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Marx's Method

Ideology, Science and Critique
in *Capital*

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THE HARVESTER PRESS · SUSSEX
HUMANITIES PRESS · NEW JERSEY

Albion 6 Dec 2010 21677021

First published in Great Britain in 1979 by
THE HARVESTER PRESS LIMITED
Publisher: John Spiers
2 Stanford Terrace, Hassocks, Sussex

and in the USA by
HUMANITIES PRESS INC.,
Atlantic Highlands, New Jersey 07716

© Derek Sayer, 1979

British Library Cataloguing in Publication Data

Sayer, Derek
Marx's method – (Marxist theory and
contemporary capitalism).
1. Marx, Karl. Kapital, Das
I. Title II. Series
335.4 HB501.M37

ISBN 0 85527 953 2

Humanities Press Inc.
ISBN 0-391-00918-4

Printed and bound in Great Britain by
Redwood Burn Ltd., Trowbridge and Esher

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CONTENTS

Preface	vii
Introduction	ix
Part I Ideology: Two Studies	1
Chapter 1 Some Preliminary Observations	3
Chapter 2 The Language of Commodities	13
1 <i>The Commodity</i>	13
Use-value/exchange-value	13
Exchange-value/value	14
Useful labour/abstract labour	17
2 <i>Commodity Fetishism and the Value-Form</i>	24
The value-form	25
Commodity fetishism	30
3 <i>Ideologies of Value</i>	33
The Monetary and Mercantile Systems	33
Samuel Bailey and the 'Verbal Observer'	37
Chapter 3 Lawyers' Fees, Red Beets, and Music	43
1 <i>Marx on Revenues</i>	43
Surplus-value	44
Profit	47
Interest	48
Rent	49
2 <i>The Trinity Formula</i>	53
Capital-interest	53
Land-rent	63
Labour-wages	66
Part II The Critique of the Economic Categories	75
Chapter 4 Prolegomena: Some Reflections on the General Introduction of 1857	77
1 <i>Rational Abstractions</i>	77
Production relations	80
Productive forces	83
2 <i>Obviously the Scientifically Correct Method?</i>	88
3 <i>Starting-Points and Methods of Presentation</i>	96

Chapter 5	To Bring a Science by Criticism . . .	105
1	<i>Science as Critique: an Analogy</i>	106
2	<i>Marx's Analytic</i>	110
	'Peeling out' forms: transhistorical categories reconsidered	110
	From phenomenal forms to essential relations	113
3	<i>A Note on Testing</i>	135
	Comparison	136
	Prediction	139
Chapter 6	. . . To a Point Where it can be Dialectically Presented	143
1	<i>Economic Categories and their Historicity</i>	143
	The construction of historical categories	143
	Marx's dialectic	146
2	<i>Concluding Remark: Towards the Recovery of History</i>	149
Appendix	<i>The Manuscripts of Capital</i>	151
Notes		157
Bibliography		177
Index		191

PREFACE

This book is a condensed and revised version of a PhD thesis submitted to the University of Durham in 1975. Both the thesis and the book were written whilst I was in receipt of SSRC funds. I would like to record my gratitude to the Sociology Department in Durham for giving me, particularly as a postgraduate student, excellent research facilities and ample opportunity to clarify my ideas through teaching. I would also like to thank John Mephram, for his full and useful editorial comments, Tony Needham, for much help with the intricacies of classical and marxist economics, and Philip Abrams, Philip Corrigan, and John Jervis, for their encouragement, comment and critical support throughout the years that both the thesis and the book were written.

Derek Sayer
Glasgow, April 1978

INTRODUCTION

If, as the reader will have realised to his great dismay, the analysis of the actual intrinsic relations of capitalist production is a very complicated matter and very extensive; if it is a work of science to resolve the visible, merely external movement into the true intrinsic movement, it is self-evident that conceptions which arise about the laws of production in the minds of agents of capitalist production and circulation will diverge drastically from these real laws and will merely be the conscious expression of the visible movements (1865a: 312–3).

