioned by the activity of a whole, of which he only appears as a member or which works, as in the mechanical workshop, with the utter uniformity and tirelessness of an inanimate force of nature, an iron mechanism' (Marx, 1861–63b, p. 385).

²³ '(I)t is only in *machinery*, and in the *mechanical workshop* based on the application of the new system of developed machinery, that the *replacement of workers* by a part of the constant capital (by the part of the product of labour which again becomes a means of labour) exists; in general, only here does the *rendering of the workers superfluous* emerge as an *explicit and conscious tendency* and a *tendency acting on a large scale*' (Marx, 1861–63c, p. 25); 'Here the antithesis between capital and wage labour develops into a complete contradiction' (Marx, 1861–63c, p. 28).

²⁴ 'Apologists of the system, such as Ure, therefore point to the atrocities of the system of labour produced *outside* the factory system by the factory system itself – whether under the small masters or under an enterprise only formally capitalist – in order to prove the *relative beauties and advantages* of the system itself! They only forget that those branches of labour are so to speak only the *foreign department* of the system, being still its direct offspring and logical consequence!' (Marx, 1861–63b, p. 495); 'Ure's grounds for consoling the factory workers are [...] particularly that workers in branches which have been *ruined by machinery* or have to compete with it, or into which machinery throws its displaced SURPLUS workers, are still worse off than the workers employed *directly* in the mechanical workshop. And this is supposed to prove that the system is favourable to the working class!' (Marx, 1861–63c, p. 41).

Since,

(T)he measure of the value, e.g. of cotton, is determined not by the English hour of labour, but by the average necessary time of labour on the world market [...] An English working day of 10 1/2 hours is not only more productive, but contains perhaps as great a quantity of labour as the 24 hours worked in the cotton mills of Moscow. (Marx, 1861–63b, p. 384)

Regions lacking the resources to attain a position at (or close to) the frontier of scientific-technical knowledge are systematically disadvantaged, and these disadvantages necessarily tend to be reproduced over time. Gains in use value consumption are not likely to be shared by workers in these regions.²⁵ Profound poverty and inequality are not accidental features of the global capitalist order. They are built into 'the rules of the game' (Smith, 2006).

The extremely precarious and limited manner in which the gains of productivity trickle down to workers is typically ignored by capitalism's apologists. There is also a third and yet deeper level of Marx's critique to consider, involving the murky question of the ontological status of capital.

In mainstream social theory, 'capital' consists of things employed by human subjects to attain human ends. In sharpest contrast, Marx believes that once the social relations of capitalism are in place, a bizarre subject/object inversion occurs in which 'capital' emerges as a higher-order 'subject' (Marx, 1861–63a, pp. 12–13, 170), subsuming human activity to *its* ends:²⁶

(E)very increase in the productive powers of labour – leaving aside the fact that it increases use values for capital – is an increase in the productive power of capital and it is only a productive power of labour in so far as it is a productive power of capital (Marx, 1861–63c, p. 11).

This implies that,

The examination of these conditions [the 'objective conditions of social labour'] appears from the capitalist point of view [*italics added*] as the examination of *circumstances* which concern capital alone, proceed from it and are enclosed within it, and have absolutely nothing to do with the worker. (Marx, 1861–63b, p. 478)

²⁵ It must also be stressed, however, that workers enjoying (limited and partial) gains in use value consumption may be more exploited than those who do not: 'It is possible for wages to stand e.g. higher in England than on the Continent, and yet be lower *relatively*, in proportion to the productivity of labour' (Marx, 1861–63c, p. 40).

²⁶ '(P)resent labour (is) itself already incorporated into capital, it is a moment of capital' (Marx, 1861–63b, p. 479).

The ontology implicit in 'the capitalist point of view' is thus far different from that proclaimed by capitalism's advocates. 'Capital' is in effect a higher-order alien power operating at the level of society as a whole. It systematically selects for human ends compatible with *its* end, 'the self-valorization of value', and systematically represses all human ends that are not compatible with this non-human end.

Marx's theory, however, is not exhausted by a brutally honest articulation of what is implicit in the 'the capitalist point of view'. A *critique* of this point of view accompanies every stage of its articulation, and this critique is not limited to pointing out the subject/object inversion. As a careful reading of the *Manuscripts* makes clear, Marx vehemently asserts capital's claim to be a subject, only to deconstruct this claim just as vigorously. This certainly sounds contradictory. But capital is objectively contradictory in a manner that makes the paradoxes of quantum mechanics seem like child's play. Capital is the ruling force of the social world, *and* a mere alienation of powers that are not its own. It is the absolute centre of a system dominated by inhuman social forms, *and* an empty void at the heart of a social order created (and transformable) by human action.

When the powers of collective social labour appear as powers of capital this *distorts* the true (if bizarre) state of affairs, however much these distorted appearances necessarily result from objective social relations. In the 1861–63 *Manuscripts*, Marx's explanation for this complex and perverse state of affairs revolves around four main factors:

- (i) 'the conditions of labour confront living labour as independent' (Marx, 1861–63b, p. 479);
- (ii) money capital is 'a *draft on future labour*' (Marx, 1861–63c, p. 12);
- (iii) wage labourers sell their labour power as separate individuals;²⁷ and
- (iv) a compulsion to perform surplus labour follows from (i)–(iii).

These (humanly created) social facts enable a ghostly vampire, 'capital', to emerge and appropriate the creative powers of nature, machinery, science and collective social labour without having to pay for them.²⁸ The inevitable result

²⁷ The individual worker 'sells to capital [...] his individual *labour capacity* in the form in which it is enmeshed in his person, not his labour as a factor of that social power of combined labour [...] (T)his latter combination is a form alien to the individual workers, it is a *form of capital*, for which reason the productive powers of this combination also appear as productive powers of capital and not of labour' (Marx, 1861–63c, p. 148).

²⁸ 'The division of labour and the combination of labour within the production process is a machinery which costs the capitalist nothing. He pays for the individual labour capacities, not for their combination not for the social power of labour. Another productive force which costs him nothing is scientific power. The growth of the

is that these powers necessarily appear to be capital's. But having the ability to appropriate the creative powers of others effectively is not the same as possessing those powers itself.²⁹ Marx makes this absolutely crucial distinction in his discussion of the first form of relative surplus value, while insisting it holds for the other forms as well:

Cooperation, which is a productive power of social labour, *appears* as a productive power of capital, not of labour. And this transposition takes place within capitalist production in respect to all the productive powers of social labour. (Marx, 1861–63a, pp. 260–61; italics added)

Again,

The different means whereby capital creates relative surplus value, raises the productive forces, and increases the mass of products, *are* all social forms of labour; but they *appear*, even within production, rather as social forms of capital – modes of capital's existence. (Marx, 1861–63a, p. 311; italics added)

It is not wrong to speak of living labour as capital's 'other', standing 'outside' capital, or to stress how from capital's standpoint living labour is 'nothing' (see Marx, 1861–63c, p. 202). But it is very misleading to stop here. Living labour is 'inside' capital *all the way down*. There are *no* powers of capital that are not ultimately the collective social powers of labour (or the powers of nature, machinery and science mobilized by collective social labour). On the deepest level of Marx's social ontology it is *capital* that is nothing, a mere 'pseudo-subject'. Capital may be the ruling principle of the social order, subjecting human agents to a discipline that both unleashes and distorts their creative powers, inside the workplace and outside it. But capital has no powers in itself whatsoever, any more than any other fetish object. To think otherwise is to fall prey to the very mystification that Marx's concept of capital is meant to dispel.

population is a further productive force which costs nothing. But is only through the possession of capital – in particular in its form as machinery – that he can appropriate for himself these free productive forces; the latent wealth and powers of nature just as much as all the social powers of labour which develop with the growth of the population and the historical development of society' (Marx, 1861–63c, p. 18).

²⁹ A rough analogy: The Sistine Chapel would not have been created without the permission and support of Julius II. And Michelangelo may have assimilated the desires of Julius such that in a different context with a different patron a completely different work would have resulted. None the less, the creative aesthetic powers were Michelangelo's, not the warrior pope's.

This same mystification is examined at the very beginning of Marx's theory, where he shows that commodity and money fetishism make it difficult to recognize how 'value, both in the form of money and of the commodity, is an *objectified* quantity of labour [...] The sole antithesis to objectified labour is non-objectified, *living labour*' (Marx, 1861–63a, p. 34). This same mystification reappears after the level of machinery as well: 'The conversion of surplus value into profit therefore completes the mystification which makes capital appear as a SELFCTOR and a person vis-à-vis labour, thus turning the objective moment of the production process into a subject' (Marx, 1861–63b, p. 91). Similarly, in capitalism it necessarily appears that profits arise from sales, that gold is money, that the entire day's labour is paid for in wages, that value is created within circuits of commercial and financial capital, that rent is a reward for the productive contribution of land, and so on and on. *Marx's main theoretical task is to explain how the social relations of capitalism necessarily generate appearances that distort what capital essentially is (appearances that none the less have material effects).*

The precarious and limited nature of any expansion of workers' consumption, combined with the manner in which capital's powers usurp those of collective social labour, provide compelling reasons to assert that the social antagonism between capital and wage labour is profound and irreconcilable. But what is the practical import of this theoretical claim?

In the 1861–63 Manuscripts, Marx derived a systematic tendency for resistance to the reign of capital, a resistance that first took the form of struggles over technologies at the point of production:

It is also with the coming of *machinery* that the worker first directly fights against the productive power developed by capital, seeing in it a principle antagonistic to him personally, to living labour. *The destruction of machinery* and the resistance in general on the part of the workers to the introduction of machinery is the first declaration of war against the mode of production and the means of production developed by capitalist production. (Marx, 1861–63c, p. 25)

Unfortunately, capital has numerous weapons in this war, many of which are noted in the chapters under consideration. Machinery may enable capital to implement effective strategies of 'divide and conquer', 'deskill' privileged sectors of the wage force, and break strikes. Further,

'(P)ast labour – in the automaton and the machinery moved by it – steps forth as acting apparently in independence of [living] labour, it subordinates labour instead of being subordinate to it, it is the iron man confronting the man of flesh and blood' (Marx, 1861–63c, p. 30).

From the standpoint of social ontology, this independence is *only* apparent. Objective social ties connect those who produced machinery yesterday with those who use it today. The sense of powerless in the face of 'the iron man' is no less real for that, and no less practically effective. Finally, the technological dynamism of capitalism does indeed spread (however unevenly) the not-to-be-underestimated seductions of consumerism. No abstract theoretical argument rules out the possibility that the promise and (limited and precarious) reality of increased consumption – combined with subtle and not so subtle coercion, as occasion demands – will lead to a general acquiescence to the capitalist order. The advice to 'stop worrying and learn to love the cornucopia of new innovations' could not be more facile (Warsh, 2006, p. 147). But it may still be followed.

Marx's account of the essential determinations of capital leaves the future paths of history indeterminate. But the deconstruction of capital's ontological claims in the *Manuscripts* and elsewhere is none the less of immense practical significance. First, if the powers of collective social labour (and the powers of nature, machinery and science mobilized by that labour) were truly powers of capital, socialism would be a mere eschatological hope, rather than a feasible historical possibility. But they are not, however much their development has been spurred and distorted by capital's insatiable drive for valorization. And because they are not, a socialism is objectively possible in which 'all the social forms of labour developed within capitalist production are released from the contradiction which falsifies them all' (Marx, 1861–63c, p. 109).³⁰

The actualization of this objective possibility requires collective social action on a mass scale. The recognition of the fraudulence of capital's ontological claims is hardly a sufficient condition for the emergence of the required collective agency. But it is just as surely a necessary condition. In the 1861–63 *Manuscripts* Marx inserts a passage from the *Grundrisse* that expresses this point with an eloquence and force unsurpassed elsewhere in his writings:

The recognition of the product as its [labour's] own, and its awareness that its separation from the conditions of its realisation is an injustice – a *relationship imposed by force* – is an enormous consciousness, *itself the product* of the capitalist mode of production and just as much the knell to its doom as the consciousness of the slave that he *could not be the property of*

³⁰ In the final analysis, release from this falsifying contradiction crucially involves 'the politics of time': 'What distinguishes the factory system is the fact that in it the true nature of *surplus value* emerges. *Surplus labour*, and therefore the question of *labour time*, becomes decisive here. It is not only the measure of human life. It is the space for its development. And the encroachment of capital over the time of labour, is the appropriation of the *life*, the mental and physical life, of the worker' (Marx, 1861–63b, p. 493).

the another reduced slavery to an artificial, lingering existence, and made it impossible for it to continue to provide the basis of production. (Marx, 1861–63c, p. 246)

When all is said and done, it is this insight that separates Marx's perspective from all competing theories of endogenous technological change in capitalism.

References

- Brenner, Robert (1998) 'The Economics of Global Turbulence', *New Left Review*, p. 229.
- Helpman, Elhanan (2004) *The Mystery of Economic Growth* (Cambridge, Mass.: Harvard University Press).
- Jones, Charles (2002) *Introduction to Economic Growth* (New York: W. W. Norton).
- Lebowitz, Michael (2003) *Beyond Capital: Marx's Political Economy of the Working Class* (New York: Palgrave/Macmillan).
- Lewis, William (2004) *The Power of Productivity: Wealth, Poverty, and the Threat to Global Stability* (Chicago: University of Chicago Press).
- Mandel, Ernest (1975) *Late Capitalism* (London: Verso).
- Marx, Karl (1861–63a) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works: Volume 30* (New York: International Publishers, 1988).
- (1861–63b) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works: Volume 33* (New York: International Publishers, 1991).
- (1861–63c) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works: Volume 34* (New York: International Publishers, 1994).
- Romer, Paul (1990) 'Endogenous Technological Change', *Journal of Political Economy*, 98.
- (1994) 'The Origins of Endogenous Growth', *Journal of Economic Perspectives*, 8.
- Smith, Tony (2000) *Technology and Capital in the Age of Lean Production: A Marxian Critique of the 'New Economy'*, (Albany, NY: State University of New York Press).
- (2004) 'Technology and History in Capitalism: Marxian and Neo-Schumpeterian Perspectives', in R. Bellofiore and N. Taylor (eds), *The Constitution of Capital: Essays on Volume One of Marx's Capital* (New York: Palgrave/Macmillan).
- (2006) *Globalisation: A Systematic Marxian Account* (Leiden: Brill).
- Warsh, David (2006) *Knowledge and the Wealth of Nations: A Story of Economic Discovery* (New York: W. W. Norton).

8

The Development of Marx's Theory of the Distribution of Surplus-Value in the Manuscripts of 1861–63

Fred Moseley

I have argued in several recent papers (Moseley, 1993, 2000, 2002) that Marx's theory of surplus-value is structured in terms of two basic levels of abstraction: (1) the *production of surplus-value*, in which the total amount of surplus-value in the economy as a whole is determined; and (2) the *distribution of surplus-value*, in which the predetermined total amount of surplus-value is divided into individual parts (equal rates of profit, commercial profit, interest and rent). In the theory of the distribution of surplus-value, the total amount of surplus-value to be distributed is taken as given, as already determined by the prior theory of the production of surplus-value. This key quantitative premise is repeated many times in all the drafts of *Capital*, especially in the drafts of Volume III of *Capital* in the *Manuscript of 1861–63* and the *Manuscript of 1864–65*. Other authors who have also emphasized the prior determination of the total surplus-value in Marx's theory of the distribution of surplus-value include Paul Mattick, David Yaffe and Duncan Foley.

I have also argued further that this distinction between the production of surplus-value and the distribution of surplus-value is closely related to the two basic levels of abstraction in Marx's theory: CAPITAL IN GENERAL and COMPETITION (see Moseley, 1995, 2007). The production of surplus-value (or the determination of the total surplus-value) is the main question addressed at the level of abstraction of capital in general. Other questions addressed at the level of abstraction of capital in general are the circulation of capital and 'capital and profit' (including the falling rate of profit). The distribution of surplus-value (or the division of the total surplus-value into individual parts) is the main question addressed at the level of abstraction of competition. Another question addressed at the level of abstraction of competition is 'revenue and its sources', or the critique of vulgar political economy's explanation of the phenomena of

competition. Therefore, the basic logical structure of Marx's theory in *Capital* is as follows:

I. CAPITAL IN GENERAL

1. PRODUCTION OF SURPLUS-VALUE (Volume 1 of *Capital*)
 - absolute surplus-value
 - relative surplus-value
 - accumulation
2. Circulation of capital (Volume 2)
 - the circuits of capital
 - the turnover of capital
 - the reproduction of the total social capital
3. Capital and profit (Parts 1 and 3 of Volume 3)
 - cost price and profit
 - the falling rate of profit

II. COMPETITION, OR THE DISTRIBUTION OF SURPLUS-VALUE

1. Equal rates of profit (Part 2 of Volume 3)
2. Commercial profit (Part 4 of Volume 3)
3. Interest (Part 5 of Volume 3)
4. Rent (Part 6 of Volume 3)
5. Revenue and its sources (Part 7 of Volume 3)

The *Grundrisse* is almost entirely at the level of abstraction of capital in general, and is divided into the three sections: the production process of capital, the circulation process of capital, and a brief section on capital and profit. In addition, there are a few brief discussions of the equalization of profit rates across industries, an aspect of the distribution of surplus-value, and a subject which Marx repeatedly stated 'does not belong here' (that is, does not belong in the section on capital in general), but instead belongs in 'the later investigation of competition' (Marx, 1857-58, pp. 435-36, 669, 684, 758-63, 767). Marx also clearly stated in these brief discussions that the total surplus-value is determined prior to its distribution, and specifically prior to the equalization of profit rates. For example:

The TOTAL SURPLUS-VALUE, as well as the *total profit*, which is only the *surplus value itself, computed differently*, can NEITHER GROW NOR DECREASE through this operation [the equalization of profit rates], EVER; what is *modified thereby* is

not it, but only *its* DISTRIBUTION among the different capitals. However, THIS EXAMINATION BELONGS ONLY WITH THAT OF THE MANY CAPITALS [that is, competition], it does not yet belong here [that is, in the analysis of capital in general]. (Marx, 1857–58, p. 760)¹

Therefore, while Marx left the elaboration of his theory of the equalization of the profit rate to the subsequent analysis of competition, he was already clear by the end of the *Grundrisse* that this theory would be based on the fundamental premise that the total amount of surplus-value is determined prior to its distribution, and prior to the equalization of profit rates. This key premise continued to be the basis for all of Marx's subsequent work on his theory of the distribution of surplus-value, and equal rates of profit in particular.

The recent publication of the *Manuscript of 1861–63* sheds new light on the development of Marx's theory of the distribution of surplus-value, which was eventually published in Volume III of *Capital*. The *Manuscript of 1861–63* is the second draft of *Capital*, and is the manuscript in which Marx developed for the first time his theory of the distribution of the total surplus-value into individual parts that would later be presented in Volume III of *Capital*. About two-thirds of the *Manuscript of 1861–63* is what we know as the *Theories of Surplus-Value*, much of which is about the distribution of surplus-value. The other third of the manuscript has been published for the first time in the new MEGA edition, and includes a second draft of Volume I of *Capital* and, what is most relevant to this chapter, about 250 pages on the individual parts of surplus-value that would later be included in Volume III.² See the Appendix for an overview of the order of the subjects discussed in the *Manuscript of 1861–63*.

This chapter reviews Marx's development of his theory of the distribution of surplus-value in the *Manuscript of 1861–63*. Emphasis will be given to the key quantitative premise mentioned above – that, in Marx's theory of the

¹ In all the quotation in this chapter, *italicized* emphasis is in the original, UPPER CASE emphasis is added, and square brackets are added.

² The *Manuscript of 1861–63* was published for the first time in its entirety in German in the Marx-Engels-Gesamtausgabe, abbreviated as MEGA, in 1976–82. The English translation was published in 1988–94 by International Publishers, as Volumes 30 to 34 of the 50-volume *Marx-Engels Collected Works*. The publication of this entire manuscript was an important event in Marxian scholarship. This manuscript is an important link between the *Grundrisse* and *Capital*, and provides many valuable insights into the logical structure and content of *Capital*, especially Marx's theory of the distribution of surplus-value in Volume III. It should be carefully studied by all those who wish to understand Marx's *Capital*. See Oakley (1983, ch. 6), for a short introduction to the *Manuscript of 1861–63*; Dussel (2001) for a detailed textual study of this manuscript; and Moseley (2001) for the Introduction to Dussel's book.

distribution of surplus-value, the total amount of surplus-value is determined prior to its division into individual parts.

The second draft of Capital, Volume I, parts 2–4 (Marx and Engels, 1988, pp. 9–346)

The *Manuscript of 1861–63* also begins at the level of abstraction of capital in general, with the second draft of Marx's theory of the production of surplus-value, which later became parts 2–4 of Volume I of *Capital*. This second draft of the theory of the production of surplus-value is very interesting, and is much more clearly developed than the rough and exploratory first draft in the *Grundrisse*. This draft also contains more methodological comments than the 'popularized' final versions of Volume I. By this time, Marx had a very clear idea of the overall logical structure of Volume I (since 1859, at least; see the outline in Marx and Engels, 1987, pp. 511–17), and he was able to write these chapters in close-to-final form.

There is an interesting and relevant point in this second draft of Volume I, in the section that later became chapter 5 ('Contradictions in the General Formula of Capital'). Marx briefly discusses merchant capital and interest-bearing capital, which receive profit and interest, even though they are employed solely in the sphere of circulation, which appears to contradict the law that no value is created in exchange. Marx notes that these two forms of capital

'DO NOT COME INTO CONSIDERATION HERE AT ALL, for we are dealing with CAPITAL AS SUCH [that is, capital in general], but rather must be developed later as DERIVED, SECONDARY FORMS OF CAPITAL' (Marx and Engels, 1988, pp. 31–2).

The reason why merchant capital and interest-bearing capital cannot be considered here is that merchant profit and interest are individual parts of the total surplus-value, and the total amount of surplus-value must first be determined (at the level of abstraction of capital in general in Volume I). With respect to interest specifically, Marx states that the magnitude of interest is related to the DISTRIBUTION of surplus-value, which PRESUPPOSES the total amount of surplus-value:

Similarly, interest appears then merely as a PARTICULAR FORM AND BRANCH OF SURPLUS-VALUE, just as the latter DIVIDES LATER ON INTO DIFFERENT FORMS, which constitute different kinds of revenue, such as profit, rent, interest. All questions about the magnitude of interest, etc. therefore appear as questions of the DISTRIBUTION of surplus value between different sorts of capitalists. The existence of surplus value as such is PRESUPPOSED here. (Marx and Engels, 1988, pp. 31–2)

Therefore, Marx continued to have in mind the key quantitative premise of the determination of the total surplus-value prior to its division into individual

parts as he started the *Manuscript of 1861–63*. Marx made the same point about merchant profit and interest in the final version of chapter 5 of Volume I, thereby indicating that Marx's logical method of first determining the total surplus-value and then determining the individual parts of surplus-value, with the total surplus-value PRESUPPOSED, remained the same in the final draft of *Capital* as in the earlier drafts.

Theories of Surplus-Value (Marx and Engels, 1988, pp. 347 – 1989b, p. 541)

While working on part 4 of Volume I on relative surplus-value, Marx broke off and began to write in a new notebook (Notebook VI), which he entitled 'Theories of Surplus-Value'. It appears that Marx's original intention was to follow his own theory of surplus-value, just presented, with a brief critical summary of previous theories of surplus-value of the classical economists, similar to his work earlier in the *Contribution to a Critique of Political Economy* for theories of value and theories of money. In any case, Marx's work on the 'Theories of Surplus-Value' soon greatly expanded into many new topics related to the distribution of surplus-value (not just the production of surplus-value) and thus belong to the level of abstraction of competition, not capital in general. Table 8.1 at the end of this paper presents a chronological overview of how Marx's work on these manuscripts expanded in the following months, beyond the production of surplus-value and the level of abstraction of capital in general to the distribution of surplus-value and the level of abstraction of competition.

Marx first wrote what we know as Volume I of *Theories of Surplus-Value*, which is mainly about Smith's theory of value and surplus-value, and the concepts of productive and unproductive labour.³ In a digression in this part of the manuscript on J. S. Mill and the question of the effect of a change in the magnitude of constant capital on the magnitude of surplus-value, Marx clearly stated the determination of the total surplus-value prior to profit and the rate of profit (the total surplus-value is the 'PRESUPPOSITION'):

When we speak about profit and the rate of profit, then *surplus-value* is supposed to be GIVEN. The influences therefore which determine surplus-value have all operated.

³ A very important discovery in this section on Smith was the development for the first time of the 'schemes of reproduction' in order to criticize what Marx called 'Smith's dogma', according to which the total value of the total commodity product in the economy as a whole consists only of wages and profit (and rent for agricultural goods), without any component for constant capital (Marx and Engels, 1988, pp. 411–51; Marx, 1861–63a, ch. 3, sect. 10) The use of the reproduction schemes to criticize 'Smith's dogma' later became part 3 of Volume II of *Capital*. See Moseley (1998) for a further discussion of this purpose of Marx's reproduction schemes.

This is the PRESUPPOSITION (Marx and Engels, 1989a, p. 69; Marx, 1861-63c, p. 228).

After discussing Smith, Marx's work took a surprising turn. Instead of next considering Ricardo's theory of surplus-value and then the work of the later Ricardian economists, as Marx originally planned (Marx and Engels, 1989a, pp. 583-84, nt 2), Marx discussed a more recent work, published in 1851, by Karl Rodbertus, who had attempted to develop a new theory of RENT along Ricardian lines, and with an attempted solution to Ricardo's problem of absolute rent (Ricardo's theory could not explain how the least fertile land could receive a rent). This subject is out of place in the manuscript, both chronologically and logically, since it deals with rent, an individual form of the distribution of surplus-value, rather than the production of the total surplus-value, and thus belongs to the level of abstraction of competition, rather than capital in general. Marx labelled this section of the manuscript a 'Digression'.

It appears that the immediate reason for this surprising turn was largely practical and fortuitous. Lasalle had loaned Marx a copy of Rodbertus's book the previous year, and had recently written to Marx asking for his book to be returned (Marx and Engels, 1989a, p. 593, nt 99; Marx, 1861-63b, pp. 633-34, nt 1). Therefore, Marx studied Rodbertus's book while he still had the opportunity to do so. The book turned out to be more interesting than Marx had expected, and it appears to have stimulated Marx's thinking about rent and the determination of prices of production. It started Marx on a very creative theoretical excursion for almost a year, during which time he began to work out for the first time the details of his own theory of the distribution of surplus-value, which would later be presented in Volume III of *Capital*.

Early in the section on Rodbertus's theory of rent, Marx began to realize that, in order to be able to explain absolute rent, it was first necessary to explain 'AVERAGE PRICES' or 'cost prices' (which Marx later called prices of production). Therefore, he began to sketch out for the first time the details of his theory of 'average prices' (Marx and Engels, 1989a, pp. 260-64; Marx, 1861-63b, pp. 27-30; Marx and Engels, 1989a, pp. 297-305; Marx, 1861-63b, pp. 64-71). In these sketches, Marx emphasized that the general rate of profit to which all individual rates of profit are equalized is determined by the ratio of the total amount of surplus-value divided by the total amount of capital invested. The total amount of surplus-value, Marx assumed, is determined by the prior analysis of capital in general. This total amount of surplus-value is then distributed among the individual branches of production by means of commodities selling at average prices which differ from their values, and which are determined in part by this general rate of profit. In this way, each capital is treated as a 'shareholder of the aggregate capital', and receives its share of the total surplus-value, according to its own magnitude. Capitalists are like 'hostile brothers [who] divide among themselves the loot of other people's labor' (Marx and

Engels, 1989a, p. 264; Marx, 1861–63b, p. 29). The total magnitude of this ‘loot’ has already been determined by the prior analysis of the production of surplus-value.

Rent is then explained as a further application of this theory of the general rate of profit and prices of production. Rent is a part of the total surplus-value which landlords are able, by their monopoly of the land (and other natural resources), to appropriate for themselves, rather than this surplus-value being distributed among all capitalists. In this theory of rent, the total amount of surplus-value is again taken as a given magnitude, as determined by the prior analysis of the production of surplus-value. This total amount of surplus-value is ‘split’ into profit and rent, and rent does not enter into the equalization of profit rates across industries. If rent increases, then profit will decrease, and vice versa, because the total surplus value is given.

It is obvious that when a GIVEN SURPLUS VALUE is divided between capitalist and landowner, then the larger the share of one, the smaller will be that of the other, and vice versa (Marx and Engels, 1989a, p. 308; Marx, 1861–63b, p. 74).

One of the main conclusions of Marx’s discussion of Rodbertus’s theory of rent is that both Rodbertus and Ricardo made the mistake, following Smith, of assuming that the cost prices (or prices of production) of individual commodities are equal to their values (that is, ‘identifying cost prices and values’), and this false assumption led to their erroneous theories of rent. Therefore, Marx next discussed ‘Ricardo’s and Smith’s Theory of Cost Price’ (Marx and Engels, 1989a, pp. 387–456; Marx, 1861–63b, ch. 10). In this section, Marx argued that Ricardo was not able to provide a satisfactory theory of cost prices (or prices of production), because he failed to follow the correct logical method with respect to the production and distribution of surplus-value. Instead of first determining the total amount of surplus-value and the general rate of profit, and then determining cost prices on the basis of this predetermined general rate of profit, Ricardo simply assumed a given rate of profit (without explaining its determination) and examined the extent to which the assumption of equal profit rates was consistent with the determination of prices by labour-times. To quote this important methodological criticism at some length:

Ricardo’s method is as follows: He begins with the determination of the magnitude of the value of the commodity by labor-time and then examines whether the other economic relations and categories contradict this determination of value or to what extent they modify it. The historical justification of this method of procedure, its scientific necessity in the history of economics, are evident at first sight, but so too is, at the same time, its scientific inadequacy. This inadequacy not only shows itself in the method of presentation (in a formal sense) but leads to erroneous results because it OMTS SOME ESSENTIAL LINKS and directly seeks to prove the congruity of the

economic categories with one another. (Marx and Engels, 1989a, p. 390; Marx, 1861-63b, pp. 164-65)

Instead of postulating this general rate of profit, Ricardo should have examined how far its existence is consistent with the determination of value by labor-time and he would have found that instead of being consistent with it, *prima facie*, it contradicts it, and that its existence would therefore HAVE TO BE EXPLAINED THROUGH A NUMBER OF INTERMEDIARY STAGES, a procedure very different from merely including it under the law of value. He would then have gained an altogether different insight into the nature of profit and would not have identified it directly with surplus-value. (Marx and Engels, 1989a, p. 401; Marx, 1861-63b, p. 174)

The most important 'essential link' or 'intermediary stage' omitted by Ricardo is the prior determination of the total amount of surplus-value and the general rate of profit, which is then taken as given in the subsequent determination of cost prices. Marx summarized his discussion of Ricardo's faulty logical method in the following important passage:

The equalization of the surplus-values in the different trades DOES NOT AFFECT THE ABSOLUTE SIZE OF THIS TOTAL SURPLUS-VALUE; but merely ALTERS IT DISTRIBUTION among the different trades. The *determination of this surplus-value itself*, however, only arises out of the determination of value by labor-time. Without this, the average profit is the average of *nothing*, pure fancy. And it could then equally well be 1,000% or 10% ... One can see that though Ricardo is accused of being too abstract, one would be justified in accusing him of the opposite: lack of the power of abstraction, inability, when dealing with the values of commodities, to forget profits, a factor which confronts him as a result of competition. (Marx and Engels, 1989a, p. 416; Marx, 1861-63b, pp. 190-91)

Later in the manuscript, after sections on Ricardo's theory of rent, Smith's theory of rent, and Ricardo's theory of surplus-value (which contain nothing new for our purposes), Marx returned to Ricardo's theory of profit. Here, again, Marx emphasized that a correct understanding of equal rates of profit requires the 'intermediary link' of the prior determination of the total amount of surplus-value. Equal rates of profit are bound to be misunderstood if they:

are not connected by a series of INTERMEDIARY LINKS with the general laws of value etc: in short, if profit and surplus-value are treated as identical, which is only correct for the aggregate capital. Accordingly, Ricardo has NO MEANS FOR DETERMINING THE GENERAL RATE OF PROFIT. (Marx and Engels, 1989b, p. 61; Marx, 1861-63b, p. 427)

Marx emphasized again the prior determination of the general rate of profit by the ratio of the total surplus-value to the total capital:

THE GENERAL RATE OF PROFIT IS FORMED THROUGH THE TOTAL SURPLUS-VALUE PRODUCED BEING CALCULATED ON THE TOTAL CAPITAL OF SOCIETY (THE CLASS OF CAPITALISTS). Each capital, therefore, in each particular branch, represents a portion of a total capital of the same organic composition [...] As such a portion, it draws its dividends from the surplus-value created by the aggregate capital, in accordance with its size [...] The SURPLUS-VALUE THUS DISTRIBUTED [...] constitutes the average profit or the general rate of profit, and as such it enters into the costs of production of every sphere of production. (Marx and Engels, 1989b, p. 69; Marx, 1861–63b, p. 433)

After considering various aspects of Ricardo's theory in greater detail (surplus value, profit, and accumulation), Marx then discussed a variety of post-Ricardian economists (Malthus, Torrens, Bailey, and so on) and several 'Ricardian socialists' (Ravenstone, Hodgskin, and so on). While writing about Hodgskin, Marx broke off again and began an entirely new section entitled 'REVENUE and its Sources', which is a first draft of what later became the concluding part 7 of Volume III, with a similar title (Marx and Engels, 1989b, pp. 449–541; Marx, 1861–63c, pp. 453–540). This section begins with a discussion of the 'Trinity Formula', which Marx called 'the most fetishistic expression of the relations of capitalist production'.