Marx held that 'the visible, merely external movement' of the phenomena of capitalism obscures its 'actual intrinsic relations', and since our everyday conceptions of these relations are 'merely . . . the conscious expression of the visible movements' they will ordinarily be ideological. To unearth the 'true intrinsic movement' and show why its visible manifestations should thus deceive us 'is a work of science'. This book is about the method of that science. And it too, in a sense, seeks to go behind a 'visible, merely external movement', that of Marx's own analyses themselves. Marx was careful to distinguish between his method of enquiry, whose task is "to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connection", and his method of presentation, which can come into play 'only after this work is done' (1873). My primary concern here is with the former, and it is no more immediately visible in the end-product than are the essential relations of capitalism itself. The expository form of *Capital*, that of apparently 'a mere a priori construction', is deceptive, as Marx himself warns us (ibid.). If we are to recover Marx's method, we have to go beyond his forms of presentation and ask about the forms of enquiry that laid bare what is to be presented in the first place.

This book is structured accordingly. Part I deals with finished analyses. After some preliminary remarks on Marx's concept of ideology (Chapter 1), I go on to examine in detail two examples of his analyses of the manifest forms of capitalist production and the ideologies they

support: *Capital's* seminal discussions of the value-form and commodity fetishism (Chapter 2) and the forms of revenue and the trinity formula (Chapter 3). In each case I try to bring out the way in which Marx explains the nature of the ideologies by the forms which ground them, and the character of these forms by the singularities of capitalism's 'intrinsic relations'. Part II attempts a *post festum* reconstruction of the methodology which made such analyses possible. I begin with a long discussion of Marx's most renowned methodological text, the *General Introduction* of 1857 (Chapter 4). This is basically a ground-clearing exercise: I argue that other commentators have been wrong to extend what Marx says there to his method of enquiry, and that his concepts of 'intrinsic relations' are constructed by abstraction from capitalism's visible forms. I then consider the nature of this process of abstraction, paying particular attention to the criteria which govern it (Chapter 5), and conclude the book by showing how this lays the foundations for the criticisms of ideology exemplified in Part I (Chapter 6).

Marx's arguments are frequently both difficult and involved, but much as a rule hangs on precisely their complexities. I have therefore avoided any temptation to oversimplify. At the same time I wanted to write a clear book that would be accessible to more than a specialist audience. To that end I systematically define Marx's concepts as they occur, and provide brief summaries of the relevant points of all analyses on which I comment. A detailed knowledge of Marx is not, therefore, in any way a prerequisite for a reading of what follows. But some readers might nonetheless prefer to pass over some of my more technical discussions first time around. If so, most of Chapter 3 (pp. 47 ff) can safely be omitted on a first reading, since it for the most part illustrates arguments already developed in Chapter 1 and exemplified in Chapter 2; and the same goes for some of the more detailed examples in Chapter 5 (pp. 122–134), which in any case rest partly on points expounded in Chapter 3.

Finally, a word on my appendix, notes and bibliography. At various points in my text I refer to Marx's draft manuscripts for *Capital* and changes he introduced into successive editions of its first volume. Rather than scatter this information through notes, it seemed to me preferable to bring it together in appendix form. I have not had access to Marx's manuscripts as such; the information I give is compiled from secondary sources.

My notes are conceived as an essential component of the book. In general, I indicate my sources by parentheses in the text; notes are used

to give bibliographical information only where it is too extensive to be conveniently conveyed thus. The notes are rather used to do two main things which, though relevant to my argument, would have complicated its exposition had they been introduced into the text. The first is to discuss arising side-issues, which are of intrinsic importance in marxism: in Chapter 1, for example, I use notes to contrast Lenin's and Mao's theories of consciousness and Party organisation with reference to the arguments of my text, and I do the same in Chapter 3 with regard to what I see as errors in Marx's analyses of the tendency of the average rate of profit to fall and absolute rent. The second is to comment upon other interpretations, whether of particular points or Marx's method in general: the notes in Part II, for instance, mount an extended polemic against Althusserian readings of Marx's epistemology and methodology. Since this book is a textual study of Marx's own writings I thought it best to keep both types of arguments out of the text proper. But *Marx's Method* has a context and targets, both intellectual and political; and where the notes do not serve a merely clarificatory or informative purpose, they exist to make this context and these targets explicit.