Marx continued in this section to discuss for the first time at any length the subject of INTEREST. Marx's treatment of interest is somewhat complicated and requires careful examination. It is necessary first of all to understand that there are two main aspects of Marx's theory of interest:

- (i) interest as an 'ILLUSIONARY FORM OF APPEARANCE' of surplus-value; and
- (ii) interest as a MAGNITUDE OR QUANTITY, as one part of the total surplus-value.

In the first respect, interest is similar to profit, and could be considered at the level of abstraction of capital in general, as is profit. Profit is an 'illusory form of appearance of surplus-value', in that the surplus-value that is actually produced by labour, and hence intrinsically related to variable capital only, is seen by capitalists and economists as the result of the total capital, both constant and variable. The concept of profit is prior to the equalization of the profit rate or the determination of the average profit, and thus belongs to the level of abstraction of capital in general. Interest is even more 'illusory' than profit, because interest appears to come from money-capital itself, without any relation to production at all ('money begets money'). Marx called interest 'the perfect fetish'. However, in the second aspect, as a quantity,

interest is a fractional part of the total surplus-value, and is an element of the distribution of surplus-value, which belongs to the level of abstraction of competition, along with equal rates of profit and prices of production, commercial profit, and rent.

In the *Grundrisse*, interest was included in the title of section 3, along with profit ('Capital as Fructiferous. Interest. Profit'), thereby suggesting that interest belongs to the level of abstraction of capital in general, and comes before the equalization of the profit rate and prices of production, at the level of abstraction of competition. I suggest that the reason Marx included interest in the title of section 3 of the *Grundrisse* is that he was thinking at that time only about this first aspect of interest, and not yet about the second quantitative aspect (we do not know for certain, because Marx did not discuss interest at all in section 3, even though it is mentioned in the title).

In the *Manuscript of 1861–63*, most of Marx's discussion of interest is still concerned with the first aspect of interest – interest as 'the perfect fetish'. However, Marx also discusses the division of surplus-value into industrial profit and interest, that is, the quantitative aspect of interest, as a part of the total surplus-value, along with other parts of surplus-value:

INTEREST is therefore nothing but a PART OF THE PROFIT (which, in its turn, is itself nothing but surplus-value, unpaid labour), which the industrial capitalist pays to the owner of the borrowed capital with which he 'works', either exclusively or partially. Interest is a part of profit – of surplus-value – which, established as a special category, is separated from the total profit under its own name, a separation which is by no means based on its origin, but only on the manner in which it is *paid out* or appropriated. Instead of being appropriated by the industrial capitalist himself – although he is the person who first holds the whole surplus value in his hand no matter how it may be DISTRIBUTED between himself and other people under the names of RENT, INDUSTRIAL PROFIT and INTEREST – this part of the profit is deducted by the industrial capitalist from his own revenue and paid to the owner of capital. (Marx and Engels, 1989b, p. 469; Marx, 1861–63c, pp. 470–71; see also Marx and Engels, 1989b, pp. 471–78; Marx, 1861–63c, pp. 473–70)

Marx also mentions several times that the ratio of profit to interest (that is, the quantitative aspect of interest) belongs to the level of abstraction of competition, not capital in general:

This is not the place for a more detailed examination of interest and its relation to profit; nor is it the place for an examination of the ratio in which profit is divided into industrial profit and interest. It is clear that capital, as the mysterious and self-generating source of interest, that is, source of its

own increase, finds its consummation in capital and interest. (Marx and Engels, 1989b, p. 451; Marx, 1861–63c, p. 455)

It is not intended to investigate here how this ratio [the ratio of profit to interest] is determined. This belongs to the section dealing with the real movement of capital, i.e. of many capitals [that is, competition], while we are concerned here with the general forms of capital. (Marx and Engels, 1989b, p. 469; Marx, 1861–63c, p. 471)

Therefore, it appears that Marx was still thinking at that time that interest would be included in capital in general, because he was considering only the first aspect of interest and not the second, quantitative, aspect, but he already realized that the quantitative aspect of interest belongs to the level of abstraction of competition, along with the other individual parts of surplus-value.

This consideration of interest also seems to have led Marx to a more general clarity about his work during the preceding months on the different individual forms of appearance of surplus-value at the level of abstraction of competition, and how these fit together with his theory of the production of surplus-value already presented in the first 'section' on capital in general. Twenty pages into the section on interest (Marx and Engels, 1989b, pp. 482–87 ; Marx, 1861–63c, pp. 481–6), Marx sketched out a remarkable summary of how interest is related to his theory of surplus-value already presented ('THE ROAD TRAVELED BY CAPITAL before it appears in the form of interest-bearing capital'), which in retrospect we can recognize as an overview of Marx's theory of the production and distribution of surplus-value presented in the three volumes of *Capital* – even though Marx himself might not have been fully aware at the time he wrote this (November 1862) that this summary is very close to the final form that his 'book on capital' would take (the reader is asked to please read these remarkable pages). The main theme of this summary is also the main theme of Volume III of *Capital* – that the individual forms of appearance of surplus-value (which are analysed at the level of abstraction of competition) OBSCURE THE ORIGIN OF SURPLUS-VALUE, which is surplus labour (and which is analysed at the level of abstraction of capital in general). Each of these forms of surplus value appears to capitalists and to bourgeois economists to have its own separate and independent source (interest from capital, rent from land and so on), but this appearance is just a fetishistic illusion.

It is clear that, as soon a surplus value [is split up] into different, *separate* parts, related to various production elements – such as nature, products, labour – which only differ *physically*, that is, as soon as in general surplus value acquires *special* forms, separate from one another, independent of one another and regulated by different laws, the common unit – surplus value – and consequently the nature of this common unit, becomes more and more

unrecognizable and does not manifest itself in the *appearance* but has to be DISCOVERED AS A HIDDEN MYSTERY. (Marx and Engels, 1989b, p. 486; Marx, 1861–63c, p. 485)

A few pages later, Marx summarized this fetishistic illusion as follows:

The BREAKDOWN OF SURPLUS-VALUE, that is, of part of the value of commodities, into these special headings or categories, is very understandable and does not conflict in the least with the law of value. But the whole matter is mystified because these DIFFERENT PARTS OF SURPLUS-VALUE ACQUIRE AN INDEPENDENT FORM, because they accrue to different people, because the titles to them are based on different elements, and finally because of the autonomy with which certain parts [of surplus-value] confront the process as its conditions. FROM PARTS INTO WHICH VALUE CAN BE DIVIDED, THEY BECOME INDEPENDENT ELEMENTS WHICH CONSTITUTE VALUE, THEY BECOME CONSTITUENT ELEMENTS. (Marx and Engels, 1989b, p. 511; Marx, 1861–63c, p. 511; brackets in the translation)

Recently published texts related to Volume III of Capital (Marx and Engels, 1992, pp. 9–371)

The section on 'Revenue and Its Sources' is the end of the published version of *Theories of Surplus-Value*, with which we are familiar. However, it is not the end of Marx's manuscript. Marx's manuscript continues, and pursues the same general question of the different forms of appearance of the distribution of surplus-value. Fortunately, because of the recent publication of the entire manuscript, we can now study the very interesting and important remaining sections, the continuation of Marx's development of his theory of the distribution of surplus-value, inspired by his critical confrontation with Rodbertus, Ricardo and others.

The next individual form of appearance of surplus-value that Marx began to consider in greater depth (again for the first time) in the continuation of these manuscripts was *commercial profit* (which he called mercantile profit in this manuscript) (Marx and Engels, 1992, pp. 9–68). The question of the origin of commercial profit was probably raised for Marx by a brief digression in the previous section on 'Revenue ...' (Marx and Engels, 1989b, pp. 467–69) on 'different forms of capital', which includes commercial capital.⁴

⁴ Unfortunately, this important digression on the 'different forms of capital' is not included in the 'Addenda' to Volume 3 of *Theories of Surplus-Value* on 'Revenue and Its Sources'; see Marx, 1861–63c, p. 470, where the digression should be. Also, the entire section on 'Revenue ...' is out of place in the *Theories of Surplus-Value*. It is placed at the end of Volume III, but should be in the middle of Volume III, in section 3 of chapter XXI, starting on p. 315 (between sections (f) and (g)).

While working on commercial profit, Marx broke off again to write a draft of what he called 'Chapter 3' on 'Capital and Profit' (Marx and Engels, 1992, pp. 69–153).⁵ As discussed above, the level of abstraction of capital in general was divided into three parts: production of surplus-value, circulation of capital, and capital and profit. Marx's original plan, and apparently still his plan while writing this draft in January 1863, was that this 'Chapter 3' on 'Capital and Profit' should be concerned only with capital in general, and therefore should not include competition and the various forms of the distribution of surplus value that Marx had been working on during the preceding months. Consistent with this plan, this draft of 'Chapter 3' is concerned mainly with what we know as part 1 of Volume III (the transformation of surplus-value into profit) and part 3 (the falling the rate of profit).

Marx also discusses briefly several times the general or average rate of profit (the future part 2 of Volume III), but states repeatedly that 'a more detailed investigation of this point belongs to the LATER INVESTIGATION OF COMPETITION' (Marx and Engels, 1992, pp. 83, 94, 101). In these brief discussions, Marx also stated clearly several times that the average (or general) rate of profit is determined by the ratio of the total surplus-value to the total capital advanced, and that the total surplus-value is determined prior to its division into individual parts:

The empirical, or average, profit can therefore be nothing other than the DISTRIBUTION OF THAT TOTAL PROFIT (and the total surplus-value represented by it or the representation of the total surplus labor) among the individual capitals in each particular sphere of production, in equal proportions [...] It therefore only represents the result of the particular mode of calculation in which the different capitals divide among themselves aliquot parts of the total profit. WHAT IS AVAILABLE FOR THEM TO DIVIDE AMONG THEMSELVES IS ONLY DETERMINED BY THE ABSOLUTE QUANTITY OF THE TOTAL PROFIT OR THE TOTAL SURPLUS-VALUE. (Marx and Engels, 1992, p. 99)

Empirical or average profit [...] relates the TOTAL AMOUNT OF SURPLUS-VALUE, hence the surplus-value realized by the whole capitalist class, to the TOTAL CAPITAL, or the capital employed by the whole capitalist class.... (Marx and Engels, 1992, p. 100)

the average rate of profit is nothing other than THE TOTAL SURPLUS-VALUE related to and calculated on this TOTAL CAPITAL. (Marx and Engels, 1992, p. 104)

⁵ Marx began a new notebook with the draft of this chapter and wrote 'Ultimum' on the front of this notebook, suggesting that this was more of a final draft than the exploratory work of the previous notebooks; see Marx and Engels (1992, p. 506, nt 4). Section 6 of this draft on 'costs of production' (Marx and Engels, 1992, pp. 78–103) is one of the most interesting sections in the whole *Manuscript of 1861–63* (especially pp. 94–103) and is highly recommended for careful study.

Marx also comments that the equalization of the rate of profit does not affect the magnitude of the total surplus-value:

It needs no discussion here that if a commodity is sold above or below its value, there takes place MERELY A CHANGE IN THE DISTRIBUTION OF SURPLUS-VALUE between different capitals, between the buyer and the seller. This difference in distribution, or alteration in the proportions in which different people share in the surplus value, DOES NOT CHANGE ANYTHING, EITHER IN THE MAGNITUDE OR IN ITS NATURE. (Marx and Engels, 1992, p. 75)

In this draft of 'Chapter 3', INTEREST does not appear in the title (as it did in the *Grundrisse*), nor is it discussed at all. Perhaps Marx was already thinking that he would relocate his discussion of interest from the level of abstraction of capital in general to the level of abstraction of competition, in order to include the quantitative aspect of interest.

Decision to expand Volume III to include the distribution of surplus-value

After finishing this draft of 'Chapter 3', Marx returned to 'mercantile capital', and then to the discussion of Hodgskin (from which he had broken off three months earlier, as we saw above, in order to write the section on 'Revenue and Its Sources'). Then Marx continued with discussions of Ramsay, Cherbuliez and Jones (mainly about issues related to the falling rate of profit). While working on Cherbuliez, Marx inserted into the manuscript a clear, detailed outline of what later became part 2 of Volume III, and what Marx then called 'the second chapter of Part III on "Capital and Profit", where the FORMATION OF THE GENERAL RATE OF PROFIT IS DEALT WITH' (Marx and Engels, 1992, p. 299; Marx, 1861–63a, pp. 415–16). We can see from this outline that 'Chapter 3' on 'Capital and Profit' has become 'Part III' and that it now includes a 'second chapter' on the general rate of profit and prices of production. This outline consists of the following six points:

- (i) Different organic composition of capitals ...
- (ii) Differences in the relative value of the parts of different capitals which do not arise from their organic composition...
- (iii) The result of those differences is diversity of the rates of profit in different spheres of capitalist production.
- (iv) FOR THE TOTAL CAPITAL, HOWEVER, WHAT HAS BEEN EXPLAINED IN CHAPTER 1 HOLDS GOOD. IN CAPITALIST PRODUCTION, EACH CAPITAL IS ASSUMED TO BE A UNIT, AN ALIQUOT PART OF THE TOTAL CAPITAL. FORMATION OF THE GENERAL RATE OF PROFIT. (COMPETITION).

- (v) TRANSFORMATION OF VALUES INTO PRICES OF PRODUCTION ...
- (vi) To take up the Ricardian point: the influence of general variations in wages on the general rate of profit and hence on prices of production.

This outline clearly indicates an expansion of the contents of 'Part III' from a few weeks before, when Marx stated that the subject of the general rate of profit and prices of production would not be included. We can see that this outline is close to the final version of part 2 of Volume III, with (i)–(iii) the subjects of chapter 8; (iv)–(v) the subjects of chapter 9; and (vi) the subject of chapter 11 (Chapters 10 and 12 are not included in this outline). Note especially item (iv), which is an important methodological comment, and which clearly supports the main point of my chapter, that the total amount of surplus-value is determined prior to its distribution and is not affected by this distribution. Note also the second sentence of item (iv), which clarifies the important point that the individual capitals which Marx often used as illustrations in Volume I of *Capital* (that is in 'capitalist production') are not in fact individual capitals, but are instead ideal representatives of the total capital ('is assumed to be a unit, an aliquot part of the total capital'), and thus that the real subject of Volume I is this total capital or capital in general. Also note that the 'competition' in parentheses clearly indicates that the theory of the equal rates of profit and prices of production belongs to the level of abstraction of competition.

About fifty printed pages later, we get a more complete picture of the extent of Marx's expansion of the contents of 'Part III'. While working on Jones, in January 1863, Marx inserted a completely new outline of 'Part III', which he now called 'Section III' (Marx and Engels, 1992, pp. 346–47; Marx, 1861–3a, pp. 414–15), and which he probably had in mind when writing the earlier outline of 'Chapter 2', discussed above.⁶ What is most remarkable about this outline is that the contents of 'Section III' have expanded greatly from the draft of just a few weeks before:

1. Conversion of surplus-value into PROFIT. Rate of profit as distinguished from the rate of surplus-value.
2. Conversion of profit into AVERAGE PROFIT. Formation of the GENERAL RATE OF PROFIT. Transformation of values into PRICES OF PRODUCTION.
3. Adam Smith's and Ricardo's theories of profit and prices of production.
4. RENT. (Illustration of the difference between value and price of production.)
5. History of the so-called Ricardian theory of rent.
6. Law of the fall of the rate of profit. Adam Smith, Ricardo, Carey.

⁶ A page later, Marx inserted an outline of 'Section I' on the 'production process of capital', which is very close to the final version of Volume I of *Capital* (Marx and Engels, 1992, p. 347; Marx, 1861–63a, p. 414).

7. Theories of profit ...
8. DIVISION OF PROFIT into INDUSTRIAL PROFIT and INTEREST. MERCANTILE CAPITAL. Money capital.
9. REVENUE and its sources. The questions of the relation between production and distribution also to be included here.
10. Reflux movements of money in the process of capitalist production as a whole.
11. VULGAR ECONOMY.
12. Conclusion. '*Capital and wage labor*'.

We can see from this outline that the contents of 'Section III' now include not only the aspects of capital in general included in the draft of a few weeks before (numbers 1 and 6), but also all the individual forms of surplus value that Marx had been working on over the previous year, ever since his encounter with Rodbertus (general rate of profit, rent, interest, and commercial profit), and includes his critique of vulgar political economy written two months earlier. These subjects belong to the level of abstraction of competition, beyond capital in general. Marx had made considerable progress on his theory of the distribution of surplus-value over the previous year, and this progress must have convinced him to include his theory of distribution in 'Section III', rather than to wait for a later separate volume on competition, which Marx probably realized by this time in his life that he would probably never finish.

In addition, I think that another reason why Marx decided to expand 'Section III' in this way was that he wanted to include the critique of vulgar political economy that he had developed over recent months. It should be remembered that the subtitle of *Capital* is 'Critique of Political Economy'. Thus a very important objective of *Capital* was not only to present Marx's theory of surplus-value and the individual parts of surplus-value, but also to critique the explanation of these phenomena presented by all versions of political economy. In order to achieve this objective in an earlier volume, Marx expanded 'Section III' beyond capital in general to include his theory of these important phenomena of competition and his critique of vulgar political economy.

We can also see that in this outline 'interest' is no longer located straight after profit (chapter 1), but is instead located in chapter 8, along with commercial profit, and after average profit and prices of production (chapter 2) and rent (chapter 4). Since all these individual forms of surplus-value are related to the distribution of surplus-value, and thus belong to the level of abstraction of competition, this change of location of the chapter on interest suggests that Marx had decided to include the quantitative aspect of interest, and to move the expanded chapter on interest to the level of abstraction of competition, where the quantitative aspect belongs.

Conclusion

This expanded outline of 'Section III' is the main result of Marx's very creative exploratory work on his theories of the distribution of surplus value during the previous year. This outline is close to the final version of Volume III, which Marx wrote in the following two years, in the *Manuscript of 1864–65*. Evidently, Marx's work on the *Manuscript of 1861–63* clarified his thinking on these issues to such an extent that he was by then ready to write this volume. The fact that this 1864–65 draft of Volume III, while certainly not polished for publication, is clear and complete as it stands (apart from part 5, on interest), is further evidence of the clarity Marx had achieved while working on the *Manuscript of 1861–63*.

Unfortunately, this very important expanded outline of 'Section III' is misplaced in *Theories of Surplus-Value*, and this misplacement obscures its significance. This outline is placed as an 'addendum' at the end of Volume I of *Theories...* (pp. 414–16), immediately after the discussion about Smith, to which it is not related, and before the encounter with Rodbertus and the year-long development of Marx's theory of the distribution of surplus-value. Therefore, the reader does not realize that this outline is located at the *end* of the *Manuscript of 1861–63*, not at the beginning, and that it is the main result of all Marx's work on this manuscript.

Seeing the entire *Manuscript of 1861–63* together also shows the *Theories of Surplus-Value* in a new light. We can see more clearly from the manuscript as a whole that chapter 8 of the *Theories of Surplus-Value* (on Rodbertus' theory of rent) is a turning point in Marx's work, and the beginning of a long and creative exploration of the different forms of appearance and individual parts of surplus-value, at the level of abstraction of competition, beyond capital in general.

We have also seen that Marx maintained throughout this manuscript the key quantitative premise of his theory of the distribution of surplus-value – that the total surplus-value is determined prior to its distribution; that is, prior to its division into individual parts. This key quantitative premise was also maintained in Marx's final draft of Volume III, and his theory of the distribution of surplus-value in the *Manuscript of 1864–65* (see Moseley, 2002, for a discussion of the textual evidence).

We have also seen that one of the main themes of Marx's theory of the distribution of surplus-value is that the individual form of appearance of surplus-value obscure the real origin of surplus-value (which is surplus labour), because each of the individual form of surplus-value appears to have its own separate and independent source. Marx's theory of the production and distribution of surplus-value is necessary in order to uncover the hidden real source of these individual forms of appearance of surplus-value – namely, surplus labour – which 'has to be discovered as a hidden mystery'.

Some authors (for example, Rosdolsky, Heinrich) have argued that Marx abandoned the logical structure of capital in general and competition after 1863, because of difficulties that he encountered in the *Manuscript of 1861–63* in maintaining this distinction.

I argue, to the contrary, that Marx encountered no such difficulties in the *Manuscript of 1861–63*, and that he maintained these two basic levels of abstraction in his theory in his final manuscripts after 1863. Marx clearly did not abandon the distinction between the production and the distribution of surplus-value in his theory, nor did he abandon the key quantitative premise of the prior determination of the total surplus-value. Therefore he did not abandon the corresponding levels of abstraction of capital in general and competition. The subjects added to Volume III in the January 1863 outline are all related to the distribution of surplus-value, which still belongs to the level of abstraction of competition. The only difference is that Marx decided to try to publish this part of his theory sooner rather than later. Marx's decision simply made Volume III a combination of the level of abstraction of capital in general (parts 1 and 3) and the level of abstraction of competition (parts 2 and 4–7); it did not indicate an abandonment of these two basic levels of abstraction in his theory.

Appendix: Overview of Marx's Manuscript of 1861–63

	Production of surplus-value capital in general	Distribution of surplus-value competition	MECW volumes/page nos
August 1861	Parts 2–4 of Volume I		30, pp. 9–346
March 1862	TSV I Smith, etc.		30, p. 347 31, p. 250
June 1862		TSV II rent (Rodbertus, etc.) prices of production	31, pp. 250– 32, p. 208
October 1862	TSV III disintegration opposition (Hodgskin)		32, pp. 209–49
November 1862		TSV III revenue and interest critique of vulgar economics Commercial profit	32, pp. 449–541 33, pp. 9–68 33, pp. 69–153
December 1862	'Capital and Profit' (Parts 1 and 3 of Vol. III)		
January 1863		Commercial profit Reflux of money	33, pp. 154–252
	TSV III Ramsay, etc.		33, pp. 253–371
		Expanded outline of volume III (out of place in TSV)	33, pp. 299 and 346–47
Mar. 1863	Parts 4–8 of Volume I		33, pp. 373– 34, p. 354

Note: MECW: *Marx–Engels Collected Works*, Vols 30–34.

TSV: *Theories of Surplus-Value*: (I – Marx, 1861–3a); (II – Marx, 1967); (III – Marx, 1861–3c).

Text in bold italics: recently published for the first time.

References

- Dussel, Enrique (2001) *Toward an Unknown Marx: A Commentary of the Manuscripts of 1861–63*, edited by F. Moseley (London: Routledge); translation of Dussel, *Hacia un Marx Desconocido: Un comentario de los Manuscritos de 1861–63* (Mexico: Siglo XXI, 1988).
- Foley, Duncan (1986) *Understanding Capital: Marx's Economic Theory* (Cambridge, Mass.: Harvard University Press).
- Heinrich, Michael (1989) 'Capital in General and the Structure of Marx's *Capital*', *Capital and Class*, no. 38.
- Marx, Karl (1857–58) *Grundrisse* (Harmondsworth: Penguin, 1973).
- (1861–63a) *Theories of Surplus-Value*, Vol. I (Moscow: Progress Publishers, 1963).
- (1861–63b) *Theories of Surplus-Value*, Vol. II (Moscow: Progress Publishers, 1968).
- (1861–63c) *Theories of Surplus-Value*, Vol. III (Moscow: Progress Publishers, 1971).
- Marx, Karl and Friedrich Engels (1987) K. Marx and F. Engels, *Collected Works*, Vol. 29 (New York: International Publishers).
- (1988) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works*, Vol. 30 (New York: International Publishers).
- (1989a) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works*, Vol. 31 (New York: International Publishers).
- (1989b) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works*, Vol. 32 (New York: International Publishers).
- (1992) *Economic Manuscript of 1861–63. A Contribution to the Critique of Political Economy*, in K. Marx and F. Engels, *Collected Works*, Vol. 33 (New York: International Publishers).
- Mattick, Paul (1969) *Marx and Keynes: The Limits of the Mixed Economy*. (Boston, Mass.: Porter Sargent).
- Moseley, Fred (1993) 'Marx's Logical Method and the "Transformation Problem",' in Fred Moseley (ed.), *Marx's Method in Capital: A Reexamination* (Atlantic Highlands, NJ: Humanities Press).
- (1995) 'Capital in General and Marx's Logical Method: A Response to Heinrich's Critique', *Capital and Class*, no. 55.
- (2000) 'The New Solution to the Transformation Problem: A Sympathetic Critique', *Review of Radical Political Economics*, Vol. 32, no. 2, pp. 282–316.
- (2001) Editor's 'Introduction' to Dussel, *Toward an Unknown Marx*.
- (2002) 'Hostile Brothers: Marx's Theory of the Distribution of Surplus-Value in Volume 3 of *Capital*,' in G. Reuten and M. Campbell (eds), *The Culmination of Capital: Essays on Volume 3 of Capital* (London: Palgrave).
- (2007) 'Kapital im Allgemeinen und Konkurrenz in der Theorie von Marx. Die quantitative Dimension', in *Marx-Engels-Jahrbuch 2006*. Ed. by International Marx-Engels-Stiftung Amsterdam (Berlin: Akademie-Verlag).
- Oakley, Allen (1983) *The Making of Marx's Critical Theory* (London: Routledge & Kegan Paul).
- Rosdolsky, Roman (1977) *The Making of Marx's Capital* (London: Pluto Press).
- Yaffe, David (1976) 'Value and Price in Marx's *Capital*', *Revolutionary Communist*, May, pp. 31–49.

9

The Possessive Spirit of Capital: Subsumption/Inversion/ Contradiction

Christopher J. Arthur

Introduction

In the working manuscripts Marx wrote prior to the appearance of his masterwork, *Capital*, Volume I (1867), the category of 'subsumption' is more prominent than it is in the published edition. Now that the 1861–63 manuscript (the so-called 'second draft' of *Capital*) is available to us in a critical edition (Marx, 1861–63), in the new Marx–Engels–Gesamtausgabe, it confirms what was already known of this from the discovery of the draft chapter 'Results of the Immediate Process of Production', written around 1863–64 (from the so-called 'third draft'; Marx, 1863–64). This was to be the culminating chapter of Volume I, but was omitted in the eventual publication (save for a single paragraph tacked on to the end, which was itself suppressed in later editions; cf. Marx, 1867, p. 619). The consequence of the omission of 'Results....' is that the published edition contains only a single reference to the distinction between 'formal' and 'real' subsumption (Marx, 1867, p. 415).

The first section of this chapter examines the evidence found in the 1861–63 manuscript for the thesis that 'subsumption' is a category in the evolution of Marx's thought that should be given more attention than previously. An important aspect of this issue, treated in the subsequent sections of the chapter, is the light it throws on the claim that Marx's system was influenced by Hegel's dialectical logic. When the *Grundrisse* manuscript (the so-called 'first draft' of *Capital*; Marx, 1857–58) became available it aroused interest precisely because this influence was rather obvious. While it is true that Marx's method of presentation (*Darstellung*) parallels that of Hegel, in my opinion it follows that this method is relevant only because capital has a certain 'ideality' to it; like Hegel's idealist ontology it is characterized by inversion; it is a 'topsy-turvy' reality (Arthur, 2002a). Moreover, it also follows that Marx has a critique

of capital parallel to his critique of Hegel's idealism; in both cases, he confronts something 'standing on its head'. This chapter addresses this relation between ideality and reality in the light of the category of 'subsumption'. Implicit in the concept of capital is a drive to posit its presuppositions, as with Hegel's self-positing Spirit. The term 'subsumption' marks an aporia in this ambition. In conclusion, the capital/labour relation is examined anew.

The textual evidence

In the 1861–63 manuscript, there are two separate attempts to thematize (formal and real) subsumption, one with an explicit heading drawing attention to it (Marx, 1861–63, pp. 32ff., 2126ff.; English: Vol. 30, pp. 92ff.; Vol. 34, pp. 93ff.). One point of interest (which helps to explain why it is not prominent in the published chapters of *Capital*) is that Marx experienced difficulty in deciding *where* it fits into his argument. The original treatment occurs early on, under the heading 'Unity of the Labour Process and the Valorisation Process'; but later Marx decided that it would be better placed after the discussion of absolute and relative surplus value, as he came to associate the two pairs of concepts. Thus, in a plan drawn up at the end of 1862, 'subsumption' is listed under the head 'combination of absolute and relative surplus value' (Marx, 1861–63, pp. 1861–62; English: Vol. 33, p. 347). In accordance with this plan, Marx wrote again on subsumption, noting in passing that the earlier treatment should now be held back to this new place (Marx, 1861–63, p. 2131; English: Vol. 34, p. 95). This plan also includes a chapter on 'Results of the production process' which does *not* include it. However, surviving from the subsequent draft (1863–64) is just the final chapter 'Results of the Immediate Process of Production': the most prominent theme of this is now subsumption, which follows the 1861–63 treatment so closely that some pages are physically transmitted from one to the other. Yet, in *Capital* Volume I as published, the topic is mentioned only briefly, in the chapter on the unity of absolute and relative surplus value, as if the 1861–63 plan had never been altered. I now proceed to an examination of the thematization of subsumption in the 1861–63 manuscript.