My bibliography is in two parts. Part II is simply a list of all secondary sources consulted. But Part I attempts to do rather more. There, I endeavour to provide one of the fuller listings of English sources for around eighty or so of Marx's more important texts. I do the same, though in much less detail, for Engels. I hope this will increase the utility of this book; for what I present here is intended above all to provoke a return to Marx.

It is not a question here of definitions, which things must be made to fit. We are dealing here with definite functions which must be expressed in definite categories.

Capital II

PART I
IDEOLOGY: TWO STUDIES

If in all ideology men and their circumstances appear upside-down as in a camera obscura, this phenomenon arises just as much from their historical life-process as the inversion of objects on the retina does from their physical life-process.

The German Ideology

1 SOME PRELIMINARY OBSERVATIONS

Marx left few systematic expositions of the principles of the materialist conception of history. Part I of *The German Ideology* was the first and remains in many ways the best.¹ In that work Marx and Engels oppose the speculative constructions of philosophic enquiry with what they call 'real, positive science' (1846a: 38; cf 258–9). The latter, they write, is by no means devoid of premises. But unlike those of the philosophers, these are:

not arbitrary ones, not dogmas, but real premises from which abstraction can only be made in the imagination. They are the real individuals, their activity and the material conditions under which they live, both those which they find already existing and those produced by their activity. These premises can thus be verified in a purely empirical way (ibid. 31).²

This approach, Marx and Engels held, has immediate implications for what we are to understand by consciousness.

The Young Hegelians, who form the immediate target of *The German Ideology*, are repeatedly castigated for attributing to the products of human consciousness 'an independent existence' (ibid. 30); for them, 'the starting point is consciousness taken as the living individual' (ibid. 38). For Marx and Engels, by contrast, if the aim is to depart from 'the real living individuals themselves', then consciousness must be considered 'solely as *their* consciousness' (ibid). Consciousness is therefore defined as 'my relationship to my surroundings', ideas as but 'the independent expression in thought of the existing world', and language itself as 'practical consciousness', the 'language of reality' (ibid. 42, 102, 42, 57).³ As for the concepts of the philosophers, they are no more than 'the distorted language of the ordinary world'; and if philosophers cannot see this, it is because they have not yet grasped that 'neither thoughts nor language . . . form a realm of their own, that they are only *manifestations* of actual life' (ibid. 504). In fine, 'consciousness can never be anything else than conscious existence' (ibid. 37).

But these theses are deceptively simple. A long tradition of inter-

pretation, which can claim the authority of the later Engels,⁴ has accustomed us to see an inversion of the priority of the ideal over the material which Marx read in Hegel and his followers as the core of his critique. But to draw attention to this alleged inversion is to seize upon a very secondary point, if not positively to mislead. For what *The German Ideology* and other works of that period are challenging is the very possibility of distinguishing the material and the ideal as separate spheres in the first place. The primacy of the ideal is not denied *simpliciter*; this denial is a consequence of one that is logically prior, that of the existence of the ideal as an independent entity. So whereas the idealists, according to Marx (and Engels in 1846), severed consciousness from the real individuals whose consciousness it was and were thus enabled to construct the fictitious subjects of their ideology, *The German Ideology* does not propose merely to turn the idealists right side up again. If the ideal as constituted by the philosophers is fictitious as a subject, it would be no less so as an object. Marx and Engels focus their attack on precisely the *separation* of consciousness from 'the individuals who are its basis and from their actual conditions' (ibid. 276) which makes idealism possible. This has an important implication.

If the target of Marx's critique is less the alleged primacy of the ideal than the material/ideal dichotomy on whose basis it can be constituted as a subject in the first place, then his conclusions apply *mutatis mutandis* to all forms of materialism which suppose this or any equivalent distinction.⁵ If consciousness is shown to be one facet of human activity, human activity is itself thereby shown irreducibly to involve consciousness. The point is important because it is just this activity which forms the premise of that science Marx describes as materialist, so we should be clear what we are talking about. If this reading is legitimate, such a statement as 'life is not determined by consciousness, but consciousness by life' (ibid. 38; cf. 1859a: 21) must be understood as pointing to an internal relation of entailment rather than an external one of cause.⁶

There is neither space nor call here for an elaborated discussion of Marx's materialism, and I have emphasised only those points necessary to an understanding of what immediately follows. Some further exemplification will nonetheless be worthwhile.

There are at least three occasions on which Marx and Engels provide us with a recipe for being 'German, profound and speculative' (1846a: 542), the most celebrated of which is the account of 'the mystery of

speculative construction' in *The Holy Family* (1844b: 57–61). Of more direct relevance here is this:

The whole trick of proving the hegemony of the spirit in history . . . is . . . confined to the following three efforts.

No. 1. One must separate the ideas of those ruling for empirical reasons, under empirical conditions and as empirical individuals, from these actual rulers, and thus recognise the rule of ideas or illusions in history.

No. 2. One must bring an order into this rule of ideas, prove a mystical connexion among the successive ruling ideas, which is managed by understanding them as 'acts of self-determination on the part of the concept' (this is possible because by virtue of their empirical basis these ideas are really connected with one another, and because, conceived as *mere* ideas, they become self-distinctions, distinctions made by thought).

No. 3. To remove the mystical appearance of this 'self-determining concept' it is changed into a person — 'Self-consciousness' — or, to appear thoroughly materialistic . . . into the 'thinkers', the 'philosophers', the ideologists, who are again understood as the manufacturers of history . . . (1846a: 64).

Elsewhere in the same text we find both Bauer and Stirner rebuked for their respective variants of the material — ideal dichotomy. In Bauer's case;

instead of real people and their real consciousness of their social relations which apparently confront them as something independent, he has the mere abstract phrase: *self-consciousness*; just as, instead of real production, he has the *activity, made independent, of this self-consciousness*. On the other hand, instead of real nature and the actually existing social relations, he has the philosophical summing-up of all the philosophical categories or names of these relations in the phrase: *substance* . . . It is obvious that with these two abstractions, which have become senseless and empty, he can perform all kinds of tricks without knowing anything at all about actual people and their relationships (ibid. 102).

Stirner's understanding of matter is summarily dealt with as just as much an "abstraction, an idea" (ibid. 109) as Bauer's; his opposition of

'nature' (*qua* 'the world of things') to 'consciousness' is contemptuously dismissed via a comment of Hegel's on Schelling:

It is no more difficult to handle the instrument of this monotonous formalism than a painter's palette which has only two colours . . . in order to use the former to paint a surface when something historical . . . is required, and the latter when a landscape . . . is needed (ibid. 141).

With Stirner, too, concepts, 'if they are divorced from the empirical reality underlying them, can be turned inside out like a glove . . .' (ibid. 362). Proudhon's dualism occasions similar comment in another text of 1846, Marx's letter to Annenkov.⁷

These passages make it abundantly clear first, that it is the initial separation of material and ideal which grounds idealism's ensuing 'conjuring tricks' (1846a: 131), and second that through this separation *both* terms of the distinction are for Marx rendered 'senseless and empty'. This point is immediately relevant to Feuerbach, the third of the philosophical trinity treated in *The German Ideology* and a thinker for whom Marx and Engels otherwise had considerable regard.⁸

Feuerbach's merit is seen as lying in his materialism, which is lauded despite its deficiencies as providing some basis for the transition to an adequate conception. But this materialism is crucially vitiated by not being a materialism of human practice, and therefore lacking in any historical dimension. As the first of Marx's *Theses* has it:

The chief defect of all hitherto existing materialism (that of Feuerbach included) is that the thing, reality, sensuousness, is conceived only in the form of the *object or of contemplation*, but not as *sensuous human activity, practice*, not subjectively, . . . Feuerbach wants sensuous objects, really distinct from the thought objects, but he does not conceive human activity itself as *objective* activity (1845).

In consequence:

He does not see how the sensuous world around him is not a thing given direct from all eternity, remaining ever the same, but the product of industry and of the state of society . . . an historical product . . . (1846a: 57).