The 1861–63 manuscript

At the outset, Marx makes an important point about the priority of the value form: 'In order to develop the concept of capital it is necessary to begin not with labour but with value, or, more precisely, with exchange value already developed in the movement of circulation' (Marx, 1861–63, p. 28; English: Vol. 30, p. 20). It follows that the peculiar abstractness of labour is determined only when commodities are posited as equivalent in value. The context of the first discussion of the concept of subsumption is the distinction drawn between the

real labour process, considered as that which gives rise to a definite product, and the valorization process, directed towards production of new value. The labour process as such is 'subsumed', says Marx, under the valorization process (Marx, 1861–63, p. 59; English: Vol. 30, p. 67). As thus subsumed, labour is not regarded under its specifically useful form but 'it is reduced to a certain quantity of [...] abstract labour' (Marx, 1861–63, p. 63; English: Vol. 30, p. 71). Thus, even though all real labour is particular in its action, here 'indifference towards the specific content of labour is not merely an abstraction made by us, it is also made by capital, and it belongs to its essential character' (Marx, 1861–63, p. 49; English: Vol. 30, p. 55).

Such subsumption requires, in the first place, simply that capital is in command: 'labour and the worker himself come under the control of capital, under its command. I call this the formal subsumption of the labour process' (Marx, 1861–63, p. 84; English: Vol. 30, p. 93).

In the 'Results...' manuscript he adds:

Labour, as the exertion, the expenditure of vital forces, is the personal activity of the worker. But as *value-creating*, as engaged in its own objectification process, the labour of the worker itself becomes a *mode of existence* of the value of the capital [...] This power of *preserving value* and creating *new value* is therefore capital's power and the process appears as one of capital's *self-valorisation* while the worker who creates the value – *value alien to him* – is on the contrary impoverished. (Marx, 1863–64, p. 63; English: Vol. 34, p. 397)

Thus, when reified in value, living labour realizes itself in the mode of denial because it is formally posited as a mode of existence of capital and its action.

In the 1861–63 manuscript Marx underlines this passage twice: 'In production by capital the specific product of labour [...] is not this or that product but *capital*. The labour process itself appears only as a means of the valorisation process, just as use value appears only as the bearer of exchange value' (Marx, 1861–63, p. 92, English: Vol. 30, p. 103). Capital 'becomes *productive* capital in so far as it has subsumed the production process'; and that of which it is productive is itself (Marx, 1861–63, p. 92, English: Vol. 30, p. 103).

Initially, this subsumption is brought about on the basis of existing technology: 'Only in the course of its development does capital not only formally subsume the labour process but transform it, give the very mode of production a new shape and thus first create the mode of production peculiar to it' (Marx, 1861–63, p. 83; English: Vol. 30, p. 92). This he will soon call the 'real subsumption' of labour under capital.

We begin to see what real subsumption involves when Marx goes on to the discussion of relative surplus value. In the section on co-operation, he points out that capital organizes this prior to the hiring of individuals, so that it 'confronts them as a relation of capital, not as their own relation' (Marx, 1861-63, p. 235; English: Vol. 30, p. 261). The mode of production specific to capital as a system of 'command' requires 'a new kind of labour, labour of superintendence' (Marx, 1861-63, p. 235; English: Vol. 30, p. 262). Co-operation therefore appears as the 'productive power of capital': this is the first sign that there has been 'a real alteration of the mode of production itself' (Marx, 1861-63, p. 237; English: Vol. 30, p. 263).

Co-operation in turn makes possible a technical division of labour. All workers are reduced to a 'one-sided, abstract, partial' function; the 'totality' of their labours is not subsumed under them – rather, 'the workers form the building blocks of this combination'; 'the worker has altogether ceased to be the producer of a commodity [...] since his skill can only be exercised in a workshop, only as a link in a mechanism which confronts him as the presence of capital' (Marx, 1861-63, p. 253; English: Vol. 30, p. 279). Under the division of labour, new skills are required that can be exercised only on the basis of real subsumption: 'Thus he is now subsumed under capitalist production [...] no longer just because he lacks the means of labour, but because of [...] the nature and manner of his labour' (Marx, 1861-63, p. 254; English: Vol. 30, p. 280). In sum, 'The social form of the workers' combined labours is the existence of capital over against the worker' (Marx, 1861-63, p. 254; English: Vol. 30, p. 280).

Uncertainty about the right place to deal with subsumption becomes evident when Marx writes a note to himself about the need to consider absolute and relative surplus value 'in combination'. He continues: 'After this, or rather before it, the alteration the mode of production itself undergoes in becoming capitalist' (Marx, 1861-63, p. 285; English: Vol. 30, p. 311). But he then embarks on an enormous digression pertaining to theories of surplus value, and follows this with a draft of Book 3. Before he resumes the argument of Book 1 itself, he sets out a plan in which 'Formal and real subsumption of labour under capital' is a topic to be dealt with *in* the section on the combination of absolute and relative surplus value (Marx, 1861-63: pp. 1861-62; English: Vol. 33, p. 347). In accordance with this idea, he soon re-examines the topic, which is listed explicitly on the cover of Notebook XXI started in May 1863 (Marx, 1861-63: p. 1891; English: Vol. 34, p. 7). He reminds himself that 'everything said about this earlier is only now in the proper place' (Marx, 1861-63: p. 2131; English: Vol. 34, pp. 95-96).

He begins by linking two pairs of concepts: 'I call the form which rests on absolute surplus value the *formal subsumption* of labour under capital' (Marx, 1861-63: p. 2130; English: Vol. 34, p. 95). Whereas 'the *real subsumption* of labour under capital is developed in all the forms which produce relative, as

opposed to absolute, surplus value' (Marx, 1861–63: p. 2142; English: Vol. 34, p. 105). He expands on the latter as follows:

With the real subsumption of labour under capital there takes place a complete revolution in the mode of production itself, in the productivity of labour and in the relation between capitalist and worker [...] On the one hand, the *capitalist* mode of production, which now takes shape as a mode of production *sui generis*, changes the shape of material production. On the other hand, the alteration of production's material shape forms the basis for the development of the capital-relation, which in its adequate shape therefore corresponds to a specific level of development of the productive powers of labour.¹

In the 1861–63 manuscript Marx supplements these points by looking at the category 'productivity of capital'. What is characteristic of the relation of subsumption is that 'inversion' whereby 'the productive powers of social labour present themselves as productive powers of capital' (Marx, 1861–63, p. 2160; English: Vol. 34, p. 122). This is because the objective conditions of labour 'do not appear as subsumed under the worker; rather, he appears as subsumed under them' (Marx, 1861–63, p. 2161; English: Vol. 34, p. 122). In fine 'capital employs labour' (Marx, 1861–63, p. 2161; English: Vol. 34, p. 122).

The social forms of their own labour [...] are relations constituted quite independently of the individual workers; the workers as subsumed under capital become elements of these social constructions [...] And this assumes a form which is the more real the more, on the one hand, their labour capacity is modified by these forms, so that it becomes powerless when it stands alone, i.e. *outside* this context of capitalism, and its capacity for independent production is destroyed, while, on the other hand, the development of machinery causes the conditions of labour to appear as ruling labour technologically too, and at the same time to replace it ... in its independent forms. (Marx, 1861–63, pp. 2161–62; English: Vol. 34, pp. 123–24)

The machinery too is subsumed under capital. Marx writes in his *Grundrisse*:

The means of labour [...] undergoes a formal change in that it now appears not merely as means of labour from its material aspect, but at the same time

¹ Here advantage is taken of the more elegant draft in 'Results...': Marx (1863–64), p. 105 (English trans.: vol. 34, p. 439); the corresponding passages in the 1861–63 manuscript are to be found in Marx (1861–63): pp. 2142–44 (English: Vol. 34, pp. 107–8); note that between these drafts Marx altered the final phrase from 'material forces of production' to 'productive powers of labour'.

as a particular mode of existence of capital [...] as *fixed capital*. Once included into the production process of capital, however, the means of labour [...] ends up as [...] an *automatic system of machinery* [...] and the form in which it was included, as immediate means of labour, into the production process of capital is superseded by a form posited by capital itself and corresponding to it. (Marx, 1857–58, p. 571; English: Vol. 29, p. 82)

It now has a form 'adequate to capital' (Marx, 1857–58, p. 573; English: Vol. 29, p. 84). Whatever changes fixed capital undergoes, it must accord with this requirement. While no content may be considered final, the material inscribed within the capital form must be shaped into a content adequate to it, at least in so far as the recalcitrance of labour is minimized through the very design of the factory.

With the real subsumption of the human and material elements of the production process, capital takes them into its *possession* in a more than legal sense; having them within its power its spirit is present there. The productive power of labour and machinery is now capital's own power. For example, assuming I am in possession of my bodily powers, the power of my arm to lift things is *my power*. I myself exist *in* my powers, severally and collectively. It would be absurd to insist on a reductionist programme that replaces all statements about what 'I' can do with circumlocutions about brains, nerves and muscles. Just so, capital appropriates the productive powers of social labour as its own so as to grow. It is absurd to replace statements about General Motors' power to produce a thousand cars an hour with circumlocutions about the workforce. GM *really* has this power.

Capital is productive in two different senses (we take the following formulation from 'Results...' which presumably supersedes that in the 1861–63 manuscript):

Capital is therefore *productive*:

1. as the *compulsion to do surplus labour*....
2. as the personification and representative, the reified shape of the 'social productive powers of labour' or the productive powers of social labour. (Marx, 1863–64, p. 123; English: Vol. 34, p. 459)

An interesting difference between these cases is marked next (Marx, 1863–64, p. 123; English: Vol. 34, p. 460):

- (i) Capital as self-valorizing appropriates the productive labour of 'isolated workers' because this has to do with the social positing of labour as belonging to capital, through the wage contract, not to do with the development of its natural powers in the 'real labour process'.

- (ii) Capital as a material productive power is incarnate in the *collective labourer*. Despite the use made of their individual skills this collectivity is plausibly represented, not as that of the associated individuals, but as capital's own productive power in so far as its principle of organization flows from capital, which subsumes the individuals under the hierarchical division of labour imposed on them.

(It follows there are two different labours of superintendence: (i) the compulsion exercised by foremen 'driving' workers to increase their efforts; and (ii) the design and management of the process as if the representative of capital were like the conductor of an orchestra.)

Let us now summarize the leading points of the above recitation of these passages (primarily) from the 1861–63 manuscript. The basic insight is that the production process is subsumed under the valorization process. As the process is under the control of capital, the production of surplus value can be achieved on the existing technological basis simply by prolonging the working day. However, with the development of capitalism, the production process is itself revolutionized, such that (especially with automation) it is shaped by capital into a form adequate to its concept. This is so because it is no longer a matter of the immediate producer employing the means of labour; rather, this relation has become inverted. (An example of the expropriation of the directing activity of the worker by that of capital is mentioned by Marx in *Capital*, Volume I, when he associates machinery with repressing the 'insubordination' of skilled craftsmen – Marx, 1887, p. 318). The solution to the place where 'subsumption' should be thematized flows from my belief that this concept is important to the whole architectonic of the presentation of capital. Accordingly, it is appropriate to address the issue at different levels of *concretion*. It should certainly be introduced at the outset of the discussion of the valorization process, because it is important to stress that the labour process is therewith (i) subsumed under the drive for valorization; (ii) subordinated to the control of capital (Marx, 1887, p. 160). The distinction between such 'formal' subsumption and the advent of 'real' subsumption' has to be developed in detail when considering the impact of the search for relative surplus value. Finally, it is one of the most important 'results' of the development of the capitalist process of production that such subsumption is perfected, and that capital thoroughly penetrates material production and moves fluidly in this ground of its being, having shaped the material into its adequate content. Capital is now a '*Subjekt*' (Marx, 1861–63, p. 90; English: Vol. 30, p. 102) *embodied* in the factory regime. Given this, we see why Marx concludes: 'Thus *capital* has created *capital*' (Marx, 1863–64, p. 126; English: Vol. 34, p. 463).

The question of Hegel

The issue to be addressed next is how far this 'result' conforms to the logic of Hegel's self-positing 'Idea'. I find in capital's *self-production* a logic which is the same as that of Hegel. It is important to distinguish this *homology* thesis from the *application* of Hegel's logic to a substantive domain of reality. I do not say: 'Hegel's logic is good, let us apply it properly.' I ask: 'Where do we find out there a system of self-moving abstraction which then *applies itself* to material reality?' Hegel's logic springs from the shedding of contingent empirical instances to leave pure categories. In parallel fashion, exchange issues in a *practical* abstraction from the natural features of a commodity which are the basis of its use value. As a consequence of this displacement of use value, the commodities acquire a new determination: the social character of exchange-value (which contains 'not an atom of matter'). The different goods concerned play the role of *bearers* of this social determination. They become subject to the *value form*. The reason why I term this social form of the product of labour 'ideal' is that the mediation of social labours here is of an abstract, 'logical' character.

In my view, a significant homology obtains between the movement of *exchange* and the movement of *thought*. Both impose a formal unity on the real material they address. But the value forms, although they have a 'logical' character, are *out there*. As embedded in the *practical* activity of exchange, they require material bearers. (Thus value as universal is not produced when we *think* the identity of commodities; it is produced when gold is excluded from other commodities to constitute their identity *practically* as value bodies; see Arthur, 2005.)

My view is that we have in the 'Concept' of capital a self-moving system of abstract forms, predicated on the *inversion* consequent on the material practice of exchange, which becomes 'Idea' if it *subsumes* material production; however, it is precisely because capital cannot fully incorporate its material foundation that there must be a limit to such ideality.

None the less, the assumption to be tested here is that the form of capital has something of the character of an *Absolute*; it takes up into itself the real world of material production, and subordinates it to the spirit of capitalism; this last is to be understood, not as Weber has it, as a disposition of capitalists, but as an *objective spirit* in Hegel's sense. What is meant by Absolute? It means that (at least relative to its domain) it has the form of the *unconditioned*. It reproduces all the relevant conditions of its existence in its own movement.

I suggest that the parallel to the sphere of Hegel's *logic*, in which thought moves freely in its own element, that of pure form, is the realm of *circulation*. Here values exchange, but the use value side has no specific determinacy, albeit commodities must have use value of some sort. Thus the turn to production from the general formula of capital has the same significance as the going

over of Hegel's logic to the real. The pure forms must prove themselves to be the truth of material reality. This transition is logically necessary because the simple movement of circulation does not contain within itself the principle of self-renewal. New commodities must be thrown into it again and again, as fuel into the fire. Thus, if capital is to posit its presuppositions it must produce the values that are its premise. Only if capital brings production within its circuits does it constitute itself as an autonomous power. Moreover, if capital is to be properly grounded on itself, surplus value cannot arise *contingently*, from temporary market conditions allowing capital to buy cheap and sell dear. Capital can guarantee a surplus only by sinking into production and mediating itself in productive labour. Capital makes that activity its own in so far as it thoroughly subsumes labour, not merely formally, but 'really'.

However, while Hegel's 'Idea' is presumed to create the reality its logic informs, in the case of capital there is no metaphysical 'guarantee' that its forms fit smoothly the material reality inscribed within them. Capital has to shape the material given to it into its substance, it has to forge for itself a content adequate to its form. Marx himself remarks this contrast when he cites Hegel to the effect that the 'Concept' needs no external material: 'It is only the Hegelian "Concept" that manages to objectify itself without external stuff'.²

In order to understand this feature of capitalist production, I develop Marx's category of 'subsumption' (this category is prominent in Schelling, where it signifies the absorption of the finite by the infinite; it is possible this source influenced Marx). First, let us turn to Hegel; while 'subsumption' is not a central Hegelian category, it does occur in the section on 'the Judgement', where the paradigm case is 'the singular is the universal' or 'the subject is the predicate' (Hegel, 1969, p. 628; Hegel, 1991, para. 166). Hegel argues this can be looked at two ways, according to which side of the relation is prioritized. In one view, the singular is subject and the universal is a predicate reflecting something about it. From another point of view, if the universal is granted self-subsistence, it *subsumes* the singular. Hegel says, 'From this standpoint subsumption is only the *application* of the universal to a particular or a singular, which is placed *under* the universal in accordance with a vague idea that it is of inferior quality' (Hegel, 1969, p. 629). On the other hand 'Such a universal which merely subsumes, is an *abstraction* which only becomes *concrete* in something else, in the particular' (Hegel, 1969, p. 739). This contrasts with the *concrete universal*, where it is the self-determination of the universal that logically generates the singulars, and is identical with its instances. The universal and the singular are

² Marx (1867), p. 31, quoting Hegel: 'The Concept, which is initially only subjective, proceeds to objectify itself by virtue of its own activity and without the help of an external material or stuff': Hegel (1991), p. 273, para. 194 Add. This reference to Hegel occurs only in the first edition of *Capital*.

harmonized. The whole Idea seems to have a similar relation to the reality it shapes. Hegel speaks of the 'objective judgement' (Hegel, 1969, p. 739) linking the subjectivity of the concept to external objectivity. In Hegel's philosophy the pure forms of conceptuality become Absolute Idea in so far as they are understood as at the same time the shape of the world.

Are we to understand this relation as one of subsumption, or is the Idea a concrete universal? Rightly assessing the meaning of Hegel's transition from logic to reality is complicated. It is necessary to distinguish what Hegel says he does from what he really does. What Hegel *claims* is that the Idea in 'an act of perfect freedom' creates reality; accordingly, the reality it confronts is not genuinely other than it; *a fortiori* it may be known and reappropriated by it. What he actually *does* is to smuggle in positive material, empirically derived, and subsume it under logical schemas. As Marx complained in his notes on Hegel's political philosophy, Hegel does not elucidate the logic of the body politic, but gives his logic a political body.

How does this movement between the spheres of logic and reality inform our account? Certainly, in our case, while capital *claims* to create 'wealth', I argue that it merely *subsumes* the material content of the economy under the forms of value. It is in this context that I situate the turn to production. The logical form of capital is by no means absolute, but insufficient to maintain itself; it requires a transition to a domain of reality regulated by the form but by no means inessential to it; capital is not free to develop in its concept alone, but must confront the problem of its lack of self-subsistence as mere *concept* of self-valorization.

The dialectic of capitalist production is one in which the form seeks to secure and stabilize itself through subsuming material production and turning it into a bearer of self-valorization. But the logic of capital accumulation would run down pretty quickly were it not for the *material* fact that workers produce more than they themselves consume. Hegel's speculation about an Absolute seeking to actualize its entire conditions of existence has a parallel in capital, which has such a drive implicit in its form. However, in truth, it subsumes, but does not create, its internal other, the worker, and its external other, Nature.

Subsumption and inversion

A capitalist firm is specified formally as a mass of value. In such a light, the material side appears merely as a predicate of such inner essence. But capital must always be materially instantiated if it is to achieve its *individuality*. Capital as self-valorizing value *doubles* into the universal form it shares with all capital (value in motion) and its singular existence (the material in which it invests itself). In the constitution of individual capitals, *two kinds of particularization* are simultaneously realized: on the one side, the formal existence of capital as

value must be *quantitatively* determined as an *amount* of capital; on the other side, the material existence of capital, invested in means of production and labour power, must be *qualitatively* determined, and situated in a specific *site* (Arthur, 2002b). In order to produce efficiently, capital must combine complementary factors of production in the relevant proportions. To quote Marx:

The nature of the use value, wherein value exists, which appears now as the body of capital, appears here as itself determinant of the *form* and the action of capital; as giving one capital a particular characteristic as against another; as concretising it [...]. Nothing is more erroneous than to overlook the fact that the distinction between use value and exchange value, which falls outside the determination of economic form in simple circulation, [does not] fall outside it in general. (Marx, 1857–58, p. 530; English: Vol. 29, p. 34)

But the determinate potential of use value is materially *given* to capital in the first instance. I suggest that the category of 'subsumption' is required in order to construe this relation between value and use value, more specifically between the general form of capital and the material production processes it subsumes. If the factory is 'the body of capital' its 'soul' is the living labour process as it is appropriated by capital as a valorization process. In short, capital is a relation of production. Yet capital presents itself as the prime mover in the economy. There is here a double subsumption and a double inversion:

- (a) Because capital legally employs each worker *individually*, surplus labour is similarly expropriated from each singly; since the labour process is subsumed under the valorization process, their productive labour *belongs* to capital, hence it is 'justly' exploited for the purpose of capital's self-valorization. The concretely universal character of living labour, when subsumed under the value form, counts only as an abstraction of itself. The subject/object inversion within the *form* of capital is here that the putative value *product* becomes the value *creator* and what 'created' value becomes the (recalcitrant) agent of capital. Hence '*capital creates capital*'.
- (b) Capital embodied in means of production (its inorganic body) employs every worker as a labour-power machine (its organic body); they are its 'hands', subjugated to the discipline of the factory regime. Materially, there is a quasi-inversion of subject and object in so far as the factory embodies an intention alien to the workers and brings them into connection externally so as to constitute a collective labour they do not comprehend. It is *collectively* that concrete labours are *really* subsumed under capital when it imposes material shapes of co-operation, division of labour, and machinery. In addition to serving as exploited sources of surplus labour, the

immediate producers are alienated from their *own universality* as *socially* productive, since the labour process is not that of freely associated producers but subsumed under the despotism of the capitalist factory. Living labour expresses its individuality only when correlative labours are united in a universal enterprise such that the category of 'social labor' is posited for itself. In a sense, this universal determination must be present here too, but the hegemony of capital redetermines it as an estranged universality *opposed* to the single labourers.

- (c) When these two inversions are conflated, the result of the first, which posits capital as creator of profit, may be seen as the act of capital *qua* thing (the factory system); conversely, the power of produced means of production is seen as that of capital *qua* monetary form. In his *Grundrisse*, Marx draws attention to this double error:

If capital gives itself its adequate form as use value within the production process only when it adopts the form of machinery [...] it does not follow in any way that this use value – machinery in itself – is identical with its existence as capital; or that 'the social relation of capital is the most appropriate [...] relation for the application of machinery (Marx, 1857–58, p. 574; English: Vol. 29, p. 85).

Both Hegel's Absolute, and capital, claim that subsumption of reality under the ideality of their form means they created the wealth of the world, rather than merely reviewing it under their peculiar form of validation. Marx, in the second edition of *Capital*, Volume I, says: 'For Hegel, the process of thought, which, under the name "Idea", he even transforms into an independent subject, is the *demiurge* of the actual, which figures only as its outward appearance' (Marx, 1872–73: *Nachwort*, p. 709; Marx, 1887, p. 24). The Greek background to Marx's characterization of Hegel may be summarized thus: the *demiurge* does not create the world out of nothing but it *does* shape primeval *chaos* into a *cosmos* through informing it with a (logical) order.

Marx goes on to say that Hegel needs turning off his head and back on to his feet. My argument is that capital also stands on its head, so the same criticism applies. The spirit of capital is equivalent to the *demiurge*. It is a '*Subjekt*' in *possession* of material production. Marx again: 'The capitalist appropriates living labour as the lifeblood of capital [...] Through the incorporation of living labour capacity into the objective components of capital [means of production], the latter becomes a monster endowed with life, and begins to act "as if by love possessed".' (Marx, 1863–64, p. 81; English: Vol. 34, p. 415) (Of course, the monstrous 'love' is vampiric, as we see from the first sentence.)

The contradictions of capital

However, the appropriation of labour is problematic because the labourers potentially have ends of their own to realize. They cannot be considered as 'human resources' no different in principle from other 'natural resources' exploited by capital. Thus the capital relation falls short of totalization achieved through 'absolute negativity', and it is better understood *critically* as a contradiction of capital with itself. See Table 9.1.

Let us first 'read' Table 9.1 from capital's point of view. Capital defines itself as self-valorizing value; it is true this requires mediation in productive labour; but, having been appropriated through the wage, labour power is possessed by capital, and labour is formally subsumed under it, hence productive labour is *its own* activity. Valorization cannot occur without the production of use values; however, capital claims to produce these through its embodiment in the factory, capital is ideally posited as self-acting machinery; concomitant with this is the organization of the 'collective labourer' *by capital*. With real subsumption, the machinery now 'employs' the workers! So capital both is and is not its opposites. But, on this reading, capital is the *identity* of identity and difference, and comprehends all four moments in the table.

Let us now consider the same thing from the point of view of materialist demystification of capital. Then the dialectical structure is reversed, and the capital relation refigured as the *difference* of identity and difference. So, as a counterpoint to the theme of capital's self-constitution, which pulls the structure toward (i), self-valorizing value, the critique claims (iv), the collective labourer, is not reducible to it. Apparently absorbed by capital, social labour yet has a ground from which to lever up the dead weight of its oppressor. The system is prey to antinomies; value and use value, capital and labour, are rooted in real differences, they are opposites incapable of reconciliation, one cannot be reduced to an appearance form of the other.

Table 9.1 The contradictions of capital

	Capital	Labour
	v. (employs)	
Value form	Self-valorizing value (i)	'Productive' labour (alienated by sale of labour-power) (ii)
v. (subsumes)		
Use-value 'content'	Self-acting machinery (iii)	Collective labourer (alienated social labour) (iv)

In answer to the regime of truth imposed by the *form* of capital as *self*-valorizing, the deconstruction of capital's repression of what is truly other than itself is in order. But full weight has to be given to the real subsumption of land and labour that capital has achieved.

Capital is a subject;³ counter to it is living labour; but in the capital relation this is a self-estranged subject. In the 1861–63 manuscript, Marx writes: '[Labour] posits itself objectively, but it posits its objectivity as its own non-being, or as the being of its non-being – the being of capital' (Marx, 1861–63, p. 2239; English: Vol. 34, p. 202). The self-affirmation of capital and the self-negation of labour are identical, distinguished only as mutually presupposing moments. However, the 'capital relation' is properly so-called (that is, capital is both part and whole) since it affirms itself therein while labour is reproduced as the propertyless other of capital (inversion of the law of appropriation). While the logic of difference is suppressed, it remains an immanent source of critique. This is not because 'really' labour is everything and capital is nothing, but because the re-forming of the *human* reality of the labour process by the *inhuman* form of capital generates an *inverted* reality. The 'true' and 'false' ontology of capital are coexistent.

There is a parallel between the *claims* of Hegel's Idea and of the Idea of capital. As absolute form, both claim to be the whole reality, because all content is posited as itself in another shape. The *criticism* of these claims is also parallel. In Hegel, the philosophical mistake lies at the juncture of logic and reality, where he takes up 'positive' material empirically and *subsumes* it under his logical schemes (although he does not *say* he does, of course) as if in some occult manner the latter accounts for the nature of the former. As for the claim of capital to be the creator of all 'wealth', the mistake here springs from the subsumption of the material metabolism under the forms of value; in reality, the material specificity of use value, especially that of labour power, has economic *determinacy*.

Conclusion

According to Hegel, 'the free Concept [...] determines itself and in so doing makes itself real' (Hegel, 1991, para. 213). The result is that the Idea is 'the Subject-Object, as the unity of the ideal and the real' (Hegel, 1991, para. 214). Such a unity of the ideal and the real, I suggest, is projected in the Idea of Capital. If it succeeds, then it is the result of its own movement, the production of capital by means of capital. Capital produces capital through *subsuming* human and natural powers, formally (wage/rent) but also 'really' to a great extent. However, despite the thoroughgoing transformation of the production process as it is *really* subsumed by capital, it remains the case that capital

³ Like the Hegelian Subject, it is nothing other than the continual process of its own production, not an origin or result.

cannot properly claim to produce all its conditions of existence. It may be said that what is at issue here is merely contingent concrete diversity, easily contained within the logic of the system. But living labour is *recalcitrant* to such subsumption under the logic of capital accumulation. Epochally, the Idea of capital has made itself real. Whether that which is in excess of its concept *remains* forever marginal is for the future to determine.

References

- Arthur, C. J. (2002a) *The New Dialectic and Marx's Capital* (Leiden: Brill).
- (2002b) 'Capital, Competition and Many Capitals', in M. Campbell and G. Reuten (eds), *The Culmination of Capital* (Basingstoke: Palgrave).
- (2005) 'The Concept of Money', *Radical Philosophy*, no. 134, November/December.
- Hegel, G. W. F. (1969) *The Science of Logic*, trans. A. V. Miller (London: George Allen & Unwin).
- (1991) *The Encyclopaedia Logic*, trans. T. F. Geraets *et al.* (Indianapolis, Ind.: Hackett).
- Marx, Karl (1857–58) *Ökonomische Manuskripte 1857/58*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 1, Parts 1–2 (Berlin: Dietz, 1976–81). English: *Outlines of the Critique of Political Economy (Rough Draft of 1857–58)*, in 'Economic Manuscripts of 1857–58', in K. Marx and F. Engels, *Collected Works*, Vols. 28–29 (London: Lawrence & Wishart, 1986–87).
- (1861–63) *Zur Kritik der Politischen Ökonomie (Manuskript 1861–63)*, in K. Marx and F. Engels, *Gesamtausgabe* (MEGA), Second Section, Vol. 3, Parts 1–6 (Berlin: Dietz, 1976–82). English: *Economic Manuscript of 1861–63*, in K. Marx and F. Engels, *Collected Works*, Vols. 30–34 (London: Lawrence & Wishart, 1988–94).
- (1863–64) *Ökonomische Manuskripte 1863–67*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 4, Part 1 (Berlin: Dietz, 1988). English: *Results of the Direct Production Process*, in K. Marx and F. Engels, *Collected Works*, Vol. 34 (London: Lawrence & Wishart, 1994).
- (1867) *Das Kapital. Kritik der politischen Ökonomie. Erster Band. Hamburg 1867*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 5 (Berlin: Dietz, 1983).
- (1872–73), *Das Kapital. Kritik der politischen Ökonomie. Erster Band. Hamburg 1872*, in K. Marx and F. Engels, *Gesamtausgabe* Second Section, Vol. 6 (Berlin: Dietz, 1987).
- (1887) *Capital, Vol. I, 1887*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 9 (Berlin: Dietz, 1990).

10

The Place of 'The Results of the Immediate Production Process' in *Capital*

Patrick Murray

Introduction

'The Results of the Immediate Production Process' ('Results'), the unfinished draft of a conclusion to *Capital*, Volume I, which became available in German, Italian and French between 1969 and 1971 (in English in 1976), belongs to those recently available texts that continue to fund a profound reinterpretation and re-evaluation of Marx's mature work.¹ Others include the *Grundrisse*, the *Urtext* and the 1861–63 manuscript published in the MEGA. Reading these manuscripts, we encounter Marx in a different voice. He sounds less studied; more at home; more philosophical, dialectical and Hegelian; he is more prone to pursue incisive moral and sociological observations.² Above all, the topic of the specific social form and purpose of labour and wealth is explicit and emphatic.

¹ The 'Results of the Immediate Production Process' is the only 'chapter' of the 1863–64 draft (the 'third draft') of the first volume of *Capital* to come down to us, apart from some loose sheets from preceding chapters of that draft that were stuck in the manuscript of the 'Results'. The MEGA editors put the composition of the 'Results' in a time frame of 1863 to 1864 (MEGA editors, 1988, p. 9*).