As far as Feuerbach is a materialist he does not deal with history, and as far as he considers history he is not a materialist.

With him materialism and history diverge completely . . . (ibid. 59–60).

In similar vein Marx brands empiricism as 'still abstract' because it treats history as a collection of 'dead facts' (ibid. 38), and 'so-called *objective* historiography' as 'reactionary' because it seeks to grasp 'the historical conditions independent of activity' (ibid. 52).

It remains to show from Marx's own texts (rather than the logic of his arguments) that the matter in his materialism, human practice, included consciousness among its attributes. *The German Ideology* tells us that:

Men can be distinguished from animals, by consciousness, by religion, or anything else you like. They themselves begin to distinguish themselves from animals as soon as they begin to *produce* their means of subsistence . . . (ibid. 31).

There is, Marx writes elsewhere (1857: 85), no such thing as production in general. But there are certain features common to any production whatsoever. Marx grasps these through his concept of the labour-process, which apprehends production 'independently of the particular form it assumes under given social conditions', that is, in so far as it is 'the everlasting Nature-imposed condition of human existence' and thus 'independent of every social phase of that existence, or, rather . . . common to every such phase' (1867a: 177, 184). Aspects of the labour-process, in other words, are constants of social life. Amongst these constants is the following:

At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but he also realises a purpose of his own that gives the law to his *modus operandi*, and to which he must subordinate his will (ibid. 178).

And it is, Marx adds, exactly this purposive character of 'labour in a form that stamps it as exclusively human' that distinguishes 'the worst architect from the best of bees' (ibid.).⁹

I have sought to indicate briefly some of what is involved in Engels and Marx's project of a historiography which 'does not explain practice

from the idea but explains the formation of ideas from material practice' (1846a: 50). Further elaboration can best be provided through detailed examination of specific instances of how Marx actually does explain the formation of ideas, a task I shall move on to in the next two chapters. But general as the project announced in *The German Ideology* may be, it has some very precise implications for the explanation of ideology. Before going any further, these must be spelled out.¹⁰

Following Marx, I use the term *ideology* to denote an account of the world which is characterised by its overall falsity. This immediately raises a problem. If, like Marx, we assume an internal relation between people's action in, and consciousness of, the world, we imply that all consciousness, including ideology, possesses a minimum of what I will term practical adequacy. It must, in other words, allow men and women to conduct and make sense of their everyday activity. To argue otherwise would be concede precisely the independence of consciousness from experience denied in Marx's critique of idealism. Now, this means that we cannot account for ideology — as marxists have sometimes done in the past — by alleged inadequacies of perception on the part of the knowing subject, whether inherent or coerced. Marx could not, for example, consistently claim that subordination of the working class to bourgeois ideology is entirely a consequence of its indoctrination by ruling-class-owned mass media. To do so within the framework of his overall theory of consciousness would be possible if, and only if, proletarian experience were limited to the reading of bourgeois newspapers.¹¹

This negative injunction can be expressed in positive form. Marx's view of consciousness allows but one type of explanation of ideology. If ideological accounts of the world are false, then their falsity must be explained in terms of the nature of the experience which is capable of sustaining such illusions, illusions, moreover, which must be assumed to be practically adequate in the face of the experience of the knowing subject.¹² Any other explanatory strategy would involve abandoning either the postulate of the experiential basis of all consciousness, or the claim as to the falsity of ideology.

To clarify how Marx deals with this problem, it is necessary at this point to introduce a distinction central to his developed critique of political economy and arguably implicit in his work from *The German Ideology* onwards.¹³ This distinction lies between what Marx terms *phenomenal forms* and *essential relations*, or, more briefly, appearance and essence. Marx employs numerous synonyms to express the same idea.¹⁴ Phenomenal forms are most simply defined as those forms in

which the phenomena of the external world 'represent themselves' (1867a: 537) in people's experience. This does not imply either that human activity plays no role in constructing the world that thus presents itself, or that what is presented is not already conceptually mediated. It merely supposes that at any given point there exists a constituted world whose phenomena have achieved what Marx calls 'the stability of natural, self-understood forms of social life' (ibid. 75) and which in the first instance confronts its participants as a simple *datum*. Essential relations, in Marx's terminology, are those relations whose existence explains why phenomena should take such forms. They are essential, therefore, not in any mystical or immanentist sense, but simply as conditions of existence of the phenomenal forms themselves.