The 'Results' was published simultaneously in German and Russian in *Arkhiv Marks'a i Engels'a*, Volume II (VII), pp. 4–266, in Moscow in 1939 (Editors of Marx, 1933b, p. i; Mandel, 1976, p. 943). Maximilian Rubel published excerpts in *Economie et Societes, Cahiers de L'Institut de Science Economique Appliquee, Serie Etudes de Marxologie*, no. 6, June 1967. In 1969, the 'Results' was published as a book in German (Marx, 1969b) and in Italian (Marx, 1969a). Complete translations into French (Marx, 1971) and English (Marx, 1976) followed. A new Italian translation is forthcoming in conjunction with the new Italian translation of *Capital*, Volume I (Marx, 2008).

² In a letter from Marx to Lassalle of 12 November 1858, Marx writes that in the *Critique* (1859) he is not striving for an 'elegant presentation' but to write in 'my middling manner [*Durchschnittsmanier*]' (Marx and Engels, 1954, p. 93). In a letter to Lassalle dated 15 September 1860, Marx writes that the form of the sequel to the *Critique* will be

Ever since the 'Results' entered the picture, why Marx did not complete it and include it in *Capital*, Volume I, has remained a mystery. One purpose of this chapter is to revisit this mystery in the light of the MEGA. However, let me disappoint the reader straight away by saying that the MEGA editors have turned up nothing that addresses the question explicitly, leaving them and us to speculate. Commentators divide between those who argue that Marx had no theoretical reason for not including the 'Results' in *Capital*, Volume I, and those who maintain that Marx dropped the 'Results' either because changes to the plan of *Capital*, Volume I, made it superfluous or because material included in the 'Results' belonged elsewhere. I argue against this latter view that Marx had theoretical reasons to abandon the 'Results'. Most significantly, I reject the MEGA editors' claim that the treatment of the commodity as the product of capital does not belong in the 'Results' but only after the introduction of prices of production in *Capital*, Volume III. That judgement rests on a paralysing mistake about Marx's dialectical method of presentation. While I hope to shed light on the 'Results', regrettably, neither my criticisms of existing literature nor my speculations dispel the mystery of what became of the 'Results'.

A quick overview of the 'Results'

The 'Results' runs to just over 100 pages in the MEGA edition, and nearly 120 pages in Rodney Livingstone's translation.³ Though still in rough form, the manuscript is organized into three parts, one devoted to each of these themes: (1) the commodity is the product of capital; (2) the aim of capitalist production is the production of surplus value; and (3) capitalist production reproduces specifically capitalist relations of production. Marx tells us that (1) is intended to come last, as it is unquestionably meant to be the transition to Volume II.⁴

Section (1) (26 pages) emphasizes the circular nature of the argument in Volume I: '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*' (p. 949).⁵ Marx stresses

somewhat more popular but 'in no way out of any inner drive from my side' (Marx and Engels, 1954, p. 102).

³ Unless indicated otherwise, page references refer to the Fowkes translation of *Capital*, Volume I (Marx, 1890) or to Livingstone's translation of the 'Results' (Marx, 1863–64), the appendix to *Capital*, Volume I.

⁴ The 1933 German and Russian editions and the 1969 German edition take Marx's suggestion and place section (1) last. The 1971 French translation and both English translations follow the order of the manuscript.

⁵ The shift from 'the *commodity*' to '*commodities*' here is important because, ordinarily, the product of capital is a mass of commodities where each counts as an aliquot part of the total product.

the inseparability of (a) the generalized circulation of commodities, '(including money)' (p. 949); (b) the generalization of wage labour; and (c) the capitalist mode of production. Marx provides an extended commentary on the difference between the commodity conceived of as independent at the beginning of *Capital*, Volume I and the commodity conceived of as the product of capital (see pp. 953–55 for three key differences). To my knowledge, there is nothing comparable to this portion of the 'Results' elsewhere in Marx's writings.

Section (2), easily the longest of the three (85 pages), rehearses a number of misconceptions about capital and reflects at length on the unity of the labour process and valorization process. That is followed by sub-sections on formal subsumption and real subsumption, productive and unproductive labour, net and gross product, the 'mystification of capital', and a transition from (2) and (3) to section (1).

Section (3), at six pages easily the shortest of the three, contains several pages on the relations between capital and wage labour relevant to the inversion of the bourgeois law of appropriation. It concludes with a one-paragraph sub-section bearing the title of the manuscript. That short, final paragraph re-emphasizes the point that capitalism reproduces its '*specific social* character' (p. 1065) while reproducing itself materially.

Getting the right question about the 'Results'

As Marx observed, asking the right question can be the key step in an inquiry. When it comes to the fate of the unfinished 'Results of the Immediate Production Process', we may wonder if Ernest Mandel's question 'But why was the originally planned Part Seven ['Results'] discarded?' jumps the gun (Mandel, 1976, p. 944). Did Marx *decide* not to include the 'Results'? Of course, he did not include it, but the manuscript is unfinished; he could not have included it without completing it for publication. Marx gave up on publishing simultaneously all three volumes of *Capital* only reluctantly, and late in the day. In allowing Volume I to be published independently, Marx was not deciding against the publication of Volumes II and III. In fact, there was little, if anything, that appeared consistently in his draft outlines of *Capital* that Marx decided not to include. As it is, Marx concluded the first edition of *Capital*, Volume I, by awkwardly appending a thumbnail sketch of the 'Results' that (1) highlighted the fact that the immediate result of the production process is the commodity, only now pregnant with surplus value; (2) called attention to the return of the investigation to its point of departure, the commodity; and (3) made the transition to Volume II by contrasting the simple circulation of commodities with the circulation of capital. In later editions, this vestige of the 'Results' was excised.

Let us, then, adopt this general formulation of the question concerning the fate of the 'Results': why did Marx not complete and publish the 'Results'? We

should keep in mind that Marx did not stop work on Volume I of *Capital* in 1867, when it was first published. He reworked it for a second edition, which appeared in 1872. He also oversaw the French translation, which was published in instalments between 1872 and 1875. Engels used Marx's notes and alterations for the French edition in publishing the third German edition in 1883, shortly after Marx's death. Without settling the issue, Marx's continued work on Volume I casts suspicion on the easy answer that Marx was simply too pressed for time to complete and include the 'Results' in *Capital*, Volume I.

As mentioned above, there are two basic answers to our question:

1. Marx decided, for one theoretical reason or another, to drop the 'Results'. In the literature we find two possible reasons why: (a) because Marx worked important points from the 'Results' into Volume I, it became *superfluous*; and (b) because important points from the 'Results' would have been *out of place* – by being introduced prematurely – in a conclusion to Volume I.
2. Marx never decided to drop the 'Results'; instead, one or other practical consideration kept him from completing and publishing the 'Results'. Perhaps Marx thought that including the 'Results' in the first volume would make the book too long; his publisher, Meissner, had given him a limit of 60 proof sheets [*Druckbogen*], and he expressed his worry to Engels about length. Since the 'Results' was written as a bridge to Volume II, Marx's failure to complete Volume II might be thought to have made completing the bridge to it seem less urgent.⁶ Perhaps, but the unfinished state of Volume II did not affect Marx's rationale for constructing the 'Results' as a bridge from Volume I to Volume II.

Select review of the literature

Let us now consider some of the responses in the literature to the main question, namely, the editors' bibliographical notice to the 1969 German edition of the 'Results'; Ernest Mandel's introduction to the Livingstone translation; Allen Oakley's remarks; and, most importantly, the editors' introduction to the MEGA edition of the 'Results'.

The bibliographical notice to 1969 German edition

The editors of the 1969 German edition write, 'Probably, during his final work up, Marx decided not to include the extensive sixth chapter in the first volume [...] Therefore the content of the first volume of *Capital* concluded with the

⁶ Rodney Livingstone notes, 'presumably Marx would have finished the present chapter ['Results'] at this point when he had finally revised it [Volume II] (p. 975).

chapter (later, part) on the accumulation of capital.⁷ Precisely in this chapter Marx adopted a series of theses whose draft is contained in the unpublished manuscript ['Results'] (Editors of Marx, 1969b, p. III). First, given its unfinished state, Marx could not have 'decided' to include the 'Results'. Second, if length – no doubt the manuscript is 'extensive' – is being offered as an explanation for why Marx did not publish the 'Results', the editors accept the second answer to the general question: practical considerations worked against including the 'Results'. But, third, the editors' further observation that Marx put a number of points from the 'Results' into *Capital*, Volume I, suggests that, in so doing, he knowingly rendered the 'Results' superfluous. The editors, then, adopt type (a) of the first answer to our question about the fate of the 'Results': late additions to the text of Volume I made the 'Results' superfluous.

There are difficulties with the editors' suggestion, starting with their not identifying the points from the 'Results' that are integrated into the treatment of the accumulation of capital in *Capital*. Let me select some points treated in the 'Results' that appear in Part Seven of *Capital*, Volume I: (1) that simple reproduction and accumulation involve not only material reproduction but also reproduction of the social forms specific to the capitalist mode of production (p. 711); (2) the mysticism of capital (p. 716); (3) that surplus value is the animating goal of capitalist production; (4) how prices, levels of productivity and productive force, the length of the working day, and quantities and rates of surplus value interrelate; and (5) the inversion of the bourgeois law of appropriation.⁸ I will consider points (2) and (5) below in connection with the views of the MEGA editors.

Regarding point (1), some repetition of this sweeping observation in a capstone to Volume I would not be out of place. Regarding point (3), the idea that producing (and accumulating) surplus value is the specific aim of capitalist production is, of course, a major theme of Volume I, particularly once we get to Part Three. The 'Results' illuminates the significance of this specific aim of capitalist production by setting it in the context of Marx's basic complaint against political economy: it is oblivious to the topics of the specific social form and purpose of wealth and labour. And the 'Results' brings home the potential that this specific aim has for undoing the network of capitalist social relations (see MEGA editors, p. 16*). In *Capital*, Volume I, formal and real subsumption

⁷ The sixth and final 'chapter' of the first edition of *Capital*, Volume I, included sections on capitalist accumulation, the so-called 'original accumulation', and 'the modern colonial theory'. In later editions, Volume I ends with two 'parts' on the topic of accumulation: Part Seven: The Process of Accumulation of Capital; and Part Eight: So-Called Primitive Accumulation.

⁸ Marx's treatment of 'so-called primitive accumulation' is the *coup de grace* of his critique of the bourgeois theory of appropriation because it makes a mockery of Locke's idea of property being acquired originally through one's own labour.

get nothing like the treatment that they get in the 'Results', where Marx treats them under the topic of surplus value as the defining aim of capitalist production.⁹ Regarding point (4), as I will show, Marx's treatment of the commodity as the product of capital contains some of the most illuminating passages in the 'Results' and has implications for interpreting two of the most controversial turns in the dialectic of Volume I.

Ernest Mandel

In his introduction to the 'Results', Mandel writes, 'But why was the originally planned Part Seven discarded? [...] For the time being, it is impossible to give a definitive answer to that question' ((1976, p. 944). Thirty years later, even with the publication of the 'Results' in the MEGA, we still have no definitive answer. Mandel offers this two-sentence hypothesis in answer to the question of why Marx 'discarded' the 'Results': 'Possibly the reason lay in Marx's wish to present *Capital* as a "dialectically articulated artistic whole". He may have felt that, in such a totality, "Chapter Six" would be out of place, since it had a double didactic function: as a summary of Volume 1 and as a bridge between Volumes 1 and 2' (1976, p. 944).

I am not certain what to make of Mandel's suggestion. Is it that a 'summary' is out of place in a dialectical whole? We know from the Preface to *A Contribution to the Critique of Political Economy* (1859) that Marx decided against any anticipatory introduction (Marx, 1970, p. 19). I know of no comparable passage in which Marx renounces summaries, capstones, or appendices; Mandel provides none. As its title announces, the 'Results' trades in retrospection more than anticipation, though, as a bridge to *Capital*, Volume II, it has a moment of the latter. Moreover, we have other examples of retrospection in *Capital*. Section four of the first chapter of *Capital*, 'The Fetishism of the Commodity and its Secret', reflects on the significance of the theory of value and the value form developed in the preceding three sections. The final section of *Capital*, Volume III, 'The Revenues and their Sources', resembles the 'Results' in being a capstone to all three volumes of *Capital*.¹⁰ In fact, each of the points of the 'Results' that define its three sections is concisely presented in chapter 51, 'Relations of Distribution and Relations of Production'.¹¹

⁹ The only explicit mention of formal and real subsumption in *Capital*, Volume I, occurs on p. 645.

¹⁰ Moreover, the fragmentary final chapter 52 of Volume III, 'Classes', may have been conceived as a bridge to books on landed property and wage labour.

¹¹ Marx (1981), pp. 1019–23. The fact that Marx presents all three main points of the 'Results' there might suggest that he intended chapter 51 of Volume III to serve in place of the 'Results'. I doubt that this is so, for three reasons: (i) chapter 51 has a special purpose, as indicated by its title; (ii) the dates of composition of the two capstones are close together; and (iii) the treatment in the 'Results', at least of two of the points, is on a much larger scale.

Mandel is right that the 'Results' is a bridge. Marx makes this explicit as he calls attention to the circular nature of the presentation in *Capital*. What was the point of departure, namely the generalized commodity form of wealth, proves to be the necessary result of capitalist production. Only now is the commodity recognized as being *capital* in the commodity form; the significance of this is examined in the 'Results', which lays down the conceptual basis for the new set of determinations to be investigated in Volume II. Marx notes that the section on commodities as the product of capital should be placed last, 'because it forms the transition to Volume II' (p. 949), and he concludes the section: 'And in this respect their circulation, which is simultaneously the reproduction process of capital, entails further determinations alien to the abstract description of the circulation of commodities. For this reason our next task is to turn to an examination of the *circulation process of capital*. This we shall do in the next volume' (p. 975). Why would a bridge from one volume to another go against the dialectical grain? Or is the problem the 'doubling of functions'? How so? The 'Results' discloses the dialectical structure of *Capital*; it does not sin against it.

Allen Oakley

'For some reason that is not clear, this vital concluding piece was left out of *Capital*, Book I, when it went to press', writes Allen Oakley (Oakley, 1983, p. 96). Punctuating his description of the 'Results' as 'vital' – unfortunately, he does not tell us what makes it so – Oakley adds, 'if the status of the 'Results' manuscript was as suggested above, the work (Volume I) was without its concluding chapter' (Oakley, 1983, p. 97). Again, it is worth mentioning that the 'Results' was not in a publishable state: Marx could not just 'decide' to include it; he would have had to finish it first. Oakley says nothing about any *decision* on Marx's part to drop the 'Results'. On the contrary, in characterizing the 'Results' as 'vital', Oakley adopts the second answer to the general question: Marx left the 'Results' out of Volume I, but not on any theoretical grounds. Beyond that, Oakley is silent.

MEGA editors

The MEGA editors' introduction to the 'Results' comprises only six pages, but it is the most current and substantive contribution of those reviewed here. They begin their summary assessment of the importance of the 'Results' as follows, 'Therefore, the "Sixth Chapter" of the first book of *Capital* occupies an important place in the story of its coming to be and, more generally, in Marx's economic corpus' (MEGA editors, p. 17*). They highlight several points: (1) the 'Results' is where Marx first offers a thorough investigation of the commodity as the product of capital; (2) in doing so, Marx helps readers to recognize that his theory of value is not confined to the first section of Volume I, but

rather spans the three volumes of *Capital*; (3) the 'Results' presents the general characteristics of the capitalist mode of production, spells out the conditions of its origin and situates it historically; (4) the 'Results' points up the development within capitalist society of the material presuppositions for a post-capitalist future society; (5) from the 'Results' we can derive a better understanding of the Marxian method of research and presentation.

Despite their enthusiasm, the MEGA editors favour the first answer to the general question, and offer three independent, though reinforcing, reasons as to why Marx decided to drop the 'Results'.¹² The first reason is type (b); the latter two are type (a): (1) Marx came to believe that to treat the commodity as the product of capital in the 'Results' was premature. The effort to distinguish the commodity as an individual from the commodity as an aliquot part of the mass of commodities produced by capital was misplaced, given that a full account of the commodity as the product of capital would have to wait until the introduction of prices of production in Volume III; (2) since Marx took up the 'mystification of capital' in the chapter on machinery, he made its treatment in the 'Results' superfluous; (3) because Marx addressed the issue of the inversion of the bourgeois law of appropriation in connection with the accumulation of capital, there was no need to treat it in the 'Results'. In these latter two points, the MEGA editors agree with the editors of the 1969 German edition: Marx came to see the 'Results' as superfluous because he incorporated its ideas into the published Volume I. By contrast, the first point argues that Marx dropped the 'Results' because he came to see that it was premature, out of dialectical order. Let us consider each proposal in turn:

1. The MEGA editors are right, of course, that a full account of the commodity as the product of capital is not possible prior to the introduction of prices of production in Volume III. Is that a reason not to make the point in the 'Results' that the commodity as the product of capital counts as an aliquot part of the mass of commodities produced by capital? No. Marx warned against 'putting the science before the science'; he upbraided Ricardo for attempting the impossible – to answer every possible objection to his labour theory of value in his first chapter. But the reasoning of the MEGA editors lands us in the inverse kind of scientific futility. If we are not to offer a partial account, presumably because it falsifies, then, since we cannot give a complete account all at once, we condemn ourselves never to start – a Zeno's paradox of scientific presentation.¹³ Against the MEGA editors, I argue: (a) the points that Marx makes in the 'Results' regarding the commodity as an aliquot part of the

¹² Curiously, the MEGA editors are silent on the question of why Marx would drop the sections on formal and real subsumption in the 'Results'.

¹³ In Murray (2005), I criticize Chris Arthur for a similar assumption.

mass of commodities produced by capital are true as far as they go; (b) they are worth making in a retrospective-prospective capstone to Volume I; and (c) they do not compromise Marx's development of more complex truths about the commodity as the product of capital later in *Capital*.

2. Regarding the topic of the 'mystification of capital', the MEGA editors argue that, since its causes were treated in the analysis of machinery, 'Their separate treatment proved itself theoretically superfluous' (MEGA editors, 1988, p. 15*). However, the chapter on machinery contains little that addresses the mystification of capital as explicitly as the 'Results'; indeed, the language of 'mystification' is absent.¹⁴ Compare the benign title 'Machinery and Large-Scale Industry' to 'Mystification of Capital', the section heading in the 'Results'. While the machinery chapter is about the mystification of capital, its discursive level leaves room for gathering relevant points and reflecting on the mystification of capital. Thus, the 'Results' section begins with a three-point comparison of money fetishism with capital fetishism, showing why the latter is more deeply ingrained than the former (pp. 1052-53). Yes, Marx is examining the causes of the mystification of capital in *Capital*, Volume I, but in the 'Results' he tells us that this is what he was doing.
3. Exposing the inversion of the bourgeois law of appropriation was pivotal to Marx's objectives in composing Volume I; I doubt that he would have published the book without accomplishing that. *Capital* is Marx's mature critique of bourgeois philosophy of right. Marx treats this topic emphatically in chapter 23: 'Simple Reproduction' and chapter 24: 'The Transformation of Surplus-Value into Capital', as is unmistakable from the title of the latter's first section, 'Capitalist Production of a Progressively Increasing Scale. The Inversion Which Converts the Property Laws of Commodity Production into Laws of Capitalist Appropriation'. Surely, including this material took pressure off publishing the 'Results'.¹⁵ I believe that this is an important ingredient of the answer to the general question of why Marx let Volume I go to the printer without his finishing the 'Results'. This, however, is not to agree with the MEGA editors that, because Marx examined the inversion in part 7, he concluded that the 'Results' was superfluous: 'As a consequence, the publication of the "Results of the Immediate Production Process" separately from *Capital* was once again made superfluous' (MEGA editors, p. 16*).

In a plan for Volume I drafted in January 1963, Marx foresees 'chapters' 5, 6 and 7 as follows: '5. Combination of absolute and relative surplus-value.

¹⁴ One of the most explicit passages is found on p. 548. Since the 'Results' devotes only eight pages to the mystification of capital, even if its treatment were superfluous, that would not be sufficient reason to shelve the 'Results'.

¹⁵ There is in fact little in the 'Results' on the inversion. We find some on p. 1015, and then it is treated vigorously on pp. 1062-64, in the third section.

Relation (proportion) between wage-labor and surplus-value. Formal and real subsumption of labor under capital. Productivity of capital. Productive and unproductive labor. 6. Reconversion of surplus-value into capital. Primitive accumulation. Wakefield's colonial theory. 7. Result of the production process'. To the latter he adds: '(Either under 6 or 7 the change in the form of the law of appropriation can be shown.)' (Marx, 1861–63, p. 414). What does this outline suggest? (a) If we assume that Marx intended to include formal and real subsumption and productive and unproductive labour in the 'Results', then, at least at this point, he was not opposed to returning to topics in the 'Results' that had been introduced in Volume I; (b) including the inversion was a priority in Marx's mind;¹⁶ (c) contrary to the MEGA editors' proposal, at least at this point in time, Marx did not think that choosing to include the inversion in what is here called chapter 6 (parts 7 and 8 in *Capital*, Volume I) meant dropping the 'Results'.

¹⁶ In two of the earliest plans for *Capital* – the first version of an index to the seven *Grundrisse* notebooks (Marx, 1857–58, pp. 855–59) and a plan drafted in February or March 1859 after Marx had written 'Referate' to the material in the *Grundrisse* that was not used in his *Contribution to the Critique of Political Economy* (Marx, 1857–58, pp. 969–74; see p. 950 for the dating) – Volume I culminates in the reversal of the bourgeois law of appropriation. There is no mention in either plan of the 'Results'; however, both include a final section to the first volume, 'Reversal [*Umschlag*] of the Law of Appropriation', that follows a section on the 'primitive accumulation of capital'. Both plans call for sections on absolute surplus value and on relative surplus value (the second plan treats relative surplus value in three sections: co-operation, division of labour, and machinery), so that terminology goes back at least to 1858. But there is no section on absolute *and* relative surplus value, and no mention of formal or real subsumption. Neither plan has a section on simple reproduction or the accumulation of capital. In the first plan, there is a special section placed just before the 'transition from money to capital', entitled, 'The Law of Appropriation, as it Appears in Simple Circulation'. This section was written, using the exact number and title from the plan, in the *Urtext* (Marx, 1857–58, pp. 901–18). Marx eliminated the section when he rewrote the *Urtext* as the *Critique* (1859), and it did not reappear in *Capital*. Surely Marx's intention in 1858 was to use that section to set up the planned final section on the reversal. In the second plan, the topic turns up in the title to the closing section of Volume I: 'Appearance of the Law of Appropriation in Simple Commodity Circulation: Reversal of this Law' (p. 974).

In later plans – for example, the one from January 1863 – the reversal of the law of appropriation remains prominent; though now simple reproduction and accumulation are part of the plan, and Marx indicates that the reversal could be included either in the chapter on the accumulation of capital or in a new concluding chapter – the 'Results'. These facts reveal how important it was to Marx to expose the reversal of the bourgeois law of appropriation in *Capital*, Volume I. Since Marx's harshest criticism – 'the exchange between capitalist and wage laborer, the wage contract, devolves into "the legal fiction of a contract"' (p. 719) – requires the concepts of simple reproduction and the accumulation of capital, he may have decided to introduce accumulation and deviate from his plan to keep Volume I on the conceptual level of immediate production to give his critique of bourgeois philosophy of right more power.

The contribution of the 'Results'

The 'Results' teaches the crucial lessons of the newer, textually based, 'social form' interpretation of Marx's mature work. For the 'Results' is all about the *specific social form and purpose* of capitalist production, of the labour it presupposes, and of the wealth it creates. True, *Capital*, Volume I is about this too, but time and again the 'Results' tells us that this is what the book is about, making it easier to get the point. In part, the 'Results' teaches because it is written in a voice that is more Marx's own. Primarily, though, it teaches because of the kind of writing it is. *Capital*, Volume I is a work in systematic dialectics, comparable to Hegel's *Encyclopedia* and, more so, his *Philosophy of Right*. A less exact, but instructive, comparison is to Spinoza's *Ethics*. Like the body of *Capital*, Volume I, these three works are dense, closely reasoned, 'scientific' texts that challenge readers, first to follow the argument and then to situate it and appreciate its significance. Hegel and Spinoza aid their readers by complementing their spare, rigorous prose with prefaces, 'remarks', scholia and appendices (not to mention university lectures, in Hegel's case). A scholium is defined by *Webster's Dictionary* as 'a remark or observation subjoined but not essential to a demonstration or a train of reasoning', while an appendix is 'supplementary material usually attached at the end of a piece of writing'. If such descriptions suit the kind of writing we find in the 'Results', as I believe they do, then we can understand why commentators might judge the manuscript to be 'superfluous': it does not advance the dialectical train of reasoning in *Capital*. But are such easier, 'supplemental' texts superfluous to the broader, rhetorical purposes of 'scientific' writers such as Spinoza, Hegel and Marx? I think not. Looking at our main question in this light suggests how, under pressures of space and time, Marx could let *Capital*, Volume I, go to the publisher without the 'Results', while not deciding that the text was out of place or 'superfluous'.

Each of the three sections of the 'Results' calls our attention to the topic of specific social form and purpose:

1. The section on the commodity as the product of capital focuses on the fact that the wealth produced by the capitalist mode of production is not simply a commodity but rather one pregnant with surplus value. Much of the section is devoted to spelling out how the commodity as the product of capital differs, formally, from the commodity as it was conceived at the beginning of Volume I. This section emphasizes the inseparability of the generalized commodity form of wealth, the wage labour form of labor and the capitalist mode of production.
2. The whole point of the second section is to insist on the peculiar social purpose of capitalist production; namely, the production and accumulation of surplus value. Marx exposes the failure of political economy to grasp

that capital is not a thing but rather a specific social form of wealth with a specific aim. The categories of formal and real subsumption force the question – where the correlative terminology of absolute and relative surplus value does not – ‘subsumption of what under what’. The only answer to the question ‘under what?’ is under a specific social form, notably, capital.¹⁷ Likewise, the question What is productive labor? forces us to specify the social purpose of production. Under the capitalist mode of production, labor is productive only if it directly produces surplus value.

3. The whole point of this section is to distinguish between material reproduction and the reproduction of the social form of a particular mode of production.

Finally, Marx's stress in section (1) on the circularity of Volume I brings out the *systematic dialectical character of the presentation* that Marx devised in *Capital*. In particular, Marx's stress on this circular – better, spiral – character of his presentation brings out the structure of *mutual presupposition* that characterizes a systematic dialectical presentation (see Arthur, 2002). The realization that section (1) brings home is that the commodity with which *Capital* starts was in fact one of the mass of commodities produced by the capitalist mode of production, an ‘aliquot part’ of that ‘heap’ of which Marx spoke in the book's opening sentence. Thus, capitalist production was presupposed from the beginning; all the same, capitalist production presupposes that wealth is in the commodity form: ‘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*’ (p. 949).¹⁸

¹⁷ In fact, Marx discusses many more types of subsumption in the ‘Results’ than just (1) formal and (2) real. These include: (3) ideal; (4a and 4b) hybrid, of which he distinguishes two types, ‘transitional’ (to formal subsumption) and ‘accompanying’, in his more complete treatment of hybrid subsumption in the 1861–63 manuscript; (5) subsumption of pre-capitalist commercial forms, such as the commodity, money, even capital itself: ‘We see here how even economic categories appropriate to earlier modes of production acquire a new and specific historical character under the impact of capitalist production’ (p. 950); (6) what I will call non-formal subsumption, for example, when, under conditions of capitalist agriculture, where seeds are generally in the commodity form, I use my own seeds to plant, they are subsumed under capital without taking on the ‘value-form’; that is, without ever having been sold; (7) non-productive labourers are subsumed under the wage form; (8) some unproductive labour, notably, by government employees, which is paid for by taxes is subsumed under capital and even enters into the formation of prices (pp. 1042–43).

That Marx elaborated several subsumption concepts in the ‘Results’ should not lead us to conclude either that they apply only to the ‘immediate production process’, or that the fact that they pertain to the circulation of capital, and to merchant and interest-bearing capital, gave Marx a reason to discard the ‘Results’.

¹⁸ Already, in the *Grundrisse*, Marx had commented on this structure of mutual presupposition between generalized commodity circulation and capital (Marx, 1857–58, p. 227).

Let us return to the point that Marx makes repeatedly in section (1): 'Only on the basis of capitalist production does the commodity actually become the *universal elementary form of wealth*' (p. 951).¹⁹ Since *Capital* begins with the assumption that the commodity is the 'universal elementary form of wealth', and Marx's arguments will not work without that assumption, we see that Marx presupposes capitalist production from the very beginning of *Capital*. The several consequences of this are profound:

1. *Capital* is about the capitalist mode of production from the start; as Chris Arthur has urged, the whole idea of generalized 'commodity production' as a stage on the way to capitalism is a myth;²⁰
2. Since the law of value can be established only on the basis of generalized commodity circulation, the law of value applies only to societies where the capitalist mode of production predominates.
3. That means *no surplus value, no value*, which pulls the rug out from under Proudhonism, Left Ricardianism and perhaps some forms of market socialism. It means that value, not simply surplus value, is the target of Marx's critique and his revolutionary intentions. Marx's goal is not to redistribute surplus value; it is to replace value with a new social form of wealth.
4. If a society where wealth generally takes the commodity form is necessarily one where the capitalist mode of production dominates, then the claim of liberal thinkers such as F. A. Hayek that it is the only possible free society precisely because it has no compulsory collective aim, proves illusory. Because it must be capitalist, a market society must conform to capital's compulsion, the endless accumulation of capital.

Let us close with two examples that show how the 'Results' helps us understand two of Marx's most controversial moves in *Capital*. We shall consider (1) Marx's argument in the first section of chapter 1 that the 'third thing' common to all commodities must be (abstract) labour (pp. 127–28); and (2) Marx's shift from C-M-C to M-C-M in chapter 4 (p. 248).

- (1) The only way to make Marx's argument for (abstract) labour as the substance of the 'third thing' work, is to recognize that the commodity stands not for any individual commodity (which may or may not be the product of labour) but for an 'aliquot' part of the mass of commodities produced by capital (see

¹⁹ Marx identifies this as the first of the three 'crucial points' in section (1).

²⁰ See Arthur (2002). That, of course, is not to say that no commodities are produced prior to the capitalist mode of production, nor is it to deny that, historically, the emergence of capitalism presupposes a fairly developed level of commodity exchange.

Murray, 2005). But this is just the point that Marx drives home in section (1) of the 'Results': as a product of capital, the commodity counts not as an individual but only as an aliquot part of the mass of commodities (p. 954). The commodity with which *Capital* begins proves to be such a commodity, a product of capital; however, it cannot be treated as such until the requisite categories have been developed. This is what mutual presupposition means in *Capital*: capital presupposes the commodity and the commodity presupposes capital; that means that we start from a commodity that is the product of capital. We just cannot say that at the outset of the presentation. That would be 'putting the science before the science'. The individual commodity at the beginning of *Capital* must serve as a placeholder while we discover its true identity.