Unlike phenomenal forms, Marx holds, essential relations need not be transparent to direct experience. Phenomenal forms may be such as to mask or obscure the relations of which they are the forms of manifestation. Such divergence of forms and relations provides the basis for Marx's conception of ideology and at the same time defines the project of his science. A consciousness grounded in direct experience will be ideological to the extent that the phenomenal forms it departs from do distort their underlying relations, and where this is the case it is the job of science to expose the latter and explain why their forms of manifestation should be deceptive. Assuming he can do this, Marx will have satisfied the conditions of the problem outlined above. He will have established the possibility of ideology without abandoning his postulate of the experiential basis of all consciousness or infringing the requirement of practical adequacy which this postulate implies.

Before passing on to consider its employment, a further point needs to be made in respect of the appearance/essence distinction itself. This distinction, and the demarcation of ideology from science which it sustains, are fundamental to Marx's work and particularly to its centre-piece, the four volumes of *Capital*.¹⁵ Assertions like the following are therefore widespread:

The philistine's and vulgar economist's *way of looking at things* stems from . . . the fact that it is only the direct *form of manifestation* of relations that is reflected in their brains and not their *inner connection*. Incidentally, if the latter were the case what need would there be of *science*? (1867e; cf 1865a: 312–13, 817)

But when taken out of context, such remarks are apt to mislead. For

their proper conclusion is not, as some have asserted, that ideology is inevitable whatever the form of social life, but that there are indeed circumstances in which a science of the social is superfluous.¹⁶ The most obvious case in point is communism.

So far as Marx was concerned,

The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan (1867a: 80).

In a communist society, we are to infer, 'the practical relations of everyday life' would 'offer to man none but perfectly intelligible and reasonable relations with regard to his fellowmen and to Nature' (ibid. 79). Nor is this, in Marx's view, merely a rationalist utopia. It is solidly grounded in the potentialities of the present. In 1864 we find him hailing the passage of the Ten Hours Bill thus:

This struggle about the legal restriction of the hours of labour raged the more fiercely since, apart from frightened avarice, it told indeed upon the great contest between the blind rule of the supply and demand laws which form the political economy of the middle class, and social production controlled by social foresight, which forms the political economy of the working class. Hence the Ten Hours Bill was not only a great practical success; it was the victory of a principle; it was the first time that in broad daylight the political economy of the middle class succumbed to the political economy of the working class (1864: 346).

The same text acclaims cooperative factories as an equal proof 'by deed, instead of by argument' of the viability of 'social production controlled by social foresight' (ibid. 346f; cf 1865a: 387-8, 440).

But we need not look only to the future, or Marx's anticipations of it in the present, for relations whose form of manifestation is not such as to mislead the subject. Marx on several occasions¹⁷ contrasts feudalism and capitalism in terms of the transparency of their respective production relations. In capitalism, he argues, surplus labour is never visible on the phenomenal level; its products take the form of profit and interest, which appear to originate from capital, and rent, which appears to arise from the land. We will explore the reasons for this in due course.

But in feudalism surplus labour has 'an independent and palpable form' (1867a: 236) in the *corvée*; and though the serf may labour, he does not do so under the same illusions as his proletarian counterpart. For here the direct producer works, say, three days a week on his own land, feeding himself and his family, and three days a week on the demesne, feeding the feudal lord and his retainers. Hence,

this identity of surplus-value with unpaid labour of others need not be analysed here, because it still exists in its visible, palpable form, since the labour of the direct producer for himself is still separated in space and time from his labour for the landlord, and the latter appears directly in the brutal form of enforced labour for a third person (1865a: 792).

All this yields the following conclusion.