2. Marx's introduction of the circuit M-C-M appears unmotivated, to say the least.²¹ Here is his transitional sentence: 'But alongside this form [C-M-C] we find another form, which is quite distinct from the first: M-C-M' (p. 248). The 'Results' teaches that it is not so unmotivated after all. It is an everyday observation in a market society to find M-C-M alongside C-M-C. But there is more to it; M-C-M *must* be there alongside C-M-C. Why? When wealth generally takes the commodity form, then all inputs into production, including labour power (p. 950), are in the commodity form. Consequently, the production of wealth on a capitalist basis must begin with money in order to purchase the needed labour power and means of production. In the 'Results', Marx goes out of his way to make the point that the consequence of the (simultaneous) generalization of the commodity form and of wage labour is that all the inputs to production are found in the commodity form (pp. 950ff.).²² So production must begin with money. This explains why section (1) of the 'Results' works as a transition to Volume II, which begins with the 'circuits of capital', of which the money circuit, M-C-M, is the first. Marx's transition from generalized commodity circulation to capital works, once we acknowledge that generalized commodity circulation presupposes capitalist production; that is, that the (generalized) commodity form is both the presupposition and the consequence of capitalist production.²³

²¹ Jacques Bidet claims that this transition lacks any argumentative basis: '*there is, in reality, no conceivable dialectical transition [...] Marx [...] had to recognise that he could not proceed by transition, but only by rupture*' (Bidet, 2005, pp. 141–42). I contest this judgement.

²² Marx also makes the contrasting point (p. 1059).

²³ I would like to thank the editors, Riccardo Bellofiore and Roberto Fineschi; the other members of the ISMT and other participants at the conference; and John Clegg. Tony Smith's generous comments were especially helpful.

References

- Arthur, Chris (2002) *The New Dialectic and Marx's 'Capital'* (Leiden/Boston, Mass./Cologne: Brill).
- Bidet, Jacques (2005) 'The Dialectician's Interpretation of *Capital*', *Historical Materialism*, Vol. 13, no. 2, pp. 121–46.
- Editors of Marx (1969b) 'Bibliographical Notice' to Marx, *Resultate des unmittelbaren*.
- Mandel, Ernest (1976) Introduction to the 'Results of the Immediate Production Process' in Marx, 1890.
- Marx, Karl (1857–58) *Grundrisse der Kritik der politischen Ökonomie* (Frankfurt am Main: Europäische Verlagsanstalt, 1939–41) (English: *Grundrisse*, trans. Martin Nicolaus; Harmondsworth: Penguin, 1973).
- (1861–63) *Theories of Surplus-Value*, Part I, edited S. Ryazanskaya and trans. Emile Burns (Moscow: Progress Publishers, 1963).
- (1863–64) 'Results of the Immediate Production Process', trans. Rodney Livingstone, in Marx (1890).
- (1890) *Capital*, Volume I, trans. Ben Fowkes of the 4th edn (1890) (New York: Harmondsworth: Penguin/NLB, 1977).
- (1969a) *Il Capitale: Libro I, capitolo VI inedito*, ed. Bruno Maffi (Florence: La Nuova Italia).
- (1969b) *Resultate des unmittelbaren Produktionsprozesses* (Frankfurt am Main: Verlag Neue Kritik).
- (1970) *A Contribution to the Critique of Political Economy* (1859), trans. S. W. Ryazanskaya; ed. Maurice Dobb (New York: International Publishers).
- (1971) *Un Chapitre inedit du Capital*, ed. and trans. by R. Dangeville (Paris).
- (1981) *Capital*, Volume III (1894), trans. David Fernbach (Harmondsworth: Penguin/NLB).
- (1988) *Resultate des unmittelbaren Produktionsprozesses*, in K. Marx and F. Engels, *Gesamtausgabe* (MEGA), Second Section, Vol. 4, Part 1 (Berlin: Dietz Verlag).
- (1994) 'Results of the Direct Production Process', trans. by Ben Fowkes, in K. Marx and F. Engels, *Collected Works*, Vol. 34 (New York: International Publishers).
- (2008) *Risultati del processo di produzione immediato*, trans. G. Sgro, in K. Marx, *Il capitale. Libro I*, ed. R. Fineschi (Rome/Naples: La citta del Sole-Editori Riuniti).
- Marx, Karl and Friedrich Engels (1954) *Briefe ueber 'Das Kapital'* (Berlin: Dietz Verlag).
- MEGA editors (1988) 'Introduction' to Marx, *Resultate des unmittelbaren*.
- Murray, Patrick (2005) 'The New Giant's Staircase', *Historical Materialism*, Vol. 3, no. 2, pp. 61–83.
- Oakley, Allen (1983) *The Making of Marx's Critical Theory: A Bibliographical Analysis* (London: Routledge & Kegan Paul).

11

A Ghost Turning into a Vampire: The Concept of Capital and Living Labour

Riccardo Bellofiore

Introduction

This chapter puts 'Marx in question', mainly on four issues: the relationship of *Marx with Hegel*; the meaning of *abstract labour*; the notion of *exploitation*; and the *integration of money and value*. In fact, these four points are those which were those most debated since the 1950s, and, as I will try to show, are different facets of the same issue.

A very widespread opinion is that the Marxian theory of value fails to derive individual prices (cf. the followers of Sraffa), that it is a kind of real analysis failing to integrate money (cf. Benetti and Cartelier), and it is based on a Hegelian methodology which is seen as a liability (cf. the post-1976 Colletti). My conclusions are radically different, and point towards a view of Marxian critical political economy as a *macro-social foundation of the evolutionary dynamics of capitalism*, of the critique of political economy as firmly based on the notion of *totality* and *real abstraction*, and on the idea that contemporary capitalism is incomprehensible outside a reference to *abstract labour* and the *centrality of production*.

Even though my aim is to reinstate the (*abstract, human*) *labour* theory of value as a sound *monetary theory of exploitation*, I will argue that Marx's own formulation runs into some trouble (though not for the usual charges against him). Thus, the moment of the *interpretation* of what Marx actually wrote must be distinguished from the moment of *reconstruction* of the project of a Marxian critical political economy.

Marx after Hegel: capital as a totality and the centrality of production

The *first part* of my argument relates to some *methodological* and *foundational* aspects of the Marxian legacy. These methodological aspects of his work have

been made clear, especially in German debate since the 1960s. The general perspective is as follows: Marx's life-work must be read from the perspective of *Capital* (that is, from the later Marx backwards), taking into account that Marx's understanding of his own works lags far behind what he offers in his theory, and that increasingly he tried to conceal his dialectical method (Reichelt, 1996). So, while we have to go 'backwards', we also have to move forward, at least in this sense: that *Das Kapital* needs also to be read giving a crucial position to the suggestions coming from the rough draft of 1857–58 (*Grundrisse*) and the various versions of the beginning of *Capital* (especially the 1859 book and the first chapter in the first edition), where the Hegelian background is much more evident.

Once again, the most developed is the key for the knowledge of the less developed, but we also have to understand the genesis of Marx's exposition of the concept of capital. In this opening paragraph, I shall do this with a kind of a compressed and orientated survey of some key contributions on the relationship between Marx and Hegel which has been crucial in shaping my own view.

Let us start with the question: what is the meaning of the expression *critique* of political economy? In *Capital*, the ultimate object of knowledge is the contemporary social phenomenon as a whole (capital as *totality*): but not as an immediate object; that is, as the empirically given conditions of production. Marx rather proceeds through a critique of bourgeois categories and theories. It is in this inner connection of objects and concepts that it is possible to see, as Alfred Schmidt proposed in the 1960s, a first role of dialectics, and then of Hegel in Marx: what he labels as a 'weak ontology' perspective (Schmidt, 1968). Since there is an ultimate irreducibility of the 'real' object to the object of analysis, the method of presentation must be radically different from the method of inquiry. More than that: the logical course is opposite to the historical course. We have to go from immediate being to mediating essence.

Outward appearance, however, departs from hidden essence, though it is not possible to divorce the two: essence must appear, and this appearance is not mere semblance. The point is that appearance, while exhibiting the essence, at the same time distorts it. It is here that we have a second role of dialectics, and hence a second influence of Hegel on Marx, according to Roberto Finelli: dialectics as dissimulation (Finelli, 1987).

As a totality, capital has to be known as a concept, and hence through a systematic exposition. This latter starts with simple and abstract categories, and then it develops into more and more complex notions, which are also more concrete. This movement may be described as 'concretion'. A third role of dialectics lies here, and therefore a further point of view about the relationship of Marx to Hegel. Dialectics is here seen first of all as systematic dialectics: this outlook is the one taken, more or less, by Geert Reuten (2003). Along this line, categories (and, most importantly, the same value) need to be (and are in fact) redefined again and again at each successive stage, or layer, of Marx's theoretical

development of the concept capital. There are, then, in *Capital* many conceptual conversions or 'transformations'. *The comprehension of the (more complex and) concrete informs the simpler and) abstract*. So, for example, the categories of Volume I are not 'final', in a sense each of them must be re-read in the light of the further development of the argument. Since the latter has remained *unfinished business*, this interpretation of Marx opens to a 'non-orthodox' reconstruction and an 'open' attitude.

All these three approaches to dialectics are correct. I think, however, that there is something more, without which Marx cannot be fully understood. Something, moreover, which has very often been seen as a source of embarrassment in the Marxian camp. It was well understood by Lucio Colletti (1973), in the last chapter of *Marxism and Hegel*. Hegel's *Logic* – Colletti wrote – is the logic of capital, is the logic of the Christian-bourgeois world. The commodity is *truly* a mystical entity, value is *in fact* a metaphysical notion. Capitalism cannot be understood without putting at the core of the capitalist process the dynamics of the *abstraction* of labour as a process of a *real hypostatization* actually going on *in reality* (Colletti, 1972). As Claudio Napoleoni soon realized, this is something which pertains not only to (*generalized*) *exchange*, where Colletti more or less stops (cf. Bellofiore, 1999). The process of abstraction in exchange is the end-point of a process of real hypostatization that is *more fundamental*, and affecting the *capitalist* 'social relations of production'. Capitalism is an *inverted reality*. Why?

To understand this, two other methodological points must be added to what has been said. First, the clear (though implicit) methodological standpoint in *Capital* is the so-called *circle of presupposition-posit* (Finelli, 1987 is useful here too). This means that the presupposition of the result is posited by the result itself, in a *spiral*. What at first appear as subjective and mental abstractions are rather posited by the argument as *objective* and *real* abstractions.

A good example is exactly the crucial notion of abstract labour. In the first chapter, this notion seems just something deduced from exchange *as such*, and the value form itself appear to be grounded only in generalized exchange. It is at this level of argument that the first three chapters introduce money (as the *universal equivalent*). But it is possible to show that abstract labour is eventually posited by Marx as *wage-labour* (Napoleoni, 1975), when this latter is *really subsumed* under capital – that is, when the same properties of the concrete and useful labours are shaped by capital, and the 'matter' of labour itself becomes *form-determined*. Wage labour is *forced* labour (of free subjects! – an absolute historical novelty) and it is *other-directed* labour (as the labour 'commanded' through an organizational and technological capitalist system giving social form to the labour process) (Bellofiore and Finelli, 1998).

Another good example is the relationship between money and (surplus-) value production. Of course, this relationship cannot be theorized in the first

three chapters. The discourse on money is taken up again by Marx in Volumes II and III; and as a consequence, the same categorical structure of its *nature* (and of its *value*) must be re-thought, taking into account the issue of *finance* (Bellofiore, 2005b). More generally, the real subsumption of labour to capital and abstract labour have to be grounded in a *macro* view where the (*expected*) expenditure of the *living* labour of the *wage* worker, as labour *tentatively* producing (more) money as the universal equivalent, strictly depends from the *differential* access to money as (*bank*-)finance by the two fundamental classes of capitalist society (Bellofiore, 2004a).

The second methodological point to be added is that the methodological spiral of the positing of the presupposition is adequate because, ontologically, capital is *self-valorizing value*. Chris Arthur (1993, 2002) has shown convincingly that capital as value begetting value *mimics Hegel's Absolute Idea*: it is the constant drive to *actualize and reproduce its entire conditions of existence*. To be self-grounded, value must be produced by value. But *dead* labour cannot produce more *dead* labour. What is needed, therefore, as both Chris Arthur and myself have (at first independently) asserted over many years, is that capital 'internalizes' in production the same *human activity* which may only turn less dead labour into more dead labour. Indeed, the only 'other' to dead labour cannot but be *living* labour. This making of the workers an *internal other* is possible because the worker is the bearer of labour-power, which, in turn, is nothing but *potential* living labour extracted from the worker. The potentiality to work becomes a commodity bought and sold on the (labour-)market – and the worker is attached to it as its human appendix.

As *pure form*, Arthur stresses, capital 'spins in the void'. True reality is material. But if capital must make workers its internal other, on their side workers may *co-operate* or may *resist*. Paradoxically enough, the value-productivity of the wage-earners, and the same Marxian fundamental theorem according to which the *new 'value added' in the period is the monetary exhibition of nothing but current living labour*, depends precisely on this *potential counter-productivity* of the working class.

If, however, I am right in this reasoned survey, the point where Marx comes nearer to Hegel in his dialectical exposition is exactly the *point where the criticism of Hegel is at its greatest*. The process of 'abstraction' refers to the complex structure of the argument going towards further and further *concretion* (Reuten), but also to abstraction as a *real* occurrence, as real hypostasis (Colletti), which becomes 'true' only with real subsumption, when *form-determination makes matter a content adequate to the form*. Along this line of reading Marx, the positing of the presupposition is *not only a logical method* but, also and foremost, an *ontological feature of capitalism*. As Raffaele Sbardella (1998) put it, one may summarize this view saying that capital is the *Abstract in Motion*. More precisely, it is the Totality where the *antagonistic social relation of production between*

capital and labour (on the labour market and in the capitalist labour process) is *at its centre*. In my view, *this* is the sense in which 'production' is the centre of the concept of capital.

Roberto Fineschi (2001) has put forward – in a perspective that again stresses Marx's method of positing the presupposition, and based on a careful appraisal of the German debate after the MEGA[®] – four other points which I find extremely useful in clarifying the way to go, in both interpreting and reconstructing Marx. First, he points out that *the 'content'* which moves the exposition of *Capital is the commodity* – that is, it is neither the substance of value nor the form of value alone, but rather the contradictory polarities of value and use-value and the development of this contradiction. Second, in Marx, the movement goes from 'content' to 'form', but the content is always, in a sense, already *form-determined*. Third, the (immanent) *measure* of value is (socially necessary) labour *time*: this is the *socially objective dimension* of the magnitude to be measured; but the true *measuring act* which 'fixes' this objective magnitude is only the 'final' exchange *on the commodity market*, where the metamorphosis of the commodity happens, with *money as the measuring rod*. Fourth, Fineschi reminds us of the crucial notion of '*ordinary*' demand. Thus, *socially necessary labour time* is not simply defined by the average techniques but also by the *satisfaction of the social need within the particular branch of production*. We may add that the average technique itself does not exist independently of this influence of demand, which, however, can only affect how much of the amount of the potential value latently present in the commodity actually comes into being.

In my view, these observations allow a radical conclusion (Bellofiore, 2002; 2004a): though the concept of capital as a totality is at each time re-defined at the different layers of the argument in *Capital*, once '*ordinary*' demand is given, the 'value' macro-class analysis of the extraction of living labour and of its distribution between the entire capitalist class and the working class remains *unaffected*. (Surplus-)value production is *demand-driven*, while the *actual extraction* of living labour depends on *class struggle in production* (and on all the factors affecting it). Once the analysis is framed so that *short-term expectations by firms on effective demand are assumed to be confirmed*, expected value is actualized value – this, of course, is quite compatible with radical long-term shifts in demand, and with the periodical eruption of crises. Again in *this* sense, the Marxian analysis of the immediate process of surplus value production in Volume I of *Capital* remains the fundamental *core* of the economic analysis of capitalism.

The abstraction of labour as a process

We come to more-or-less the same conclusions if we take another route; that is, if we consider some key contributions on the notion of abstract labour. As

we have already anticipated, abstract labour is not a mental generalization but a *real abstraction*. It goes on daily in the 'final' *commodity market*, but also on the *labour market* and *immediate production*. Colletti (1972) stressed the abstraction of labour *in exchange*, and the fact that this abstraction amounts to a *real hypostatization*; that is, to an *inversion of subject and predicate*. On the commodity market, through the exchange of *things* – that is, through objectified and dead labour – what is going on is an 'alienation' of the *human subjectivity* of the producers.

A much richer analysis was the one that Claudio Napoleoni (1972) presented as an extension of Colletti's line of thought. It was based on the re-reading of the process of real hypostatization in *all* the phases of the capitalist circuit *before* the final exchange on the commodity market. Napoleoni held that, *on the labour market*, the worker has to be seen as an *appendix of the commodity he[*she*] sells*, labour-power: an instance, again, of inversion of subject and predicate. Something similar may be said about what is happening *in the capitalist labour process*. When we reach the stage of the real subsumption of labour to capital, living labour not only *counts* as abstract, says Marx, but it *is* abstract. Note that, in this view, the properties of labour, hence its characteristics as concrete and useful labour, are *form-determined*. The content of labour cannot be divorced from the form, even as concrete labour. This statement now has a correspondence in the same 'material' reality. Note also that, though the wage-earner as seller and as worker in capitalism has to be reduced to an appendix of labour-power and of labour as value-producing activity, the capacity to work and living labour cannot but remain 'attached' to the worker as human being (within determinate social relations).

Napoleoni (1975) is important for another conclusion. He clarifies that we have in Marx *two* deductions of abstract labour: one *from exchange as such*; and one *from capitalist production*. But the two, he says, are *not* alternative or contradictory. They are in fact one and the same. It is so because the exchange of commodities becomes general *only* in capitalism. Thus, abstract labour is not only *immediately private* labour which *has to become social through exchange*; it is also, and at the same time, the living labour of the wage worker organized by capitals in competition. In fact, the 'immediately private labours' of the beginning of *Capital*, Volume I, must be re-read as individual capitalist firms struggling against each other.

A similar point was made in the 1920s by Isaak Ilyich Rubin (Rubin, 1928). He saw that the abstraction of labour was a process. As *activity*, labour is 'in motion', 'in becoming'. As *values*, the commodities are the 'solidification' by freezing (a *congelation*) of this labour. Hence, the abstract features of labour, when labour is living labour, are there, but only *latently*, and when labour is objectified in the commodity only *ideally*. Rubin rightly stresses that when Marx makes abstract labour dependent on exchange, this must actually be read

not just as a reference to the *final* exchange of commodities on the market, but rather as a reference to the *whole capitalist circuit*, as a *totality including production and circulation*. 'Exchange', in this sense, is the *form of the social production and reproduction process*. And again, Rubin saw very well that in this approach the movement is *from the inner content to the outer form*. A content which is already form-determined: the 'spiral' of the positing of the presupposition once again. On this Rubin is not very clear: his superiority over Napoleoni is on not reducing living labour as activity and value-as-result to an *identity*; his inferiority is in not seeing clearly enough that the labour producing for general exchange is *wage and capitalist labour*.

However, there is a problem here. Recent debates have shown conclusively that if the accent on the abstraction of labour is put *only* on the exchange in the final market, as most value-form theorists are tempted to do, the conclusion risks being the *total evacuation of labour*. More than that: as the debate with the Sraffians has clarified, labour in production before final exchange appears to be *heterogeneous*. The only way to rescue the Napoleoni–Rubin line, in my view, is to *radicalize* it so that that living labour in production is already *tentatively* social thanks to some monetary *ante-validation*. This latter needs to be grounded in a view of the capitalist sequence as an essentially *monetary* circuit in an *endogenous* money approach, with money seen first as *bank finance to production* (Graziani, 2003; Bellofiore, 1992; 2005a).

The abstraction of labour can be asserted only if the deduction of abstract labour is extended so that 'finance', and finance granted by the banking system to the capitalist firm sector, becomes *essential* in Marxian critical political economy. But this is the same as saying that, when we develop a full analysis of the capitalist cycle of money capital, money must necessarily be seen as essentially *non-commodity* money. This breaks with Marx's original formulation. In this alternative monetary perspective, where money as (bank-)finance is crucial, money not only *passively* exhibits value *ex-post* (as in Marx), it also and fundamentally *constitutes* value *ex-ante* (Bellofiore, 2005b).

Money as a commodity and the '*embodiment*' of a ghost

Taking stock of the debate I have been following in the preceding paragraphs, I shall concentrate in this paragraph on the interpretation of some aspects of *Capital*, Volume I.

For Marx, value eventually *comes into being* on the commodity market, with the form of value *necessarily* including a reference to money as a *commodity*. The value of a commodity, before it is sold, counts merely as *ideal* money. To become *actual* value it needs to turn into *real* money in the *final circulation of commodities*. While the *act of measurement* is going on only on

the commodity market, and hence the external *measuring rod* is nothing but money, the *substance of value* to be exhibited in money is nothing but *homogeneous* and *abstract* labour – better, labour which is homogeneous *because* it is abstract. It is in *this* meaning that Marx speaks of an ‘intrinsic’ value whose *immanent* ‘measure’ is labour *time*, if expended in the *socially necessary* amount. The socially necessary labour time (SNLT) constituting value is not just a ‘technical’ average, because the sociality of private labours, and so the *same magnitude to be measured*, is *eventually fixed in market exchange*. Thus, SNLT is known *only ex-post*.

The key point is the ‘unity’ of production and circulation, so that abstract labour is both something *presupposed* to, and something fully *actualized* within, final exchange. Commodities are exchanged with money because – Marx says – they are *already* commensurable. As values, commodities count as objectified abstract human labour: and they count as objectified abstract human labour *because they are ex-ante ideal money*, and because money is a commodity *produced by labour*. As such, as objectified abstract human labour, values are the *preconditions* of the equalization going on in exchange. But abstract labour, Marx adds, is achieved *only in actual* exchange, when commodities as ideal money turn into real money.

Very often, this point – abstract labour *both* as a precondition and as a result of final exchange – has been seen as a contradiction in Marxian critical political economy. On the contrary, it has to be stressed that, in Marx, the analysis is quite *consistent*, precisely *because of Marx’s theory of money as a commodity*. Commodities, as *crystals of abstract labour*, have ‘value’, but this ‘value’, strictly speaking, is a *ghost*. It must *take possession* of a body to exist: this actually happens in the metamorphosis with gold as money, the *embodiment* of value. The abstract labour producing the value of the particular commodities must be *exhibited* by the *concrete* labour producing money as a commodity, as the *universal equivalent*. Since capital is indeed ‘money begetting money’, and money is (directly or indirectly) gold produced by labour, money already has for Marx a *given* labour content when it *enters* the monetary circuit – and this, of course, means it has a determinate ‘value of money’ given *at the point of inflow* into the circuit. It is because of this that the monetary expression of labour time (MELT) can be taken as a given.

Constant capital and variable capital are *money magnitudes* which can be expressed *at the same time*, and *necessarily*, as *labour quantities*. This amounts to a criticism of the correlative errors of unilaterality in the interpretations offered by Moseley and by Reuten, with the first stressing the labour quantities contained in commodities, and the second stressing the monetary exhibition. Geert Reuten rightly stresses that, without exception, the value entities are expressed in *monetary* terms (£), and that the same applies to all numerical

examples. According to this author, this would falsify the accounts according to which 'value' has a *labour-time dimension*. In fact, since for Marx money is a *commodity* produced by *labour*, and abstract labour is exhibited in the *concrete* labour of money as a commodity, there is absolutely *no* contradiction between the fact that 'values' are expressed in monetary terms and *at the same time* they *also* have a labour-time dimension; and this applies to the ideal money of output before actual exchange.

Exploitation can thus be portrayed by Marx as the outcome of what is happening *on the labour market and within immediate production*, even *before* the final exchange on the commodity market – these two are the moments which together define the 'social relations of production'. In Volume I (and II) of *Capital*, however, *two major assumption rules* justify these results: (i) *supply is equal to demand*; (ii) commodities exchange at *simple* or *direct* prices, so that relative exchange ratios are proportional to the labour 'congealed' in these commodities.

Thanks only to these assumptions – and, of course, to the monetary theory of value, which sees in value nothing but a monetary expression of (living) labour as congealed in commodities – the origin of surplus value is *genetically* accounted for, thanks to something akin to a *method of comparison*. The *first step* of this is the situation where living labour is supposed to be expended in an amount equal to *necessary labour*. The *second step* is the *prolongation* of living labour in excess of necessary labour: hence the 'new value' added to the original value anticipated as initial capital. When this self-valorization of capital through the extraction of living labour and surplus labour happens, the ghost has turned into a *vampire*. The first situation in the comparison, though hypothetical, portrays something *real and relevant* for any capitalist economy, and helps to define the *value of labour power* as the labour required to *produce* the means of subsistence. The second situation makes surplus value the *uncertain* outcome of the extraction of living labour from workers, and thus *ultimately* grounds the claim that *only* living labour objectifies as the 'substance' of value. This last point is only implicit in Marx (who thought wrongly he had justified the reference of value to labour in the first chapter) and should be better seen as a moment in the reconstruction of his thought.

In this argument, even when analysing the *origin* of value and surplus value, Marx *cannot abstract from circulation*. This is because he has to take into account the *buying and selling of labour power* as a commodity before the capitalist labour process – that is, he has to explain the *exchange value* of labour power, and thereby how the subsistence level of the wage is set. It is only thanks to this that he can, afterwards, compare the exchange value of labour power (exhibiting necessary labour) with its *use value* (labour 'in becoming', which, once objectified, is the substance of value as ideal money). Marx also has to assume

that the value which is ideally present in the commodity will eventually be *confirmed as social use value* on the final exchange in the market. More than that, he has to assume that the metamorphosis of the commodity with money will happen in the *expected quantitative amount*, so that the abstract labour ideally objectified in the commodity will be fully expressed by the (*immediately*) *social concrete labour producing money as a commodity*.

Though he cannot ever abstract from circulation, he *must* and *does* have to abstract in Volume I (and II) *from the tendency to the equalization of the rate of profits between industries*. This is necessary to make *transparent* the relationship between human labour power as the only source of living labour, the fluid which 'materializes' in congealed shape as value, and this value itself. That is why the analysis of the *constitution* of capital must be put forward in terms of 'simple prices'. At the same time, even though Marx has to abstract from 'static' competition to explain *how capital is produced* before explaining *how capital produces*, he *cannot* fully abstract *from the struggle of capitals to gain extra surplus value*, hence from the diversification and stratification through entrepreneurial innovation; that is from 'dynamic' competition.

Since Marx in Volume I takes the *real wage (of the working class)* as *given* at the subsistence level, Rosa Luxemburg is right in stressing that this will produce a *tendential fall of the 'relative wage'* (Bellofiore, 2004c), within an approach where *the rate of accumulation is the independent variable*, and the *labour supply is (partly) endogenously generated and influenced by labour demand*.

In *Capital*, Volumes II and III, Marx: (i) defines the *abstract* possibility of intersectoral equilibrium (which is neither a fully spelled crisis theory nor a theory of balanced reproduction); (ii) derives *individual* capitalist prices, embodying a uniform rate of profit with a *third step* of his method of comparison, where the average rate of profit is defined as the total surplus value over the total value of capital (but he does not transform the inputs, as in my view he should, as a *fourth step*) (Bellofiore 2002); (iii) puts forward *several crisis theories* (disproportionality, under-consumption, tendential fall in the rate of profits), without integrating them.

This theoretical building, as it stands in Marx, has been subjected to several *criticisms*. The identification of value with the monetary representation of only labour (Boehm-Bawerk) is just one: it is ultimately wrong, but Marx made it a reasonable rebuttal to his argument because of the *ambiguities* of the first chapter of *Capital*, and his concealing of the dialectics and the relationship with Hegel. The fact that Marx did not 'ended' the transformation of prices into values is another problem: in simultaneous determination, simple prices appears to be redundant (this is the opinion of the follower of the surplus approach, *but not of Sraffa*, cf. Bellofiore, 2007): of course, this is because of the *obfuscation* of the role of the abstract labour theory of value in constituting the economic magnitudes, where that theory is really essential.

The real problem, however, is elsewhere. If abstract labour exists only in final exchange, then labours *in production* may appear as only *concrete*, then *heterogeneous*. Only the monetary dimension seems to make them truly social. But then there is no need for the notion of socially necessary *labour*, and of the reference to *time* (as for some value form theorists, *but not Rubin*). We shall overcome these difficulties below.

A macro-monetary reconstruction of the abstract labour theory of value

Here, I summarize some of the main lines of my reconstruction of Marx. This reconstruction is based on the following principles: (i) it is a *macroeconomic*, *class* and *monetary* reading of the capitalist circuit; (ii) the stress is moved to the phases of the cycle of capital which *precede* the 'final' exchange on the commodity market; (iii) both money and abstract labour are seen as *diachronic* concepts 'in motion', perpetually *in becoming*; (iv) the bank-money opening the circuit is *without value*, in the sense of *not* being a commodity produced by labour.

Capitalism is a *monetary sequence* without any reference to money as a commodity. *Logically*, there is an essential temporal *dynamics* within the period defining the circuit, even though the relationship between prices and distribution at the end of the circuit is to be conceived as *simultaneous* when studying the equilibrium of reproduction. The total money wage is ruled by the *subsistence wage*. The value of labour power is *fixed by social conflict*, just as class struggle contributes to determining the *length* and *intensity* of the working day. The money wage bill is advanced to firms by the *banking sector*. This finance is *ex-nihilo*, and has to be read at the same time as finance to production, and finance to innovation.

This *initial* finance is *expectations-based*. These expectations are by firms, banks and workers. *Firms* ask finance on some guesses about the success in *compelling workers to work*, and about the *actualization of their value-output* on the commodity market. These estimates are submitted to *banks*, which *select* firms. This amounts to a *monetary ante-validation of production*, and then also of *the expenditure of labour*. The banking system is ruling a system of *social accountancy*, so that, in giving finance to firms, banks are emitting *ex-ante 'sanctions' of the sociality of the concrete and useful labours* to be employed by firms, as well as *granting the expectations of gross money profits*. *Workers* bargain their money wage, having in mind a *target* real wage.

Marx's two major assumptions in 'pure' theory amount to the idea that both workers' expectation and firms' short-term expectations are met: *no injustice in exchange* explains systematically the emergence of gross money

profits, and in the short term, *supply is driven by expected (and realized) demand*. Because of the assumption about the total real wage, bank-finance, *though without value in itself*, can be 'translated' into *a certain amount of labour-power*. If the joint expectations about valorization in production by firms and banks are also met, the labour-power bought gives origin to the expected flux of living labour, and then of value congealed as 'ideal' money. As long as short-term expectations about the actualization of value are confirmed, this ideal money becomes real money in the *same* amount, and the SNLT is the one actually expended in production. Exploitation is determined by what happens in the articulation of the labour market (moment of circulation, ruled by the subsistence class real wage – *necessary labour going back to all the workers*) and the process of production (moment of immediate valorization, *ruled by the antagonism between capital and the working class in production on the extraction of living labour*).

Because of the way the theory is constructed, the class distribution depends ultimately from *social relations of production* defined by this articulation, and it is analysed adequately by a reasoning in 'values' – that is, a shift from *simple prices* to *prices of production* definitely does *not* change the class relationship between capitalists and workers. From this point of view, what the so-called transformation of exchange values into prices of production does is simply to conceal (that is, *dissimulate*) the real state of affairs. Even though the working class get the *same wage in use values*, always requiring the *same* given amount of labour time to be produced, the *sellers* of those use values are able to *command* in circulation *more or less* labour than is contained in commodities. This determines a *divorce* between *paid* and *unpaid* labour from the *necessary* and the *surplus* labour required to *produce* profit-goods and wage-goods.