We have no reason to assume, *a priori*, that essential relations will always take a phenomenal form which conceals their true substance or that in consequence spontaneous consciousness will always be ideological.¹⁸ Marx does not, and indeed could not without relinquishing all claims to provide a materialist explanation of ideology. In order to sustain his claim of the falsity of ideology, without abandoning his materialist view of consciousness, Marx is obliged to employ an appearance/essence distinction. Its use enables him to reconcile his conception of consciousness and his critique of ideology in so far as he is thereby enabled to explain why experience itself should be such as to mislead the subject. But this explanation will itself be materialist only to the extent that the opacity of the phenomenal forms is explicable in terms of the distinctive features of the particular relations held to underly them. Should it not be, Marx will be forced back into precisely the dilemma the appearance/essence distinction is needed to resolve. This has an inescapable corollary: his derivation of essential relations, and *a fortiori*, his explanation of ideology, must be empirically specific.

2 THE LANGUAGE OF COMMODITIES¹

The difficulties of the opening chapters of *Capital* are notorious. Marx himself put his finger on their principal source: 'the analysis . . . seems to turn upon minutiae. It does in fact deal with minutiae' (1867d). But the minutiae in question, for Marx, 'are of the same order as those dealt with in microscopic anatomy' (ibid.). The object of Part I of *Capital*, the commodity, is 'the economic cell-form' (ibid.) of bourgeois society, and the categories Marx develops through its analysis are correspondingly fundamental to his entire political economy. This analysis indeed does rest upon the finest of distinctions. But these do not stem merely from Marx's self-confessed (1873) flirtation with Hegelian 'modes of expression'. Marx claims rather that *the commodity itself* 'is a very queer thing, abounding in metaphysical subtleties and theological niceties' (1867a: 71). We must therefore attend to his apparent sophistries with some care.

1 The Commodity²

(a) Use-value/exchange-value

A commodity is 'in the first place, an object outside us, a thing that by its properties satisfies human wants' (ibid. 35). The *use-value* or *utility*³ of any commodity lies in its capacity to satisfy such wants. Hence use-values are limited by the physical properties of commodities: 'the *form* of the *use-value* is the form of the commodity-body itself . . . its palpable, sensible form of existence. What this is is the *natural-form* of the commodity' (1867c: 49). It follows that use-values differ qualitatively between commodities and therefore that as use-values different kinds of commodity are incommensurable. It is this which provides the rationale for their exchange. Finally, and importantly, use-values constitute 'the substance of all wealth, whatever may be the social form of that wealth' (1867a: 36). Use-value is therefore what I shall term a *transhistorical category*, that is a concept which may be applied within all modes of production.

But that it has a use-value does not suffice to qualify an object as a

commodity, and not all use-values are commodities. 'To become a commodity a product must be transferred to another, whom it will serve as a use-value, by means of an exchange' (ibid. 41, parenthesis by Engels). In the process of exchange, the product acquires a second characteristic which specifically differentiates it as a commodity. Marx calls this its *exchange-value* or *value-form*. Exchange-value is an expression (usually monetary⁴) of a commodity's capacity to exchange against other commodities and of the proportions in which it will do so. In exchange-value, therefore, commodities achieve a common form in which their differences as use-values are transcended. Only the existence of such a common form, Marx holds, allows the possibility of generalised commodity exchange.

He draws several important contrasts between use- and exchange-value. First, whereas use-value coincides with the natural form of the commodity, 'the *value-form* of the commodity . . . is its *social-form*' (1867c: 49). I will elaborate on this below. Second, where use-values express the qualitative incommensurability of commodities, exchange-value expresses their quantitative commensurability. Use-values vary with individual kinds of commodity, but exchange-value is a form that is common to all. Lastly, while use-value is an attribute of wealth irrespective of its social form, exchange-value is a property which distinguishes the commodity precisely *as* such a form:

the value form . . . is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production, and thereby gives it its special historical character (1867a: 80n2).

This means that unlike use-value, exchange-value is clearly a *historical category*; a concept, in other words, which can only validly be applied where definite historical conditions obtain.