The logic here is 'macro', as in most recent approaches to Marx. But here, differently from these new approaches, class division is *basic* in discriminating the same *access to money*, and the model is monetary *from the start*: money is not only (*as universal equivalent*) crucial *after* production has been accomplished, it is also necessary (*as bank finance*) to *start* production and to determine the *composition* of output and employment. In this reconstruction of critical political economy – and this again is a difference relative to most of the new macro-monetary approaches to Marx, there is no doubt about money being necessarily *endogenous* and *non-neutral*. This allows, as in Marx, to see the *same* labour in production as something which is *dual* in the same moment of *activity*: labour is both *concrete* (as the collective worker organized by capital, with specific properties) and *latently abstract* (that is, as labour *tentatively* producing money and more money, manipulated and other-directed by a capitalist will and design).

The value of money: an alternative reading

The abandonment of the view of money as a commodity does *not* produce a collapse in the abstract labour theory of value, *provided a monetary ante-validation of labour is granted through banks financing firms' bets on valorization*. The problem remains, however, to show how the value of money (or the MELT) is determined in this alternative reading, which cannot be reconciled with a quantity-theory of money approach.

Once we leave the world of money as a commodity and accept the mathematical formulations of the New Interpretation on the 'transformation', Marx's determination of the MELT *prior* to final exchange *no longer holds*. This creates a problem, since it does not seem compatible with Marx's idea that exploitation can be meaningfully defined *ex-ante* – that is, *before the market outcomes*. The problem can be overcome if we look at how the MELT *ex-post*, at the end of the circuit, comes into being, assuming that *the expectations of banks, firms and workers are fully met*. In the *first phase* of the monetary capitalist circuit we can take *as given* the money wage bargained by firms and trade unions on the labour market. The *money wage bill* (average money wage multiplied for employment) must be equal to the amount the workers need to buy as the *real subsistence wage*. This magnitude is nothing but the bank finance asked by firms to allow them to buy *a certain number of workers*. Thus, even though the credit money advanced by banks is in itself without value, that finance correspond to *a very clearly defined amount of labour time*: namely, the labour time required to produce the real wage goods for the working class – that is, *necessary labour*. It is the labour-time congealed in the means of subsistence for the number of workers bought at the average daily wage. This is the *first definition* of the *value of money*: the value of money *as finance*, strictly speaking.

Those workers are *expected* to give birth to a given amount of *living labour*, which will be objectified in a certain amount of *commodity-value to be sold* at *expected prices*. This is an *ideal* money sum. Even though the expected returns are in themselves, as paper money, without value, this is not so for the amount of *congealed labour* in the commodity output. Here we have an *ex-ante* determination of the value of money (*as universal equivalent* to be spent of the commodity market). This value-output, seen as *crystal of labour*, correspondent to the expected *money sum* to be realized by selling it, gives us the *second definition* of the *value of the money* advanced by firms thanks to banks – the value of money *as capital*. Here we are in fact comparing the monetary expression of the labour time congealed in the commodity output with the labour time congealed in the money wage bill exhibiting the real class subsistence level. If we assume that firms' short-term expectations are *met*, this *ex-ante* MELT is also *equal to the ex-post MELT*, to the MELT as fixed in the final commodity market.

The same thing can be looked from the angle of the *realized* magnitudes, with no assumption on the level of the real wage gained by the working class (which may be higher or lower than subsistence). Once the real consumption of the working class is fixed, once the techniques are given, and once the battle over the length and intensity of the working day ends, we have determined the *total* living labour expended and the *share* of that total labour going into the commodities made available to workers: the difference is total surplus labour.

These labour quantities are *independent* from the price rule because – as long as exploitation and the consumption bundles are given – they do not change. The only thing which happens with a change in prices is a *redistribution* among individual capitals of the total direct labour exhibited by money income, something which does not affect directly the fundamental class relation.

In the end, this reasoning converges with the New Interpretation *ex-post*, observable MELT. In my reconstruction of Marx, it is *fully* accepted that the MELT is *only* determined in the metamorphosis of commodities with the universal equivalent on the commodity market. The difference is that an attempt is made to put a hypothesis on the macro working of the economy within an endogenous bank-credit money system, within a 'circuitist' approach. Crucial to this perspective is indeed that capitalist production needs a monetary *ante-validation* just to begin.

The standpoint of Hegel

In his *Essays on Marx's Theory of Value* (1928), Rubin wrote:

One cannot forget that, on the question of the relation between content and form, Marx took the *standpoint of Hegel*, and not of Kant. Kant treated form as something *external* in relation to the content, and as something which adheres to the content *from the outside*. From the standpoint of Hegel's philosophy, the content is not in itself something to which form adheres from the outside. *Rather, through its development, the content itself gives birth to the form which was already latent in the content.* Form necessarily grows out of the content itself. This is a basic premise of Hegel's and Marx's methodology, a premise which is opposed to Kant's methodology. From this point of view, the form of value necessarily grows out of the substance of value. (p. 117)

Even though this quote by Rubin is controversial, I think that he was into something, both about the *interpretation* of what Marx was trying to do, and about the suggestions of *what had to be done* in the critique of political economy. The point, as I insisted all along in this chapter, is that there is a *dual* meaning in the reference to the *form* in relation to the *content*. The content, in a sense, is already *always* form-determined. *Commodities, as values*, are a

ghost-like 'objectuality', and nobody knows how to handle this value, until it takes a *separate and autonomous form* from the commodities themselves: *money*. It is *only* when the opposition *within* the commodity becomes a *real duality* – *value-as-content* duplicated by *value-as-form* – that *Hegel's ontological categories start to gain actuality*, and *value begetting value becomes the instantiation of the Absolute Idea*. We pass from the *embodiment* of value (*the ghost taking possession of a 'material' body*) to '*value begetting value*' (*the valorization process*). Capital is then a *vampire*, dead labour sucking living labour: an animated monster which begins to work *as if its body were by love possessed*.

So, exactly when Hegelian ontology seems to come fully into being in capitalist reality, it turns out that it *depends* crucially on its ability to exploit and command labour. In this sense, *when the 'content' is fully form-determined* – that is, when *labour, both as concrete and abstract, is shaped by capital*, the movement is as Rubin portrays it: *from the 'content' to the 'form'*. But to make that content really form-determined, a *monetary ante-validation* is needed as a necessary logical moment. To maintain *both* the value-form *and* abstract labour as essential notions in the constitution and development of the concept of capital, Marxian theory of value must be reconstructed as a macro-monetary theory of exploitation along the lines proposed here.

References

- Arthur, Christopher J. (1993) 'Hegel's *Logic* and Marx's *Capital*', in Fred Moseley (ed.), *Marx's method in Capital. A reexamination* (Atlantic Highlands, Humanities Press), pp. 63–87.
- (1999) 'Napoleoni on Labour and Exploitation', in Riccardo Bellofiore and Mario Baldassarri (eds), *Classical and Marxian Political Economy: A Debate on Claudio Napoleoni's Views*, Vol. LXXXIX, nos 4–5 (April–May) (Rome: SIPI), pp. 141–63.
- (2002) *The New Dialectic and Marx's Capital* (Amsterdam, Brill).
- Bellofiore, Riccardo (1985) 'Money and Development in Schumpeter', *Review of Radical Political Economics*, Vols 1–2, pp. 21–40. Also in John Cunningham Wood (ed.), *Joseph Alois Schumpeter: Critical Assessments*, Vol. IV (London, Routledge, 1991), pp. 371–94.
- (1989) 'A Monetary Labour Theory of Value', *Review of Radical Political Economics*, Vol. 21, nos 1–2, pp. 1–25.
- (1992) 'Monetary Macroeconomics before the General Theory. The Circuit Theory of Money in Wicksell, Schumpeter and Keynes', *Social Concept*, no. 2, pp. 47–89.
- (1999) 'The value of labour value. The debate on Marx in Italy: 1968–1976', in Mario Baldassarri and Riccardo Bellofiore (eds) *Classical and Marxian Political Economy: A Debate on Claudio Napoleoni's Views*, Vol. LXXXIX, nos 4–5 (April–May) (Rome: SIPI), pp. 31–69.
- (2002) 'Transformation and the Monetary Circuit: Marx as a Monetary Theorist of Production', in Martha Campbell and Geert Reuten (eds), *The Culmination of Capital: Essays on Volume Three of Marx's Capital* (London/New York: Palgrave Macmillan/St. Martin's Press), pp. 102–27.
- (2004a) 'Marx and the Macro-foundation of Microeconomics' in R. Bellofiore and N. Taylor (eds), *The Constitution of Capital: Essays on Volume I of Marx's Capital* (Basingstoke: Palgrave Macmillan).

- (2004b) 'As If Its Body Were by Love Possessed. Abstract Labour and the Monetary Circuit: A Macro-Social Reading of Marx's Labour Theory of Value', in Richard Arena and Neri Salvadori (eds), *Money, Credit and the Role of the State. Essays in Honour of Augusto Graziani* (Aldershot: Ashgate).
- (2004c) 'Like a Candle Burning at Both Ends. Rosa Luxemburg and the Critique of Political Economy', *Research in Political Economy*, Vol. 21, pp. 279–97.
- (2005a) 'Monetary Economics after Wicksell. Alternative Perspectives within the Theory of the Monetary Circuit', in Giuseppe Fontana and Riccardo Realforzo (eds), *Monetary Theories of Production* (Basingstoke: Palgrave Macmillan).
- (2005b) 'The Monetary Aspects of the Capitalist Process in the Marxian System: An Investigation from the Point of View of the Theory of the Monetary Circuit', in Fred Moseley (ed.), *Marx's Theory of Money: Modern Appraisals* (Basingstoke: Palgrave-Macmillan).
- (2007) 'Sraffa after Marx, an open issue', in Guglielmo Chiodi and Leonardo Ditta (eds), *Sraffa or An Alternative Economics* (Basingstoke: Palgrave-Macmillan).
- Bellofiore, Riccardo and Roberto Finelli (1998) 'Capital, Labour and Time. The Marxian Monetary Labour Theory of Value as a Theory of Exploitation', in Riccardo Bellofiore (ed.), *Marxian Economics: A Centenary Appraisal*, 2 Vols. (London/New York: Macmillan/St. Martin's Press, pp. 48–74).
- Colletti, Lucio (1972) *From Rousseau to Lenin. Studies in Ideology and Society* (London: New Left Books) (Italian edition, 1969).
- (1973) *Marxism and Hegel* (London: New Left Books) (Italian edition, 1969).
- Finelli, Roberto (1987) *Astrazione e dialettica dal romanticismo al capitalismo. Saggio su Marx* (Roma: Bulzoni).
- Fineschi, Roberto (2001) *Ripartire da Marx. Processo storico ed economia politica nella teoria del capitale* (Napoli: La città del sole).
- Foley, Duncan (1986) *Understanding Capital. Marx's Economic Theory* (Cambridge, Mass.: Harvard University Press).
- Graziani, Augusto (2003) *The Monetary Theory of Production* (Cambridge University Press).
- Moseley, Fred (2003) 'Appendix: Non-commodity Money and the Transformation Problem', in 'Money Has No Price. Marx's Theory of Money and the Transformation Problem'; Version presented at the Mount Holyoke Conference.
- (2005a) 'Money Has No Price. Marx's Theory of Money and the Transformation Problem', in Fred Moseley (ed.), *Marx's Theory of Money. Modern Appraisal* (Basingstoke: Palgrave).
- (2005b) 'The Determination of the 'Monetary Expression of Labour Time' in the Case of Non Commodity Money', <http://www.mtholyoke.edu/courses/fmoseley/melt.doc>.
- Napoleoni, Claudio (1972) *Lezioni sul Capitolo sesto inedito* (Torino, Boringhieri).
- (1975) *Smith Ricardo Marx* (Oxford: Blackwell) (Italian edition, 1973).
- Realforzo, Riccardo and Riccardo Bellofiore (2003) 'Money as Finance and Money as General Equivalent: Re-reading Marxian Monetary Theory', in Sergio Rossi and Louis-Philippe Rochon (eds), *Modern Theories of Money: The Nature and Role of Money in Capitalist Economies* (Cheltenham & Northampton: Edward Elgar).
- Reichelt, Helmut (1996) 'Why Did Marx Conceal His Dialectical Method?', in Werner Bonenfeld, Richard Gunn, John Holloway and Kosmas Psychopedis, *Open Marxism*, Vol. III: *Emancipating Marx* (London, Pluto Press).
- Reuten, Geert (2003) 'Karl Marx: His Work and the Major Changes in its Interpretation', in W. Samuels, - J. Biddle and J. Davis (eds), *The Blackwell Companion to the History of Economic Thought* (Oxford: Blackwell), pp. 148–66.

- Reuten, Geert (2004) 'Productive Force and the Degree of Intensity of Labour: Marx's Concepts and Formalizations in the Middle Part of *Capital I*', in Riccardo Bellofiore and Nicola Taylor, *The Constitution of Capital. Essays on Volume I of Marx's Capital* (Basingstoke: Palgrave Macmillan), pp. 117–45.
- Rubin, Isaak I. (1928) *Essays on Marxian Theory of Value* (Detroit, Mich.: Black and Red, 1972).
- Sbardella, Raffaele (1998) 'Astrazione e capitalismo. Note su Marx', *Vis-à-Vis*, no. 6, pp. 191–11.
- Schmidt, Alfred (1968) 'On the Concept of Knowledge in the Critique of Political Economy', *Karl Marx 1818–1968* (Bad Godesberg: Inter Nationes), pp. 92–102.

12

From History of Capital to History in *Capital*

Massimiliano Tomba

The critical edition of the works of Marx and Engels (MEGA⁽²⁾) makes it possible to re-read Marx with new philological instruments. However, these do not really add up to much if they do not allow us to make a new beginning in the interpretation and use of Marx. One cannot read Marx without Marxism and its interpretative sedimentations. Not even philology is neutral. The texts of Marx, as 'pure' texts, removed from their political context, do not exist any more. This is admitted, and it is not conceded that they have ever existed as such. Fundamentally, the fact that we are faced here with a single critical edition of two authors together is proof of this. These two authors, Marx plus Engels, represent the plurality of the work that is present in those texts. Not only discussions in common, but common political work beyond the individualities of Marx and Engels: a crossroads and always open intervention into the workers' movement. These texts contain an intrinsic political dimension. The fact that they cannot be separated from politics and from the struggles of the workers' movement is the reason that the academic world has always had difficulty in digesting them.

Marx's text does not exist without the interpretative sedimentations and its political use in the class struggle. The contemporary attempt to place it in the glass case of philology, to restore it in its objectivity of economic and social science, is itself a piece of that class struggle: the reaction against the political content of Marx's analyses, in order to produce a depoliticized Marx, without the class struggle. There is an absolute continuity between those who supported the tanks sent against the Berlin workers in 1952 in revolt against the prison of the wage workers of the socialist state, and those currently singing the praises of Marx as a social scientist. Both get rid of politics. The former transformed politics into a fetish; the latter delete politics because it is not scientific.

Commodity and capitalistic form of production

Capital opens with the commodity, with the 'individual commodity' as the 'elementary form' of the capitalist mode of production (Marx, 1890, p. 23;

English, p. 125). To Wagner, who from the concept of value sought to deduce the other categories, Marx replies:

All this is 'drivel.' *De prime abord*, I do not proceed from 'concepts,' hence neither from the 'concept of value,' and am therefore in no way concerned to 'divide' it. What I proceed from is the simplest social form in which the product of labour presents itself in contemporary society, and this is the 'commodity'. (Marx, 1881, pp. 368–69, English, p. 20)

Marx does not start with either the concept of value, or with that of the commodity, but with that of the commodity as a concrete element (*Konkretum der Ware*) (Marx, 1881, p. 362). The use object is comprehended not in an abstract form, but as the product of the concrete human activity that gives it form. The act of the materialist historian consists *prima facie* in comprehending the object as praxis, we might add subjectively, to show in it the concrete activity that produced it. This means, therefore, grasping the commodity as a 'concrete social form of the product of labour' (Marx, 1881, p. 369; English, p. 21). Starting with the commodity as 'the product of labour in the present society [*in der jetzigen Gesellschaft*]', its categories are explained not in a meta-historical way, but only in their specific historical content determined by the relations of production.

Marx begins with the commodity and its use-value as the simplest category of the capitalist mode of production, but these categories enter into explosive tension when they meet a specific commodity with a particular use-value: labour-power. In this way, exchange manifests itself in a transfigured nature as soon as it presents itself as an exchange between labour-power and capital. Marx does not explicate capital and capitalist relations with the calm with which an entomologist examines an object of research, but instead assumes the point of view of the object, or better, the subjective side of the object. The praxis of the working class in struggle is its own praxis, the prospective of which observes capital in a relationship of tension with the working class. Capital stripped of this relationship is an *abstraction*. And this same abstraction is a historical product of this relationship. From an abstract point of view, from the point of view of the impartial observer who studies the object in front of him or her, the relationship between the classes *appears* to be symmetrical.

The capitalist maintains his rights as a purchaser when he tries to make the working day as long as possible, and, where possible, to make two working days out of one. On the other hand, the peculiar nature of the commodity sold implies a limit to its consumption by the purchaser, and the worker maintains his right as a seller when he wishes to reduce the working day to a particular length. There is here therefore an antinomy, of right against

right, both equally bearing the seal of the law of exchange. Between equal rights, force [*Gewalt*] decides. Hence, in the history of capitalist production, the establishment of a norm for the working day presents itself as a struggle over the limits of that day, a struggle between collective capital, i.e. the class of capitalists, and collective labour, i.e. the working class. (Marx, 1890, p. 249; English, p. 344)

A 'civil war' is delineated¹ in which the *Kapitalistenklasse* and the *Arbeiterklasse* have, symmetrically, each their own justice and their own rights. But Marx's *Capital* is constructed not around this symmetry, but rather around an asymmetry that stands in relation to the dialectic as the fuse stands in relation to the dynamite. From the point where we think that the buyer and seller of the commodity labour-power negotiate a contract as 'free persons who are equal before the law' (Marx, 1890, p. 190; English, p. 280), we now move to being in the middle of a civil war in which the working class seeks to impose a sort of 'working day'.² The real asymmetry between the classes instead gives the lie to the legal appearance in which the seller and buyer of labour-power seem to contract together freely: the imposition of a universal law for a part of society, that imposed by the struggle of the working class to limit the working day, is an expression of this asymmetry of relations. And it is therefore the truth. Only through this asymmetry is it possible to put an end to the 'history of capitalist production': and to its perennial 'civil war.'

If we limit ourselves to observing the commodity simply as a use-value, we see in it only 'things which serve to satisfy needs of one kind or another' (Marx, 1890, p. 192; English, p. 283). This approach does not, however, identify the specific nature of the relations of capitalist production. From this point of view, it does not matter whether the labour process takes place for a capitalist or for a feudal lord. From the taste of the wheat, writes Marx, we cannot taste who cultivated it, and more importantly, we do not see the conditions under which the labour process took place (Marx, 1890, p. 199; English, p. 290). Use-objects have *always* been so, just as we have *always* exchanged different use-values to satisfy diverse needs:

The product of labour is an object of utility in all states of society; but it is only a historically specific epoch [...] which presents the labour expended in the production of a useful article as an 'objective' property of that article,

¹ 'The establishment of a working day is therefore the product of a protracted and more or less concealed civil war between the capitalist class and the working class' Marx (1890), p. 316 (English, p. 412).

² To represent wage relations in terms of equity is logically impossible. This should be the standard by which to judge the theory of justice of Rawls (1971, 1993).

i.e. as its value. It is only then that the product of labour becomes transformed into a commodity. (Marx, 1890, p. 76; English, pp. 153–54)

The wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'; the individual commodity appears as its elementary form. (Marx, 1890, p. 49; English, p. 125)

Two elements are important here: on the one hand, the commodity is named as the elementary form of the capitalist mode of production, and therefore, as a category, it cannot be extended to relations of production different from capitalist ones. Such an extension would only mean the categories of capital, transforming them from something historical into natural categories. Marx wants to show the radical break determined by the rise of the capitalist mode of production. It is for this reason that, up to the very last stroke of the pen, he demonstrates the structural transformation that even 'wealth' undergoes in the current mode of production. From the time that it appears as an 'immense collection of commodities [*ungeheure Warensammlung*]', even scarcity assumes a radically different sense from that which it had in the past. Marx begins his exposition by delineating an anthropological break comparable to that of the Neolithic. The collecting of use objects becomes *ungeheur*; that is, at the same time both *enormous* and *monstrous*, when it appears in the form of commodities, when it no longer serves to satisfy needs, and it becomes possible for scarcity to exist in the midst of the greatest overabundance. It is first of all a different relation with the world of needs, because the latter is itself structurally changed, to take its modern form. Whether needs come 'from the stomach or from the imagination makes no difference' (Marx, 1890, p. 49; English, p. 125). The modern epoch has given birth to this enormous distortion in the sphere of needs; it is *monstrous* not so much for being out of proportion, but to the extent that it finds in capital its own limits.

The epochal character of capitalism consists in this indifference with respect to use-values, an indifference that Marx analyses through the category of value and the concept of valorization. In order to demarcate the break with a whole continent of thought extraneous to the relations of capitalist production, Marx, starting from the *Anhang* to the edition of 1867, calls into question Aristotle. The problem looks at what renders a commodity 'immediately exchangeable [*unmittelbar austauschbar*]' with another: this common element is for Marx the 'undifferentiated human labour', that is 'like all other commodity-producing labour, it is [...] labour in its directly social form' (Marx, 1890, p. 73; English, p. 150). Aristotle was able to grasp that there can be no exchange without equivalence, and that there cannot be equivalence without commensurability (Aristotle, 1984, p. 1178; Marx, 1867, p. 635). Aristotle understands that two commodities cannot be referable to another commensurable quantity if not for

the presence of an essential equivalence, but he stopped when faced with this common essence, and tells us that things that are so heterogeneous cannot be commensurable. The concept that Aristotle lacked, Marx emphasizes, was that of 'equal human labour', that could not be put forward because 'Greek society was founded on the *labour of slaves*, hence had as its natural basis *the inequality of men and of their labour-powers*' (Marx, 1867, p. 636) Aristotle could not identify the 'secret of the expression of value'; he could think of the existence of a common substance that rendered different objects commensurable, but he couldn't think of the concept of value. In fact, Marx writes,

The secret of the expression of value, namely the equality [*Gleichheit*] and equivalence of all kinds of labour because and in so far as they are human labour in general, could not be deciphered until the concept of human equality [*Begriff der menschlichen Gleichheit*] had already acquired the permanence of a fixed popular opinion. (Marx, 1867, p. 636)

This clarification, added by Marx in the *Anhang* and then brought back up again in successive editions, allows him to demonstrate finally the passage of the commodity form into value in terms of a historical discontinuity. The intelligibility of value, an impossibility in Aristotle, becomes possible only when the concept of equality possesses the *tenacité d'un préjugé populaire*, as we read in the French edition edited by Marx. It is evident that, discussing this historical determinacy pulled out of the cannon-fire of the American Civil War,³ Marx intended to explain categorical abstractions by their concrete historic content: the class struggle. Equality as a popular prejudice does not fall from the sky, but is the result of concrete struggles, in which the oppressed classes have shattered to pieces the old authoritative hierarchical relations and social rankings that claimed to be founded in nature. This process of dissolution is carried out by concrete practices of liberation of the serfs, who re-enter contractually into work relations as *formally free workers*, waged labourers who sell their labour-power to the capitalist. In other modes of production, such as the 'patriarchal family' or in the ancient 'Asiatic community', the product of labour *is not a commodity*, but possesses instead a 'determinate social character' that derives from its being produced for consumption in that particular community (Marx, 1871-72, pp. 29, 44). In the production of commodities, the social form of labour is instead inconsequential: the commodities behave toward one another as equals [*Ihresgleichen*], as 'expenditures of human labour-power'. The indifferent sociality of abstract labour destroys the previous community relations and the multiplicity of the differences between the particular

³ See the letter from Marx to Engels, 29 October 1862 (Marx and Engels, 1985, p. 419).

spheres of society, producing a *new, radical difference*: that between capital and waged labour. And it is within this difference and starting from it that the previous differences become reinvented and re-articulated as differences of gender, ethnicity, race and culture.

When Marx poses in equality as a popular prejudice the condition of possibilities for deciphering the notions of value and abstract labour, he is putting in a categorical context a historical determinacy that is not only a sign of the particularity of modern society, but also forces us to think of the category of capital as radically traversed by class antagonism. He explains it in such terms, as he does in the preface to the 1873 edition, as an ideal and therefore material element transferred and translated into the brains of humans. The level of abstraction needed to think of value can be reached when, in the real world of social relations, concrete labour becomes the phenomenological form of abstract labour. And this abstraction finds a place when the productive process becomes a process of valorization. The level of abstraction necessary to think of the concept of value is therefore possible only starting with the dissolution of differences that claim to be natural; with this dissolution it becomes possible also to affirm the abstract nature of capital.

The commodity is therefore the form that every object produced assumes in the capitalist mode of production; in this geological passage, use-value assumes a new form as well: therefore it is necessary also to investigate the specifically capitalist use-value of use-value. This new nature emerges specifically in consumption, *both individual and productive*. *Individual consumption* is linked to the satisfaction of needs, but the transformation in the nature of needs undergoes change through individual consumption, which is itself part of a larger anthropological transformation linked to affirmation of the relations of capitalist production. Along with this transformation arises the reactionary small talk about so-called 'superfluous' needs. It is, however, in productive consumption that the specifically capitalist nature of use-value emerges in all its glory: when, that is, work uses products of work as means for the production of new products. In this sense, the means of work 'indicate the social relations within which men work' (Marx, 1890, p. 195; English, p. 286). The page dedicated by Marx to describing the machinery employed to increase the productive power of work is only the prolegomena to a critique of the capitalist use-value of technology and of bourgeois science, and their supposed neutrality. This means that workers' self-management of the factory is only a dream that runs up against the use-value of constant capital.

But the analysis and its politics go only halfway unless one puts one's finger on a *particular type of consumption of a specific commodity*: the capitalist 'then proceeds to consume the commodity, the labour-power, he has just bought, i.e., he causes the worker, the bearer of that labour-power, to consume the means of production by his labour' (Marx, 1890, p. 199; English, p. 291). There is here

a further duplication of the levels of analysis: work not only consumes the products – the means of production – in order to create new products, but it also consumes, at the same time, the commodity labour-power, its own *Träger*, the flesh and blood worker. The capitalist inversion, domination through abstraction and through valorization, is overturned by the working class point of view. The exchange between capital and labour-power is a special exchange, because it is the only one in which the seller of the commodities remains attached to the commodity sold. And that commodity, labour power, does not exist apart from the body of the seller. In this sense, there is a continuity between slave labour and wage labour. The consumption of the use-value of labour-power that presents itself in the form of the physical and spiritual brutalization of the worker, does not only pose a moral question, but also a further problem, related to the uncompensated nature of this consumption of the worker's body. The capitalist has purchased labour-power, but consumes the worker as well. And there is no wage that can compensate for this consumption.

The capitalist is interested in the specific use-value [*spezifischer Gebrauchswert*] of the commodity labour-power, which consists in being the source of value and of more value than it has in itself: the capitalist is therefore interested in living labour [*lebendige Arbeit*] furnished by labour-power, which constitutes its specific use-value capable of valorizing value to a greater magnitude than that of the labour-power itself. It is this 'difference in the magnitude of value [*Wertdifferenz*]' (Marx, 1890, p. 208; English, p. 300) that the capitalist pursues and the workers curse. The use-value of labour-power has therefore an *incipite* character: this shows itself in the specific nature of *living* labour, which is on the one hand that which valorizes value, and on the other is the worker's body counter-posed to the use-value of *dead* capital. It is from this concreteness that Marx develops his positions in *Capital*. In the first seven chapters of *Capital* one should not look for a systematic deduction of the categories, but rather for the construction of a voltaic arc suspended between the use-value of the commodity and the particular use-value of a specific commodity: labour-power.

Labour in the capitalistic form of production

Before his reflections on the 1860s, Marx had not yet cleared up some important categorical distinctions relative to abstract labour and value.⁴ The limits of Marxian thought of the 1850s become evident as soon as we search for traces of the distinction between value and exchange-value, between abstract labour

⁴ In the *Grundrisse*, Marx had not only not yet cleared up the terminological distinction between the two characters of labour that produce commodities, but also had not clarified the important notion of 'socially necessary labour'; see Hecker (1987), pp. 147–96, 149–50.

and social labour. The level of analysis in the *Grundrisse* precedes the Marxian immersion in the question of value, which is worthwhile re-examining in order to identify the problem that tormented Marx.

Around 1867, Marx was in search of a discriminate element, capable of indicating in terms of a break that which transforms ordinary products into commodities. Since commodities are exchangeable, it is necessary to determine a common substance that permits them to be equivalents. Two different commodities are exchangeable because they have something in common, because they are things made of 'an identical social substance human labour' (Marx, 1890, p. 58; English, p. 138). Value is delineated in the Marxian understanding of it as the form of the exchangeability of commodities: since it is called upon to explain exchange, and therefore is a condition of its possibility, it cannot derive from exchange.

Commodities 'possess an objective character as values only in so far as they are all expressions of an identical social substance [*gesellschaftliche Einheit*], human labour', their 'objective character as values is therefore purely social. From this it follows self-evidently that it can only appear in the social relation between commodity and commodity' (Marx, 1890, p. 62; English, pp. 138–39). The objectivity of value is not a product of the exchange between commodities; it is already present in the production of commodities itself, but manifests itself in exchange, which is after all the site of its *Erscheinung*. To claim instead that this objectivity of value has a place only in the relations of exchange (Heinrich, 2005, pp. 47–48), means to assume that exchange is a historical invariant, and means, consequently, to find *Wertgegenständlichkeit* wherever there is exchange. Commodities instead have objectivity of value in as much as they are expressions of the same social substance, of labour 'in an immediately social form' (Marx, 1871–72, p. 21). It must be investigated as soon as labour undergoes this metamorphosis. And it is only through contact with that particular commodity that is labour-power that the invariant historical 'exchange' enters a new constellation of concepts that radically re-defines its semantic. If instead, exchange is assumed, if the abstract character of labour arises in exchange, from the moment that the use objects are exchanged, the category of value would be eternalized, losing thereby the historical *discontinuity* that characterizes the mode of production of commodities. In the *Ergänzungen und Veränderungen* to the first volume of *Capital* edited between December 1871 and January 1872, Marx observes:

The general or abstract character of labour [*allgemeiner oder abstrakter Charakter*] is, in the production of commodities, its social character [*gesellschaftlicher Charakter*], since it is the character of equality [*Gleichheit*] of labours that is incorporated in the different products of labour. This determinate form of social labour [*gesellschaftliche Arbeit*] distinguishes the

production of commodities from the other modes of production. (Marx, 1871-72, pp. 28-29)

The production of commodities distinguishes itself from other modes of production because here, and only here, the social character of labour is not derived from the fact that the different labours are functions of a community, as was the case with the patriarchal family or ancient community (Marx, 1871-72, pp. 28-29), but from the fact that the different labours that produce commodities have the character of *equality*. Marx calls this 'common element [*das Gemeinsame*]' that presents itself [*sich darstellt*] in the exchange of commodities: value [*Werth*] (Marx, 1871-72, p. 72). The true problem is the origin of this element common to all commodities, identified in the historic break, starting from which the product of labour is transformed into a commodity (Marx, 1890, p. 76; English, p. 156). The question looks at the transition to the production of commodities and its categories. In order to arrive at the correct determination of it as the *universal form of value*, Marx passes through intermediate levels of abstraction that he abandons immediately. This is the case with the '*expanded relative form of value*'. This determination is passed over because the expression of relative value to another commodity leads to an infinite chain of causes where it is impossible to identify any unitary character. This is instead provided by the '*General form of value* [*allgemeine Wertform*]'. Here value is no longer determined in relation to exchange between use-values, but is the expression of that which is common [*Gemeinsame*] to all commodities' (Marx, 1890, p. 80; English, p. 158).

In this manner, the labour objectified in the values of commodities is not just presented negatively, as labour in which abstraction is made from all the concrete forms and useful properties of actual work. Its own positive nature is explicitly brought out, namely the fact that it is the reduction of all kinds of actual labour to their common character of being human labour in general, of being the expenditure of human labour-power.

The general value-form, in which all the products of labour are presented as mere congealed quantities of undifferentiated human labour, shows by its very structure that it is the social expression of the world of commodities (Marx, 1890, p. 81; English, pp. 159-60).

This homogenization of the different labours to undifferentiated human labour happens when labour-power is employed not to the ends of producing determinate use-values, but to the ends of valorizing value. This occurs in the valorization process, which can be animated only by living labour and by its specific use-value: it is for this reason that the opposition between value and use-value inherent in the single commodity takes the form of the expression of the opposition between labour-power and the subjectivity of the worker, between the process of valorization and the labour process. If Marx

starts from the *Konkretum* of the commodity it is because abstraction and the valorization process itself find their limits in the use-value of the commodity labour-power.

Value explains the exchangeability of commodities starting from the fact that the necessity of valorizing value transforms the products of labour in crystals of abstract labour. Exchange and circulation become moments of the process of valorization itself, because the exchange-value contained potentially in the commodity *must be* realized. Exchange is possible because of the specific nature of the labour contained in the commodities: labour in its immediately social form. The categories of the capitalist mode of production do not unfold in a diachronic succession, but present themselves as a unitary constellation within which each concept, as a monad, is enclosed. Value and exchange-value are not successive moments; the latter is only the phenomenal form of the former, which is the objectification of a common 'expenditure of human labour-power' (Marx, 1890, p. 81; English, p. 160). They are exchanged with the growth of a labour time indifferent to the qualitative character of labour itself and of the objective basis of that labour. What is really exchanged is de-skilled labour-time (Krahl, 1984, p. 31–33), indifferent to the use-value of the object and ontologized in value, which is the *telos*, the 'in sight of which' of the process of valorization. The time really employed in the production of a given commodity counts only in relation to the abstract time, de-skilled, that is needed for labour of an average social intensity to produce that commodity. Only the capitalist mode of production uncovers this absolute equality that makes of labour something universally common: abstract labour. It is this character of labour that means that a commodity 'no longer stands in a social relation with merely one other kind of commodity, but with the whole world of commodities as well' (Marx, 1890, p. 77; English, p. 155). De-skilled time, time that is objectified in commodities, manifests itself as quantitative time. But this is its appearance. It is time that has broken its relationship with nature. Capital has not only suppressed the classic interdiction against night work, altering the 'natural' rhythms of the day and night, but, as a means of increasing the productiveness of labour with respect to the social average, it has also overcome the natural limit of the twenty-four-hour day. For the first time in human history, it is possible to have working days of thirty or more hours within the 'natural' limits of twenty-four hours. The reflections on time and historiography brought forth in late modernity will be read as expressions and attempts to metabolize this anthropological mutation.

The crucial question is not the de-skilling of time and its quantification, but its measure: this derives from the productive power of socially necessary labour, which represents the quantitatively determined expression of abstract labour. If the latter explains the exchangeability of commodities in a world that materially makes an abstraction from needs, and therefore from the use-quality of

commodities, exchange-value, the phenomenal form of value, expresses instead the 'quantitative relation, the proportion in which use-values of one kind exchange for use-values of another (Marx, 1890, p. 50; English, p. 126). But the quantity of objectified labour in a commodity, its exchange-value, is 'determined not by the quantity of living labour actually objectified in it, but by the quantity of living labour necessary to produce it' (Marx, 1890, pp. 558–59; English, p. 677), because it 'only needs, in order to produce a commodity, the labour time which is necessary on an average, or, in other words, is socially' (Marx, 1890, p. 54; English, p. 129) Marx repeatedly emphasizes that only the labour time socially necessary counts as the creator of value [*wertbildend*] (Marx, 1890, p. 204; English, p. 303), such that it is only by bringing the intensity of the labour individually expended in the production of a given commodity into line with 'the level of intensity typical in that given society' that it is possible to determine quantitatively the exchange-value and surplus value contained in a given commodity. This determination is not possible when calculating the average labour productivity in a given society, but only *ex-post*, when the process of capitalist production has gone through circulation. The growth in value takes place in the process of production, but it manifests itself in circulation: the value contained in the commodities produced must be realized, such that the valorization process is completed only with the realization of value: 'the exchange-value, considered logically, is constituted in the sphere of production, considered genetically, is constituted in the sphere of circulation' (Krahl, 1981, p. 175). One must always keep in mind that 'the process of capitalist production, taken in its complexity, is unity of the processes of production and circulation' (Marx, 1894, p. 33). It is not possible to determine the exchange-value of commodities independently of exchange. This seems to have by now become a widespread understanding in the most recent interpretations of Marx. Put simply, neither exchange-value nor surplus value can be calculated in the perimeter of a single company, as if the surplus value were determined by the additional labour time beyond that necessary for the worker to produce his or her own wage. This conception leaves us to assume that surplus labour, and from this surplus value, is calculable in a linear mode; that is, based on the labour time above and beyond that necessary to cover the wage. The exchange-value of a commodity would therefore be determined not by social labour but by individual labour employed in the production of this commodity.

If even Marx himself is at times given to simplifications of this kind, his discourse should be followed and developed to where the level of categorical exposition is highest. In determining the exchange-value of a given commodity, it is necessary to take account of the 'social labour' required for its production; the 'different and particular productive processes, separated by time and space' can be understood 'as distinct and successive phases in a single and same productive process' (Marx, 1890, p. 202; English, p. 304). Productive processes,

commanded by distinct capitals, in which commodities are produced that will go on to become part of a new productive process, must be considered as 'phases [*Phasen*]' (Marx, 1890, p. 202; English, p. 304) of a single productive process. A single productive process can be composed of phases of different intensity of work; 'phases' that we can consider historically previous to the relations of wage labour *stricto sensu* cannot be in any way considered pre-capitalist whenever they become phases in a process of capitalist production. Plantation slave labour ceases to be pre-capitalist in the moment at which the product – cotton – is sold in order to produce commodities. Its labour intensity is time-measured on the world stock markets and controlled by the whip of the overseer. Slave labour, or whatever other form of labour that seems to be backward because of the social relations that denote it, must be understood to be a phase of a single process, whose intensity is based on 'social labour'. From a historical point of view, every phase is considered as being contemporary with the others; the *universal* nature of capital produces this synchronicity between the various phases, and vanquishes any historicist attempt to speak in terms of capitalist and pre-capitalist relations.⁵ The de-skilled time of capital is a de-historicized time, a time that conforms to history without the history of capital.

Intensities of labour

The intensity of necessary labour is variable, and its variability retroacts on the determination of the quantity of social labour contained in a commodity. If there is a change in the general conditions within which a certain commodity is produced, then a retroaction takes place [*Rückwirkung*] on it (Marx, 1861–63b, p. 75). It is possible that a determinate quantity of labour time already objectified in a commodity changes due to a change in the social productivity of labour, that retroacts upon the exchange-value of that commodity.

The notion of retroaction [*Rückwirkung*] allows Marx to explain a change in value that has its origins 'outside [*außerhalb*]' the process of production, and specifically following a change of the cost of raw materials or the introduction of a 'new invention' (Marx, 1890, pp. 224–25; English, p. 318). This important Marxian understanding is possible only within a constellation that is clear on the social character of labour that valorizes value:

The value of a commodity is certainly determined by the quantity of labour contained in it, but this quantity is itself socially determined. If the amount

⁵ According to Chakrabarty (2000) 'to speak of residue means to reason in historicist terms'. In a polemic with the theory of uneven development, he considers it historicist to consider the distinction between formal and real subsumption of labour 'as a simple historical transition' Chakrabarty (2000).

of labour-time socially necessary for the production of any commodity alters [...] this reacts back on all the old commodities of the same type, because [...] their value at any given time is measured by the labour socially necessary to produce them, i.e., by the labour necessary under the social conditions existing at the time. (Marx, 1890, pp. 224–25; English, p. 318)

In other words: the changes in the productive power of social labour react back on the commodities already produced, causing a change in the labour time objectified in them.

If *Capital* represents the high point of categorical elaboration, it is here that we must find the most mature consequences of this way of understanding social labour and exchange-value. As already seen, 'The real value of a commodity, however, is not its individual, but its social value; that is to say, its value is not measured by the labour-time that the article costs the producer in each individual case, but by the labour-time socially required for its production' (Marx, 1890, p. 336; English, p. 434). If therefore the value of a commodity depends on the labour time objectified in it, it should be kept in mind that this labour time is not the time employed effectively for the production of a given use-object, but can be either greater or smaller than that. The generic human labour time objectified in the substance of value must be adjusted to the time that social labour would need to carry out that same job. *Surplus value is not a quantifiable amount within the accounting of a single firm.*

The proof of this is that it is possible for an hour of work of high productivity to correspond to two hours of social labour performed in the places where the society as a whole still does not use technological innovation. This exchange, where one is equal to two, violates only the intellectual principles of whomsoever holds to primary-school mathematics; the value of commodities in general, and therefore also of those produced with technological innovation, is its social value; that is, the quantity of social labour objectified in it. This phenomenon imposes itself violently in the world market, where an increase in the productive power of labour through the introduction of a new machine counts as an increase in the intensity of labour if the capitalist can sell the commodities at a superior price, equivalent to the labour necessary to produce identical commodities by other capitalists who still lack that technological innovation. The fact that the labour time effectively expended is inferior to that which is socially necessary changes nothing in the relationship, except that the capitalist, selling the commodity at its value, appropriates social surplus value, and therefore exchanges one hour of labour for two: 'Hence the capitalist who applies the improved method of production appropriates and devotes to surplus labour a greater portion [*Extramehrwert*] of the working day than the other capitalists in the same business' (Marx, 1890, p. 336; English, p. 436). Beyond numbers, the *Extramehrwert* which is appropriated by the capitalist

corresponds to the quantity of social surplus value he or she can withdraw from the society to the extent that he or she is an extractor of relative surplus value.

In this way, a greater number of hours of work concretely performed pass through the hands of the capitalist who utilizes a greater productive power of work without violating the law of equivalence. The *difference* between capitalists who exploit work of different productivity is *therefore necessary* so that it will be possible to extract relative surplus value from the advantage that springs from the technological innovation. This can be seen not only on a worldwide scale, where capital is continually in search of masses of absolute surplus value, but also within the Western metropolises and even within the same corporation, broken up into apparently independent productive segments that are in competition with each other: capital is in any case searching for the maximum gap possible between the intensity of labour in phases that, even if they are part of the same cycle, are recomposed through circulation.

The differential quota between individual labour performed and social labour is realized concretely through a transfer of value from production spheres in which the productiveness of labour is lower relative to those in which capital exploits labour at a productive power that is higher than the social average. The immediate repercussion of a technological innovation is a prolonging of labour time wherever the innovation is not yet employed: 'One of the first consequences of the introduction of new machinery, before it has become dominant in its branch of production, is the prolongation of the labour-time of the labourers who continue to work with the old and unimproved means of production' (Marx, 1861–63a, p. 323). The introduction of a new machine generates an increase in relative surplus value, an increase that, in order to be realized, must be sustained by a proportional increase in the extraction of *absolute surplus value*, where the innovation has not yet been employed. The relative surplus value is *relative* in this sense, because it, to be real, must be placed in *relation* to absolute surplus value. To the extent to which the capitalist who takes advantage of a technological innovation realizes at least a part of the relative surplus value that is potentially the capitalist's, this surplus value takes shape through a social transfer of value from productive areas of high absolute surplus value toward those of high relative surplus value.

Only when Marx further clarified the nature of exchange-value, was he able to show that the machine not only does not create value, but it also does not produce surplus value:

As machinery comes into general use in a particular branch of production, the social value of the machine's product sinks down to its individual value, and the following law asserts itself: surplus value does not arise from the labour-power that has been replaced by the machinery, but from the

labour-power actually employed in working with the machinery. (Marx, 1890, p. 429; English, p. 530)

When a technological innovation becomes widespread, the growing productive power of labour obtained through its employment becomes socially dominant, and there is less chance of extracting quotas of social surplus value from means of production of relative surplus value. The machine can in fact produce surplus value in two ways: one – indirect – consists in the de-valorization of labour-power following the expulsion of workers replaced by machines; and the second, relative surplus value *stricto sensu*, exploiting the sporadic introduction of the machine. The latter circumstance allows the exploitation of labour of a greater intensity than the social average, such that the individual labour enclosed in this commodity is less than the quantity of socially average labour (Marx, 1890, p. 428; English, p. 530). And we know by now that only the latter determines exchange-value. When the productive power of labour obtained by a technical innovation becomes socially dominant, it unleashes ‘the most ruthless and excessive prolongation of the working day, in order that he may secure compensation for the decrease in the relative number of workers exploited by increasing not only relative but also absolute surplus labour’ (Marx, 1890, p. 429; English, p. 531). The scenario of the famous fragment on the machine from the *Grundrisse*, in which ‘capital works [...] toward its own dissolution’ (Marx, 1857–58, p. 596; English, pp. 308–9), no longer finds a place in this more mature formulation. In the *Grundrisse* Marx got rid of a few problems regarding the concept of value, obtaining in exchange a blurred philosophy of history of the breakdown of the capitalistic mode of production.

The extraction of relative surplus value generates, in those parts of the world where workers’ resistance is lower, a mass of absolute exploitation. This means that the introduction of new machinery is not a pre-determined route in the history of all countries; on the contrary, different capitals in head-to-head competition with each other in the world market must seek out or create geographic areas with different labour powers having different wages and productive powers. If the reciprocal implication of the various forms of surplus value are grasped, then it is only out of faith in some progressive and Eurocentric philosophy of history that it is possible to consider some forms of production as being backward, and wage labour, extended to the whole world, as being residual.

References

- Aristotle (1984) ‘Nichomachean Ethics’, in *The Complete Works of Aristotle*, ed. Jonathan Barnes, Vol. 2 (Princeton, NJ: Princeton University Press).
- Chakrabarty, D. (2000) *Provincializing Europe: Postcolonial Thought and Historical Difference* (Princeton/Oxford: Princeton University Press).

- Hecker, Rolf (1987) 'Zur Entwicklung der Werttheorie von der 1. Zur 3. Auflage des ersten Bandes des 'Kapitals' von Karl Marx (1867–83)', *Marx-Engels-Jahrbuch*, no. 10.
- Heinrich, Michael (2005) *Kritik der politischen Ökonomie* (Stuttgart: Schmetterling).
- Krahl, H.-J. (1984) *Vom Ende der abstrakten Arbeit* (Frankfurt am Main: Materialis).
- Marx, Karl (1857–58) *Ökonomische Manuskripte 1857/1858*, in K. Marx and F. Engels, *Werke*, Bd. 42 (Berlin: Dietz, 1983) (English: *Grundrisse*, New York: Vintage, 1973).
- (1861–63a) *Oekonomisches Manuskript 1861–63*, Teil 1, in K. Marx and F. Engels, *Werke*, Bd. 43 (Berlin: Dietz, 1990).
- (1861–63b) *Theorien über den Mehrwert*, Teil 1, in K. Marx and F. Engels, *Werke*, Bd. 26.1 (Berlin: Dietz, 1974).
- (1867) *Das Kapital. Kritik der politischen Ökonomie. Erster Band. Hamburg 1867*, in K. Marx and F. Engels, *Gesamtausgabe*, Second Section, Vol. 5 (Berlin: Dietz, 1983).
- (1871–72) *Ergänzungen und Veränderungen zum ersten Band des 'Kapitals' (1871–72)* in K. Marx and F. Engels, *Gesamtausgabe* II/6 (Berlin: Dietz Verlag, 1987).
- (1881) *Randglossen zu Adolph Wagners 'Lehrbuch der politischen Ökonomie'* (1881) in K. Marx and F. Engels, *Werke*, Bd. 19 (Berlin: Dietz, 1962) (English: *Notes on Adolph Wagner's 'Lehrbuch der politischen Ökonomie'*, 2nd edn, Vol. I, 1879 available at www.marxists.org).
- (1890) *Das Kapital*, Bd. I, in K. Marx and F. Engels, *Werke*, Bd. 23 (Berlin: Dietz, 1969) (English: *Capital*, Vol. I, New York: Vintage, 1977).
- (1894) *Das Kapital*, Bd. III, in K. Marx and F. Engels, *Werke*, Bd. 25 (Berlin: Dietz, 1973).
- Marx, Karl and Frederick Engels (1985) *Collected Works*, Vol. 41 (New York: International Publishers).
- Rawls, John (1971) *A Theory of Justice* (Cambridge, Mass.: Harvard University Press).
- (1993) *Political Liberalism* (New York: Columbia University Press).

13

Marx's General Rate of Profit Transformation: Methodological and Theoretical Obstacles – an Appraisal based on the 1864–65 Manuscript of *Das Kapital III*

Geert Reuten

Introduction¹

In part 2 of the third volume of *Capital*, Marx addresses the famous transformation of the rate of surplus-value into the general rate of profit. This chapter discusses Marx's 1864–65 manuscript on this issue – the text that Engels (selectively) used for his edition of *Das Kapital*, Volume III. We shall see that this text is a research manuscript rather than a near-to-final presentation of the matter, and

¹ I am grateful for the comments and discussion by the participants of the 2006 ISMT meeting in Bergamo. I have also benefited a lot from written comments by, and correspondence between, Chris Arthur, Fred Moseley and Tony Smith. As a result, I have added a completely new fourth section (against which, due to space limits, other parts of the original paper have been removed).

Note: References without mention of author (for example, M:272 or E:208) are to works of Marx as follows (full references are in the bibliography):

M Marx (1992M/1864–65): main manuscript for *Das Kapital*, Volume III (MEGA);

E Marx (1894E/~1864–65): *Das Kapital*, Volume III as edited by Engels (MEW);

F Marx (1894F/~1864–65): *Capital*, Volume III in the Fernbach translation.

The first date is the date of first publication; the second indicates the year(s) of composition of the manuscript. A tilde [~] before the second date means that the text is roughly based on that manuscript.

Within citations, italics are always in the original. Any underlining is my emphasis. Unproblematical insertions in quotations are in square brackets. Comments are in curly brackets. The indication 'mt' after a page number (for example, 370-mt) means 'my translation'. Within my translations, the original German term also appears, in curly brackets.

that Engels polished up this preliminary status of the manuscript – in this I merely confirm the view of the MEGA editors.

The assessment of Marx's transformation procedure hinges very much on our view of the method he adopted. Two main alternative interpretations of the method are set out in the third section, below. Even if only one of those would make Marx's transformation procedure methodologically legitimate, we shall see in the fourth section of this chapter that, paradoxically, it is not obvious that Marx intended to adopt this method. Thus the main object of this chapter is to lift the discussion on the 'transformation problem' to a more fundamental level.*

The published drafts for part two of *Das Kapital*, Volume III

Engels edited the text of part two of *Das Kapital*, Volume III from a 1864–65 manuscript by Marx. For the main argument of this chapter it is important that this manuscript thus dates from before the final manuscript of 1866–7 for the first edition of *Das Kapital*, Volume I (1867).²

The transcript of the German 1864–65 manuscript was first published in 1992 (MEGA II/4.2). There is no (published) English translation. A 1857–8 manuscript, the *Grundrisse*, contains notes concerning the problematic of this part.³ A more mature – though relatively short – draft dates from 1861–3, and was first published in 1980 (MEGA II/3.5), with the first English translation in 1991.⁴

Other relevant texts, published for the first time in 2003, can be found in MEGA II/14. This includes a substantial manuscript dating from 1875 as well as four shorter texts from (probably) 1871?, 1873–5?, 1877–82 and 1878? (see pages 227–8 below for a note on especially this last ms).⁵

A final number of eleven draft texts for *Das Kapital*, Volume III (dating from 1867–8) is to be published in MEGA II/4.3. With that, the publication of Marx's manuscripts for the work will be complete (Vollgraf and Roth, 2003, p. 382).

From reading the 1864–65 manuscript, it is obvious that it reports preliminary investigations; it includes 'try outs' together with mistakes of which the author at some point becomes aware. In Engels' manner of carrying out his editorial work, this investigative character of the text has been polished away; hence it has seemed for over a century that much of *Das Kapital*, Volume III

² Kopf *et al.* (1983, pp. 15*–16*).

³ Relevant are especially pp. 373ff. and 434ff. of the English edition.

⁴ For a comparison, the 1861–3 draft consists of 35 printed pages (MEGA); the 1864–65 draft has 285 printed pages (MEGA); the final text of *Das Kapital*, Volume III, as edited by Engels (including texts by Engels) is # pages (MEGA) (220 pages in the MEW edition).

⁵ The annotations to the texts (for example, text variations, crossings-out, dating and contextualization) by Vollgraf and Roth (2003) are of superb scrutiny and scholarship.

(and II) was in an almost finalized state –including its part 2. I am of course not the first to observe this (see, for example, Vollgraf and Jungnickel (1994) and Heinrich (1996); cf. the chapters by Roth and Heinrich in this volume). In fact, there was no simple solution to the problem that faced Engels: most of the drafts were not in a readable state for non-specialists. The problem is that, given the solution he adopted, he gave very ill warning as to his interventions.⁶

A note on Marx's method in *Capital*

Although in my view, the project of Marx's *Capital* is based methodologically on a development from Hegel's Systematic Dialectics (cf. the chapter by Arthur in this volume), the main argument of this chapter does not need this stringent position. Instead, I just emphasize one, less controversial, aspect of Marx's method in *Capital*, namely that it proceeds by way of *conceptual development*. Between the three volumes of *Capital*, as well as within each one, we have a movement of 'levels of abstraction', running from abstract, relatively indeterminate, general and simple concepts to increasingly concrete, determinate, particular and therefore complex concepts. At the earlier levels, certain complexities are suppressed, or 'bracketed'. Each time it is the 'insufficiency' of the earlier-level presentation that drives the text on to the introduction of further complexities. (For the purposes of this chapter, these levels of abstraction may even be interpreted in terms of a movement from 'simple models' to 'complex models', in the course of which initial *ceteris paribus* assumptions are increasingly dropped.)

A formal presentation of alternative interpretations of Das Kapital Volume I categories from the perspective of those of the Das Kapital, Volume III manuscript

Rate of surplus-value and rate of profit

In this section I use the following four main concepts and definitions. Circulating capital (k):

$$k_i = c_i + v_i \quad \text{[definition] (13.1)}$$

⁶ Heinrich (1996) writes about the whole of the manuscript for *Das Kapital*, Volume III: 'there are modifications to the original text on practically each page that have not been indicated. Hardly one paragraph remained as Marx had written it. Engels's modifications are not confined to "stylistic" matters [...] [T]he 1894 edition was an extensive adaptation of Marx's manuscript, and Engels did not inform the readers about the true extent of his adaptation [...] The interventions [...] offer solutions for problems which the manuscript left open [...] and in some passages they even change the argumentation of the original text, if this obstructs Engels' interpretations.' (pp. 456, 459, 464). See also the extensive comments by Vollgraf and Jungnickel (1994) about Engels' mark on the text ('Engels left only few of Marx's sentences untouched' – p. 47-mt).

where c and v are the parts invested in means of production and in labour-power (the wages sum of wl). For simplicity, we abstract throughout, like Marx, from fixed capital and from differences in turnover time.⁷ The subscript i refers to a specific sector of production (later, the subscript j will refer to any other sector).

The rate of surplus-value (s'):

$$s'_i = f(e^*_i) \quad \text{[explanation – pro memory] (13.2a)}$$

$$s_i = s'_i v_i \quad \text{[explanation; here reduced to definition] (13.2b)}$$

Capital, Volume I posits surplus-value (s) and its increase as the driving force of capital. The focus of the middle part of *Capital*, Volume I is the *explanation* of surplus-value in terms of labour-time, and of the productive forces of labour operating on the means of production.⁸ The *rate* of surplus-value (s') is the concentration of these explanatory determinants. Here, as for Marx in the *Capital*, Volume III manuscript, all this explanation is assumed. Thus we have s' as a determinant for s . It remains to be seen (cf. the subsections below) *how* it is also a determinant for profit (r) and the rate of profit (r'):

$$r'_i = r_i/k_i \quad \text{[definition] (13.3)}$$

The spectrum of wages is posited synchronically equal for all sectors ($w_i = w$), hence:

$$wl_i = v_i \quad \text{[approximation] (13.4)}$$

For the sake of brevity, I posit throughout this section a number of assumptions without further argument. For our purposes, there are three types: 'simplifications' serve to make a problem tractable; the same applies to 'stage simplifications' (these, however, are dropped in a later stage); 'approximations' {Annäherungen} set out the uninhibited result of forces (tendency laws).

The assessment of Marx's general rate of profit transformation in the 1864–65 draft for part 2 of *Das Kapital*, Volume III depends very much on the view of how the categories presented in this part are connected to those of *Capital*, Volume I. We shall see, in the fourth section of this chapter, that Marx is aware of the importance of the connection, and how he hesitates about the part 2 consequences (his self-interpretation!) for the, then, draft of *Das Kapital*, Volume I. Both in order to shortcut the discussion in the next section, and

⁷ Relating to (uniform) turnover time, there is a problem with Equation (13.1) that I set aside for the purposes of this chapter (see Reuten, 2006).

⁸ Marx's explanation is discussed in Reuten (2004).

because the categorical connections are not obvious, the current section sets out a brief formal presentation of the two main alternatives. Note that a formal presentation necessarily loses conceptual richness; on the other hand, once quantitative matters are involved – as is the case here – it is a means of precision.

For the purposes of this section, I reduce Marx's complex method of many stages (levels of abstraction) to simply *two* stages: that of *Capital*, Volume I and of part 2 of *Capital*, Volume III. The movement to the later stage is one of increasing determination (concretion or completion).

In considering surplus-value and production, we can, of course, not get around exchange and prices. We assume that 'market prices' converge to what I provisionally call 'supply prices' (and what Marx was to call 'production prices' in *Capital*, Volume III). We want to explain production ($x = pq$) in terms of these convergence prices (p). In principle, we can adopt two methods, and we can take these as possible interpretations of the two stages referred to. I call them 'the method of concretion' and 'the method of completion'. For both methods, we shall be concerned throughout with *synchronic* matters only (some synchronic uniformity of sectors of production may go along with diachronic change).

[CC-1] Method of Concretion at Volume I level:

Abstract Explanandum

Before we reach the explanation of the prices, p , we first explain an abstract approximation of them, labelled 'pi' (π), whence we also have an abstract approximation of production: πq . Thus we have an abstractum, or theoretical construct. (This may be interpreted as a systematic-dialectical stage; or also as a theorization of variables constructed in an (ideal) experimental constellation, so reaching *ceteris paribus* conditions.) In brief, we posit:

$$\pi_i q_i = k_i + s'_i v_i \quad [\text{explanation of a construct/abstractum}] \quad (13.5)$$

Via the moment of $s'_i v_i$ this incorporates the explanation represented by Equations (13.2a and 13.2b). We proceed by adding two simplifying assumptions. First, that of synchronically uniform rates of surplus-value:

$$s'_i = s' \quad (\text{for all } i) \quad [\text{simplification or approximation}] \quad (13.6)$$

A key question is whether this is indeed a simplifying assumption or rather an approximation of a systemic force (see pages 216–18, 222–23, 227–28). Second, that of synchronically uniform compositions of capital:

$$(k/v)_i = k/v \quad (\text{for all } i) \quad [\text{stage simplification}] \quad (13.7)$$

Dividing (13.5) through v_i , and making use of (13.6) and (13.7), we have:

$$\pi_i q_i / v_i = k/v + s/v \quad (\text{for all } i) \quad [\text{implication}] \quad (13.8)$$

Because $wl_i = v$ (equation 13.4), then substituting wl_i for v_i , and multiplying by w , we also have:

$$\pi_i q_i / l_i = k/l + s/l \quad (\text{for all } i) \quad [\text{implication}] \quad (13.9)$$

In the way I have presented it here, it is the *implication* of the construct that its prices (π) are proportional to labour commanded (Smith) as well as to labour embodied (Ricardo).

Even if Marx introduces the (general) rate of profit only in *Capital*, Volume III, another *implication* is that we have *uniform rates of profit*, since (cf. equation 13.3):

$$r'_i = s'v_i/k_i = s'/(k_i/v_i) = s'(k/v) \quad [\text{implication}] \quad (13.10)$$

(This is roughly how I interpreted *Capital*, Volume I until my study of the 1864–65 manuscript discussed in this chapter.⁹ In a later section (see page 222) we shall see that this interpretation makes Marx's *Das Kapital*, Volume III manuscript transformation procedure methodologically mistaken.)

[CC-2] Method of concretion at Volume III level: concretion

We drop the construct π and proceed to 'production prices' (p). We assume that real market prices converge to these production prices ('centres of gravitation').

Variant (a)

Marx (at some point, see pages 224–25) defines this constellation as follows.

- Analogous to the πq equation (13.5):

$$p_i q_i = k_i + s'_i v_i \quad [\text{explanation}] \quad (13.11)$$

Via the moment of $s'_i v_i$ this again incorporates the explanation represented by equations (13.2a and 13.2b).

- Rates of profit converge to uniform rates:

$$r'_i = r' \quad (\text{for all } i) \quad [\text{approximation}] \quad (13.12)$$

⁹ I feel constrained to stress that an interpretation may be truthful as an interpretation, but that this does not imply that the interpreter agrees with what is interpreted.

- Non-uniform compositions of capital (thus (13.7) is dropped). Hence, in general:

$$(k/v)_i \neq (k/v)_j \quad [\text{empirical observation}] \quad (13.13)$$

- Uniform rates of surplus-value (thus (13.6) is maintained):

$$s'_i = s' \quad (\text{for all } i) \quad [\text{simplification or approximation}] \quad (13.6) = (13.14)$$

Because of the diverging k/v there is no labour commanded or labour embodied proportionality for the production prices p (we merely have $p_i q_i / v_i = (k/v)_i + s'$). Marx is aware of and explicit about this. Rather more problematical is the fact that the combination of the three restrictions in (13.12), (13.13) and (13.14) is impossible.

$$r'_i = s' v_i / k_i = s' / (k/v)_i \quad [\text{implication}] \quad (13.15)$$

Thus $r'_i \neq r'_j$. We can have uniform profit rates only with either (1) both of s' and (k/v) uniform (the πq constellation); or (2) both of them non-uniform.

Variant (b): reconstruction of variant (a)

The obvious way to mend the incompatibility is to reconstructively drop the (simplifying) assumption of uniform rates of surplus-value in equation (13.14).¹⁰ So we have:

$$s'_i \neq s'_j \quad [\text{empirical observation}] \quad (13.14^*)$$

Whence we derive:

$$r'_i = r' = (s'_i v_i) / k_i \quad (\text{for all } i) \quad [\text{implication}] \quad (13.15^*)$$

In this reconstruction, the *micro* equality of profits and surplus-value ($r = s$) is maintained;¹¹ by implication we also have the macro $R = S$. Each at this level.

Variants (a) and (b)

Instead, Marx endeavours to get around the incompatibility via a macro-micro détour in which he transposes quantities between the two levels, and that, in effect, results in:

$$r'_i = r' = [(s'_i v_i) + \delta_i] / k_i \quad [\text{'methodologically illegitimate detour'}] \quad (13.15^{**})$$

(with the aggregate sum of the δ_i amounting to zero).

¹⁰ The theoretical ground for this reconstruction is in the productive force and the degree of intensity of labour (cf. *Capital*, Volume I, ch. 15) as discussed in Reuten (2004, esp. pp. 136–41).

¹¹ That is, prior to the introduction of finance and interest.

However, within the constellation of the Concretion Method this is methodologically illegitimate (though not for the reasons usually stated). Since the two explananda, πq and pq , are non-identical, transposition of quantities from one level to the other makes no sense. (Certainly, it does make sense to apply the qualitative conclusions from the earlier level to quantification at the lower level – that is, as long as any *ceteris paribus* conditions of the earlier level allow for it.)

**[CP-1] Method of completion at Volume I level:
partial explanation of 'concretum'**

There is also a very different interpretation of what happens at *Capital*, Volume I level. In this alternative we have no π construct but start immediately with the convergence price p (and hence pq), thus prices of production – even if these are explicitly called this only at Volume III level. However, given that we have the same set of simplifying assumptions as in [CC-1] (equations 13.6 and 13.7) we have approximations for the explanation of p , leaving some of p unexplained. (On page 225 we shall see that Marx at some point leans towards this (self-)interpretation. Fred Moseley (see, for example, Moseley, 2000) seems to be proposing something similar. For each I am not sure they would draw all of the consequences.) Thus p is explained in successive stages – here, reduced to two. Until we reach a full explanation we have an unexplained part u .

$$p_i q_i = k_i + s'_i v_i + u_i \quad \text{[partial explanation] (13.16)}$$

As in CC-1, the moment of $s'_i v_i$ incorporates the explanation represented by equations (13.2a and 13.2b). Again, we proceed by adding on the two simplifying assumptions of synchronically uniform rates of surplus-value, and of synchronically uniform compositions of capital:

$$s'_i = s' \quad (\text{for all } i) \quad \text{[simplification/approximation] (13.6 =)(13.17)}$$

$$(k/v)_i = k/v \quad (\text{for all } i) \quad \text{[stage simplification] (13.7 =)(13.18)}$$

Here, however, we have from the beginning no labour commanded or labour embodied proportionality because of the factor u :

$$(p_i q_i)/v_i = k/v + s/v + u_i/v_i \quad \text{[implication] (13.19)}$$

(cf. (13.8) and (13.9) above). It has been argued (for example, by Moseley) that *Capital*, Volume I, merely provides a partial explanation of prices (in a different way, of course, nor does CC-1 provide a full explanation).¹²

¹² As a corollary, it may be noted that, as against CC-1, there is at *this* point no implication of (implicit) uniform profit rates.

[CP-2] Method of completion at Volume III**level: completion**

Rates of profit converge to uniform rates:

$$r'_i = r' \quad (\text{for all } i) \quad [\text{approximation}] \quad (13.12) = (13.20)$$

Hence we have for (what is now explicitly thus called) prices of production:

$$p_i q_i = k_i + r_i \quad [\text{accounting identity / empirical observation}] \quad (13.21)$$

$$p_i q_i = k_i + r' k_i \quad [\text{putative explanation}] \quad (13.22)$$

This is a putative explanation pending the determination of r' .

Again, we have non-uniform compositions of capital (thus the simplifying assumption in Equation (13.18) is dropped):

$$(k/v)_i \neq (k/v) \quad [\text{empirical observation}] \quad (13.13) = (13.23)$$

The uniform rates of surplus-value thesis in Equation (13.17) is maintained; however, given Equation (13.22), it is considered to play no (new) role *at the current level*.

$$s'_i = s' \quad (\text{for all } i) \quad [\text{simplification/approximation}] \quad (13.17)$$

Reordering Equations (13.20)–(13.22) we have:

$$r'_i = r' = r_i/k_i \quad (\text{for all } i) \quad [\text{implication}] \quad (13.24)$$

Because the pq in the two price equations (13.16) and (13.22) are on the same plane, it is now methodologically legitimate to transpose quantities from the one level to the other (CP-1 and CP-2). (Cf. the Marx/Engels (in)famous aggregation tables of *Capital* Volume III, chapter 9.)

Substituting (13.16) and (13.2b) into (13.21), we have:

$$r_i = s_i + u_i \quad [\text{implication}] \quad (13.25)$$

$$r_i = s'_i v_i + u_i \quad [\text{implication}] \quad (13.26)$$

In fact, this is a shortcut for Marx's aggregation tables. However, it deserves a serious warning (and here the usual critiques come in), namely that it is *assumed* that the unexplained factor of u_i concerns, and so is to be allotted to, profits rather than (in part) any other factor in equation (13.16).

We now aggregate surplus-value (S) and profits (R):

$$S = \sum s_i \quad [\text{aggregation}] \quad (13.27)$$

$$R = \sum r_i \quad \text{[aggregation] (13.28)}$$

Next, it is posited that S explains, and fully determines, R :

$$R = S \quad \text{(right-to-left determination) [derived explanation] (13.29)}$$

(The explanation is derived from the set of equations (13.1)–(13.4) and (13.16)–(13.28).)

We also aggregate equation (13.25) into:

$$R = S + U \quad \text{[aggregation] (13.30)}$$

Because theoretical priority is given to (13.29), we have:

$$U = 0 \quad \text{[theory decision] (13.31)}$$

Finally, the sector u_i 's are determined via the rate of profit criterion. From (13.24)–(13.26) we have:

$$r'_i = r' = (s'v_i + u_i)/k_i \quad \text{[implication] (13.32)}$$

Hence:

$$u_i = r'k_i - s'v_i \quad \text{[implication] (13.33)}$$

Some conclusions and a preview

1. The latter equation (13.33) is the '*tache de beauté*' of this CP set up. The u_i 's are determined by the 'general rate of profit', instead of the rate of profit being fully determined by explanatory entities. Two objections may be raised against this alleged blemish. One is that we have a simultaneous determination. The other, as argued by Marx, is that, at a still lower level of abstraction, the u_i 's are determined by competition (see pages 224–25).
2. Remind Marx's equation (13.15**) from CC-2 that I qualified as 'methodologically illegitimate' (a qualification that I maintain, that is within the Concretion Method). We had:

$$r'_i = r' = [(s'v_i) + \delta_i]/k_i \quad (13.15**) \quad (13.15**)$$

Its outward appearance is similar to (13.32).

3. In Variant (b) of CC-2 – that is, my reconstruction of Variant (a) – we have the rate of profit fully determined without any transformation 'problem':

$$r'_i = r' = (s'_i v_i)/k_i \quad (13.15^*)$$

4. In my view, CC-1 is the better *interpretation* of *Das Kapital*, Volume I, published by Marx in 1867!, and revised shortly before publication. In my view, CP-2 is the better *interpretation* of Marx's manuscript for part 2 of *Das Kapital*, Volume III, written in 1864–65! (at least up to some point of the manuscript – see pages 225–27).
5. How is this so? This is methodologically inconsistent! Yes. Because of this problem, the following section is rather complex. My hypothesis is as follows. The 1864–65 manuscript for part 2 initially followed the path of the 1861–3 manuscript, which is in line with CP-2 – that is, the 'chapter 9' transformation procedure (see pages 224–25). Then, reflecting on this transformation procedure in Marx's 'chapter 10', he became increasingly worried about what he had been doing in terms of his manuscript for *Das Kapital*, Volume I (see page 225 ff).¹³ Engels, however, in his editing of the 1864–65 manuscript for 'his' *Das Kapital*, Volume III, polished away these worries whence we have the 'CP-2' result.
6. Each of [CC-1 with CC-2] and [CP-1 with CP-2] is consistent. The usual post-Marx solutions to the transformation problem obviously took Engels' version of *Das Kapital*, Volume III for granted, and then combined the 'theoretical domain' of CC-1 with that of CP-2, which is methodologically inconsistent. If one would want to use the 'domain' CP-2 (not only for a solution to the transformation problem but also for any other quantitative matters) then one is bound to CP-1.

The 1864–65 manuscript and the text of *Capital*, Volume III, part 2

General outline

Regarding part 2 (originally a 'chapter') of the 1864–65 manuscript, Engels left unchanged the main chapter *structure* of the text for his *Capital*, Volume III edition (chapters 8–12); however, there are changes of order within the chapters as well as texts that have disappeared altogether. For the convenience of the reader, I therefore refer in this section to the *Capital*, Volume III chapters.

At the very opening of part 2 (chapter 8) we immediately find the crucial assumption of a uniform rate of surplus-value, for all of part 2 (M: 212; E: 151;

¹³ Another problem is that the penultimate manuscript for *Das Kapital*, I is missing. We just do not know to what extent – if at all – Marx adapted his text as a consequence of the worries mentioned.

F: 241),¹⁴ and this is repeated regularly throughout the part. According to this manuscript, it is not just a simplifying assumption but rather a *law*. In 'Chapter 10' Marx writes that competition between labourers gives rise to:

a general rate of surplus-value – tendentially that is, as for all economic laws; we posit it as a *theoretical* simplifying presupposition; in fact it is the actual presupposition of the capitalist mode of production even if inhibited by practical frictions [...] in theory we assume that the laws of the capitalist mode of production develop in their pure form {rein}.' (M: 250-mt; cf. E: 184, F: 275)

Given this assumption/law the terrain of the problematic for part 2 is defined by the prevalence of non-uniform compositions of capital (ratio's of k/v) between sectors of production, or also non-uniform turnover times of capital – which offers the same problematic (M:216). Thus whereas *Capital*, Volume I, parts 4, 5 and 7 treat the diachronic change of the capital composition (with any divergences between sectors 'bracketed') the current part makes the reverse assumption: constant though diverging.

Part 2 comprises three main chapters (chs 8–10) that in my view should be considered together (the two smaller chapters (11 and 12) may be regarded as 'addenda'). I begin with a brief outline of these three chapters before discussing some of the details.

In chapter 8, Marx sets out the constellation that results from the assumptions just indicated. These, together with the assumption that commodities are sold 'at their values' [presumably equation (13.5)] would result in differing rates of profit between sectors (M: 223–4) [cf. equation (13.10)]. This constellation, however, does not exist in reality (M: 229–30). Hence the presentation is insufficient.

Therefore the next chapter (ch. 9) must widen the theoretical terrain. Marx introduces a new concept 'production price'; 'its presupposition is the existence of a *general rate of profit*' (GRP) (M:234). Thus Marx *posits* in chapter 9 the 'production price' [cf. equation (13.11)/(13.22)]. He indicates that this is 'a transformation of value' ('eine verwandelte Form des Werths' – M:239; E:173) but nevertheless carries out a quantitative *substitution* between the two levels of abstraction! This is a problem *if* his method is the Method of Concretion (see page 215 ff), which is the hypothesis from which I start.

The point is that the status of *this* transformation is very different from the *purely conceptual* one that Marx presented in part 1, and in which no quantitative

¹⁴ I write 'uniform'; the manuscript has 'constant' and 'given'. The manuscript has 'chapter'; Engels apparently forgot to change this into 'part'.

differences are involved. Consider, for example, the following quotation from its chapter 2:

'while surplus-value and profit are in fact the same – they are *numerically* identical – profit is still for all that a transformation {verwandelte Form} of surplus-value' (M:64; see E:58, F:139). Or, from chapter 1:

'Materially {Stoff; stofflich} considered [...] the *profit* [...] is not different from the *surplus-value* itself. Hence its absolute magnitude is not different from the magnitude of the surplus-value [...] it is however a *transformation* {verwandelte Form} of the latter' (M:8–9-mt)¹⁵

For the part 1 transformation, no new quantitative determinations appear. However, as Marx was well aware, for his part 2 transformation there are different quantities ($\pi q_i \neq p_i q_i$ and $k/v \neq k_i/v_i$ and $s'v_i \neq r'k_i$), at least for the micro level. Thus he substitutes quantities of a theoretically insufficient constellation (πq) into that of a theoretically enriched, more concrete, constellation ($p q$). On the basis of the Method of Concretion, this would be very awkward. Then the problem is not primarily that the two famous conditions of aggregation (of $\Sigma \pi q = \Sigma p q$ and $R = S$) are mathematically incompatible (as stressed in the literature on the issue). No, the primary problem is that of conceptually incompatible quantities.¹⁶ (Note that for post-Marx solutions to 'the' transformation problem, there is potentially the same pitfall.)

It is especially in chapter 10 that Marx reflects on, and questions, what he had accomplished in the previous chapters, including the consequences for his self-interpretation of the concept of value set out in his manuscripts.

Chapter 8: the problematic

I now move on to the relevant details. I begin by recapitulating the important point about chapter 8 that was been made above. This chapter sets out the following five assumptions/theses (M:223–4, 229–30):

- [A] assume commodities are sold 'at their values' [presumably πq ; see equation (13.5)];
- [B] assume equalized rates of surplus-value [$s'_i = s'$];
- [C] we have diverging compositions of capital [$(k/v)_i \neq (k/v)_j$];
- [D^a] hence [A]–[C] equal capitals produce unequal surplus-value or profit [$(s/k)_i \neq (s/k)_j$];

¹⁵ This text appears on the opening pages (pp. 2–3) of the manuscript; apparently it is omitted in Engels' text.

¹⁶ A similar critique was made earlier by Hartmann (1970, p. 370): 'The mistake made by Marx was the mistake of viewing a transcendently early (category) as identical to a transcendently late one.' Smith (1990, p. 168) adds: 'This goes against one of the basic canons of systematic theories of categories.' (Hartmann is cited from Smith.)

[D^b] therefore we have diverging rates of profit [$r'_i \neq r'_j$];

[E] in fact, however, we have (tendentially) equalized profit rates [$r'_i = r'_j$].

These five assumptions/theses are inconsistent. At least one of them must be wrong, and it remains to find out which one(s). Analytically, and I repeat *analytically*, this set up might make sense. (Chapter 8 makes sense generally – also in that there are no deviations from the later *Capital*, Volume I terminology.)

Chapter 9: a cheerful accommodation for the inconsistency

Chapter 9 sets up a *possible* constellation accommodating the inconsistency (this is my interpretation); however, in any case it is obvious that the text is investigative (*Forschung*) not presentational (*Darstellung*).¹⁷ As it turns out, Marx's set up is much along the lines of his earlier 1861–3 manuscript.

The chapter starts by repeating the assumption about the rate of surplus-value – [B] above. Marx also introduces a number of simplifying assumptions, such as the full and linear depreciation of fixed capital within the year, and equal turnover times (M:230–1).

Next he sets out the famous three schemes (M:231–3). (The first and second schemes apply assumptions/theses [A]–[D];¹⁸ the third scheme is the one where Marx introduces prices of production as diverging from value [Equation (13.11)/(13.16)]. He drops sales at value, [A] introduces (instead) production prices and so gets rid of diverging profit rates [D^b]. He does so with hardly any argument: 'Their presupposition [i.e. of production prices] is the existence of a general rate of profit [...] In reality the very different profit rates [...] are by way of *competition* equalized into a *general rate of profit* ...'" (M:234-mt; cf. E:167, F:257).

Note that he maintains the disproportional production of surplus-value [D^a] (M:234–5).

However [A] is not really dropped. At this point in the text, Marx posits one of the famous two aggregate equalities – that is, that of 'values' and production prices (perhaps $\Sigma pq = \Sigma \pi q$). The aggregate equality of profits and surplus-value ($R = S$) is posited throughout.¹⁹

As indicated, from the point of view of the Method of Concretion, these equalities make no sense. Not so much because of an analytical mistake (the standard critique), but because of a methodological mistake: the 'values' [πq] ('values' in Marx's terminology at this point) have no concrete existence, hence

¹⁷ Cf. Vollgraf and Roth (2003, p. 385).

¹⁸ In the second scheme, the silly addition of profit rates (to 110 per cent) is Engels' (F:256).

¹⁹ When he posits $\Sigma pq = \Sigma \pi q$ (presumably) he feels there is a difficulty (M:236–7; E:169; F:259; M:241–3 on the same theme).

they are quantitatively incompatible with (more) concrete existants. From the point of view of the Method of Completion there would not be such problem; however, at this point in the text I am still assuming that Marx has adopted the Method of Concretion.

Finally, for chapter 9 I draw attention to the passage where Marx seems quite happy about what he has achieved so far, declaring that the current presentation 'reveals for the first time [...] the inner connection' between value and production price, and between surplus-value and profit (M:245; cf. E:178 and F:268).

Chapter 10: gloomy reflection

In Chapter 10, however, the scene seems much more gloomy and dismal. After two pages connecting the two chapters, Marx posits two research questions, one immediately after the other (I call these Question 1 and Question 2):

[Question 1] *The really difficult question here is this: how does this equalization of profits or this emergence (Hertstellung) of the general profit rate come about, since it is evidently a result and cannot be a point of departure.*

It is clear first of all that an assessment of commodity values, for example, in money, can only be the result of their exchange, and that, when we presuppose such assessment, we have to consider them as the outcome of *actual exchanges of commodity value against commodity value*. [Question 2:] *But how could this exchange of commodities against their actual values have come about?* (M:250-mt; cf. E:183-4, F:274-5 italics added)

It is especially at this point in the text that the reader (I) may start doubting if Marx indeed *aims to adopt* (remember this is a research manuscript) the Method of Concretion. Note the 'actual exchanges' ('wirklicher Austausch') which especially for a Hegel-inspired scholar cannot leave room for compromises. So do we bid 'πq' farewell?

Marx devotes about 20 pages to Question 2, before he gets to the first question. The answer to Question 1 (M:269-70; E 205-7; F:297-8) is rather limited. We learn mainly that capital moves from low to high profit rate spheres and that the thus affected supply in relation to demand establishes the transformation of values into production prices. This answer is far more problematical than it might perhaps seem at first sight. (The process briefly described *here* is not problematical – such movement of capital and labour is also part and parcel of classical political economy, and of many economics paradigms after it.) The problem is that Marx must rely, so it seems, on a *historical* process to set out a *systematic* problem! The movement of capital is a continuous *systemic* process. However, the implication of Marx's set up is that the GRP 'transformation' is of the past. Marx is aware of this, as we can infer from the fact that he realizes that Question 1 cannot properly be answered before Question 2.

By this time – that is, when he finally gets to Question 1 (page M:269) – I guess that Marx had run out of steam as a result of being disillusioned by the consequences of his chapter 9 outline (1864–65) – that is, the answer to Question 2.

On to Question 2: how could the *actual* exchange of commodities against their *actual* values $\{\pi q\}$ have come about? Marx repeats (M:250) that such an exchange (given the equalized rate of surplus-value assumption, as he once again stresses) would result in unequal rates of profit – which is counterfactual.²⁰ Obviously, the production prices of the research manuscript for chapter 9 put the (current) *Capital*, Volume I, chapter 1 presentation – of commodity exchange according to value – into question in a rather disastrous way.²¹ It is clear from the text that Marx was much bothered by this. My reading is that Marx sets out, in a unsystematic way, a number of analytical consequences of where he has got to, together with some possible ways out. We find, for example, a model-like case in which workers own the means of production and exchange products according to their value; then a move to a ‘historical transformation’; next a long detour on *market* value and supply and demand generally, without coming to the point (in his work of 1896, all this was rightfully ridiculed by Böhm-Bawerk in this context).²²

The ‘try out’ of the historical transformation especially is inconsistent with the chapter 9 procedure.²³

On page M:267 (E:203; F:294) Marx finally arrives at a systematically, and thus methodologically, relevant statement. Note that he uses the kind of 1859 (or 1867) terminology of exchange (Engels puts the following in the past tense, suggesting an even more direct reference to *Capital*, Volume I, chapter 1):

In considering money, it is assumed that commodities are sold at their values, because there is no foundation (Grund) to consider prices deviating from value since the concern is just the changes in form that commodities have to undergo when they are turned into money and then transformed back into commodities again [...] it is completely irrelevant for them as such [the commodities] whether the realised commodity price is below or

²⁰ Note that, for the following 20 pages, Engels maintains the structure of Marx’s text.

²¹ Instead of *Capital*, Volume I, chapter 1, we can take the 1859 *Critique* as a reference point. On page M:257 (E:191–2) Marx refers to this work (note that the 1864–65 manuscript for *Capital*, Volume I is lost – see Kopf *et al.*, 1983, pp. 15*–16*).

²² Böhm-Bawerk, of course, read the text as a final document – that is, as polished by Engels.

²³ Engels, on the other hand, seems to have liked the idea. It has given rise to a historical, as against a systematic, interpretation of *Capital*, Volume I, chapter 1 – rightly criticized by Arthur (1997). Such an interpretation, however, cannot save the chapter 9 procedure (even neglecting the latter’s internal problems of the two conditions).

above their value. The *value* of the commodity as groundwork {Grundlage} remains important, since money can only be developed conceptually from this foundation {Fundament}, and *price*, in its general concept {seinem allgemeinen Begriff nach}, is only *valeur monétisée* [monetised value; the two words appear in French]. (M: 267-*mt*; see E:203, F:294–5)

Methodologically, this is fine. I believe this sheds light on what Marx (with the 1859, or later, text in his mind) intended to do in the 1867 text. It is a *conceptual* presentation in stages of complexity. So finally it seems that Marx leans back to the Method of Concretion?

In fact, Marx shows here (implicitly that is) that the chapter 9 procedure makes no methodological sense. An abstract magnitude of value cannot be put into quantitative equality with the magnitude of some concretum.

I round off this section with a comment on Engels' editorial work. Quite apart from all my methodological critique on chapter 9 as addressed above, Engels seems to have misjudged Marx's own critique on that chapter in his chapter 10 manuscript (and Engels' polishing work made all this worse). Thus Engels provided intelligent people like Böhm-Bawerk with plentiful opportunities to point out inconsistencies – inconsistencies that Marx himself in fact laid bare.

Notes on a small 1878 manuscript: diverging rates of surplus-value

My suggestion that Marx was not happy with the chapter 9 manuscript is sustained by the fact that he kept returning to the matter in manuscripts after the publication of *Capital*, Volume I (see pages 212–13 above) even if without substantial progress (that is, in the MEGA II/14 manuscripts). However, I should like draw attention to a hint in Marx's final manuscript on the issue (Marx, 2003f/1878?).²⁴ This is a small manuscript of six pages dating probably from 1878 (see Vollgraf and Roth, 2003, p. 697). Consider the following passages:²⁵

For [the] calculation of the rate of profit that the social capital yields it was assumed [angenommen], 1) that the rate of surplus-value uniform for the different heaps of capital [Kapitalmassen] in different branches of industry, 2) and neglecting turnover, i.e. the turnover of the social capital over the year posited = 1.

²⁴ If we neglect the 25 lines of algebra which is the content of a manuscript from probably 1877–82.

²⁵ It is extremely difficult to translate these texts. Marx's texts are unpolished and continuously mixed with shorthand phrases.

In fact, for the different heaps of capital, *different rates of surplus-value and different turnover times*. (158-mt)

The clarification following this (after seven printed lines on the calibration of turnover times) is very interesting. Note Marx's usage of the term pure (*rein*), which he reserves for law-like entities:

These are just differences {Differenzen} emerging from the pure economic conditions, namely *different* {verschiedne} *magnitudes of the capitals invested in business sectors, different rates of exploitation of labour-power, different turnover times*. However [there are] other aspects of the equalisation such as unattractiveness, danger and standing of the work. (158-mt)

This text is ambiguous. With some hesitation I opt for the interpretation that the text emphasized by Marx in the second quotation sums up the pure conditions. (In the alternative interpretation, the two assumptions of the first citation would presumably be the 'pure conditions'. However, it would then be most puzzling as to how these could turn into their exact opposite.)

Remember quotation on page 222, above, from the 1864–65 manuscript (p. 250) where Marx posited the uniform (general) rate of surplus-value as part of the 'pure' constellation. Thirteen years later, if my interpretation above is correct, non-uniform rates of surplus-value are seen as being part of the theoretically *pure* constellation – whereas the competition between labourers has become a subordinate factor. Then even Marx's reason for the troubling 1864–65 chapter 9 type of procedure evaporates.

Conclusions

We have seen that the assessment of Marx's GRP transformation procedure in chapter 9 of his 1864–65 research manuscript for *Das Kapital*, Volume III hinges on the interpretation of the general method he adopts for the three volumes of *Capital*. If he adopts the Method of Concretion (cf. page 215 ff, above) then the procedure is illegitimate. The problem centres on the two equations for 'value' and 'price of production', each posited at a different level of abstraction. Then the mistake is to transpose quantities between these levels. If Marx adopts the Method of Completion, the procedure is legitimate, though not without problems. More important, it would make much of *Capital*, Volume I problematical.

We have seen that in the course of writing chapter 10 of the research manuscript, Marx became increasingly worried about the consequences of chapter 9. For over 15 pages it seems that Marx is leaning towards the Method

of Completion. However, towards the end of the chapter, he apparently reverts to 'the Method of Concretion', so leaving the chapter 9 procedure up in the air. This conclusion applies to the manuscript. On the basis of 'Engels' text (as well as his interpretation of part 1 of *Capital*, Volume I) the Method of Completion is fairly consistent for most of part 2 of *Capital*, Volume III.

The problem for the interpretation of Marx's work, and for the further development of marxian theory after Marx, is not that Marx encountered a big problem that he did not solve. The problem is that Engels, in his editorial work, polished away most of Marx's worries and so made it appear as if *Das Kapital*, Volume III was a near-to-final text instead of just a research manuscript on this issue.

We also saw (see page 218 ff) that the very reason for Marx's troubling 1864–65 chapter 9 type of procedure is in fact the thesis of a uniform rate of surplus-value. If that thesis is dropped, there is in fact no transformation 'problem'. In reference to Marx's brief last manuscript on the issue, we saw in the final section above that there is some (thin) evidence that Marx might have been about to set out on this track.

References

- Arthur, Christopher J. (1997) 'Against the Logical-historical Method: Dialectical Derivation versus Linear Logic', in Fred Moseley and Martha Campbell, *New Investigations...*, pp. 9–37.
- Bellofiore, Riccardo and Nicola Taylor (eds) (2004) *The Constitution of Capital: Essays on Volume I of Marx's 'Capital'* (Basingstoke: Palgrave Macmillan).
- Hartmann, Klaus (1970) *Die Marxsche Theorie* (Bonn: Walter de Gruyter).
- Heinrich, Michael (1996) 'Engels' Edition of the Third Volume of *Capital* and Marx's Original Manuscript'. *Science & Society*, Vol. 60, no. 4, pp. 452–66.
- Kopf, Eike, Willi Bang, Joachim Conrad and Edgar Klapperstück (with collaboration of Liesel Hanemann) (1983) 'Einleitung', MEGA II/5, pp. 1*–55*.
- Marx, Karl (1867/1866–7)(4th edn 1890) *Das Kapital, Kritik der Politischen Ökonomie, Band I, Der Produktionsprozeß des Kapitals*, MEW 23 (Berlin: Dietz Verlag).
- (1894E/~1864–65) *Das Kapital, Kritik der Politischen Ökonomie, Band III, Der Gesamtprozeß der kapitalistischen Produktion* (ed. F. Engels), MEW 25 (Berlin: Dietz Verlag).
- Marx, Karl (1894F/~1864–65), idem, English David Fernbach, *Capital, A Critique of Political Economy*, Vol. III (Harmondsworth: Penguin, 1981).²⁶
- (1894M/1864–65) see Marx (1992M/1864–65).
- (1980/1861–63) *Zur Kritik der politischen Ökonomie (Manuskript 1861–1863)*, MEGA II/3.5, Hannes Skambraks, Hannelore Drohla, Bernd Fisher, Carl-Erich Vollgraf (with Jutta Laskowski and Anna Maria Rambaum) (eds) (Berlin: Dietz Verlag).²⁷
- (1980F/1861–63), idem English Ben Fowkes, *Economic Manuscript of 1861–1863 (Continuation) in Marx–Engels Collected Works*, Vol. 33 (New York: International Publishers, 1991).

²⁶ First English translation Ernest Untermann, 1909.

²⁷ MEGA: Marx–Engels–Gesamtausgabe (1975–97) Dietz Verlag, Berlin; 1998–present Akademie Verlag, Berlin).

- Marx, Karl (1992M/1864–65) 'Das Kapital (Ökonomisches Manuskript 1863–5), Drittes Buch', in *Ökonomische Manuskripte 1863–67*, MEGA II/4.2, Manfred Müller, Jürgen Jungnickel, Barbara Lietz, Christel Sander and Arthur Schnickmann (eds) (Berlin: Dietz Verlag).
- (2003f/1878?) 'Über Profitrate, Kapitalumschlag, Zins und Rabat', Carl-Erich Vollgraf and Regina Roth, in collaboration with Jürgen Jungnickel (eds), MEGA II/14 (Berlin: Akademie Verlag), pp. 155–62.
- Moseley, Fred (2000) 'The New Solution to the Transformation Problem: A Sympathetic Critique', *Review of Radical Political Economics*, Vol. 33, no. 2, pp. 282–316.
- (ed.) (2005) *Marx's Theory of Money: Modern Appraisals* (London: Palgrave Macmillan).
- Moseley, Fred and Martha Campbell (eds) (1997) *New Investigations of Marx's Method* (Atlantic Highlands, NJ: Humanities Press).
- Reuten, Geert (2004) 'Productive Force and the Degree of Intensity of Labour; Marx's Concepts and Formalizations in the Middle Part of *Capital I*', in Bellofiore and Taylor, *The Constitution of Capital*, pp. 117–45.
- (2005) 'Money as Constituent of Value: The Ideal Introversive Substance and the Ideal Extroversive Form of Value in *Capital*', in Fred Moseley, *Marx's Theory of Money*, pp. 78–92.
- (2006) 'On the Quantitative Homology between Circulating Capital and Capital Value – the Problem of Marx's and the Marxian Notion of "Variable Capital"', Paper presented at ISMT-15 and at the *Historical Materialism* Annual Conference. Available at: <http://www1.feb.uva.nl/pp/greuten>, working papers 2006 or later year.
- Smith, Tony (1990) *The Logic of Marx's Capital; Replies to Hegelian Criticisms* (Albany NY: State University of New York Press).
- Vollgraf, Carl-Erich and Jürgen Jungnickel (1994) "'Marx in Marx's Worten?" – Zu Engels's Edition des Hauptmanuskripts zum dritten Buch des *Kapital*', *MEGA-Studien*, 1994/2, pp. 3–55.
- Vollgraf, Carl-Erich and Regina Roth (with collaboration by Jürgen Jungnickel) (2003) 'Introduction, Contextualisation, and Notes on the Genesis and Handing Down of the MEGA II/14 Texts', in MEGA II/14 (Berlin: Akademie Verlag).