(b) *Exchange-value/value*

At first sight, Marx observes, exchange-value 'appears to be something accidental and purely relative', 'a relation constantly changing with time and place' (ibid. 36). On the face of it the ratios in which commodities exchange would seem to depend entirely upon the individual caprice of buyer and seller. In consequence, 'an intrinsic value, i.e., an exchange-value that is inseparably connected with, inherent in com-

modities, seems a contradiction in terms' (ibid.). But on closer consideration, Marx argues, this view must be rejected. For the exchange-value of any one commodity can be expressed in terms of definite quantities of *all* others; and if this is the case then these latter too 'must, as exchange-values, be replaceable by each other, or equal to one another' (ibid. 37). From this Marx draws two conclusions which are of cardinal importance to his theory of value:

Therefore, first: the valid exchange-values of a given commodity express something equal; secondly, exchange-value, generally, is only the mode of expression, the phenomenal form, of something contained in it, yet distinguishable from it (ibid.).

This 'something equal' contained in yet distinct from exchange-value, Marx terms *value*; and it is important, as we will see, that value and exchange-value *are* clearly distinguished.

Now the above argument (which is initially stated no less baldly in Chapter 1 of *Capital*) is, to say the least, abbreviated. An elaboration would run somewhat as follows. Why commodities exchange is explained by their incommensurability as use-values. But *that* they can be exchanged supposes their quantitative commensurability. It is this that is expressed in their exchange-values, whether in a simple value-relation x commodity *A* = y commodity *B* or in a developed table of relative prices. However,

It is apt to be forgotten that the magnitudes of different things can be compared quantitatively, only when those magnitudes are expressed in terms of the same unit. It is only as expressions of such a unit that they are of the same denomination, and therefore commensurable (ibid. 49).

But, Marx argues, if such comparisons are to be possible, commodities must share some common property which allows them to be thus compared. It is this he terms value.

Marx next considers what value is. Clearly, he reasons, it can have nothing to do with utility; we appealed, after all, precisely to the *incommensurability* of commodities as use-values to explain the need for their exchange in the first place. In fact, Marx asserts, once we abstract from their use-values, commodities have 'only one common property left': 'that of being products of labour' (ibid. 38). What the exchange-value of a commodity expresses is therefore the *labour* bestowed in,

or more accurately *socially necessary to*,⁵ its production. Value is simply expended labour.

So much, for the moment,⁶ for the 'something equal' Marx considers exchange-values to express. We now come to the second of his conclusions. Why should value, thus conceived, assume the distinct phenomenal form of exchange-value?

Marx's answer lies in the nature of value itself. Value, for Marx, has 'a purely social reality' (ibid. 47); 'when we speak of the commodity as the materialisation of labour . . . this itself is a purely imaginary, that is to say, a purely social mode of existence of the commodity which has nothing to do with its corporeal reality' (1863a: 171). 'Imaginary' here does *not* mean fictitious:⁷ 'the conversion of . . . commodities into labour-time is no greater an abstraction, and is no less real, than the resolution of all organic bodies into air' (1859b: 30). But because the reality of value is social rather than material, it has no *phenomenal* existence independently of the 'corporeal reality', the natural form, of the commodity. The value of a commodity is not phenomenally evident in the way that its colour, shape, hardness, and so on, are, and nor is it phenomenally distinct from these properties or their ensemble. Value, in sum, 'does not stalk about with a label describing what it is' (1867a: 74):

If we say that, as values, commodities are mere congelations of human labour, we reduce them by our analysis, it is true, to the abstraction, value; but we ascribe to this value no form apart from their bodily form (1867a: 50).

But we know already that the 'bodily form' of the commodity is that of its use-value, and a commodity's use-value is an expression not of what it shares with other commodities, but of what sets it apart from them. The immediate form of existence of value, therefore, is not one in which the commensurability of commodities is expressed. From here follows the necessity of value assuming a distinct phenomenal form; a form in which, specifically, the value of any given commodity is manifested as first, independent of that commodity's use-value, and second, common to that commodity and all others.⁸ Failing this, in Marx's view, the presuppositions of generalised commodity exchange will not be satisfied.

The same point may be put the other way round. We know from experience that the commensurability of commodities *is* expressed phenomenally, most often in the form of their prices. Our analysis has

told us both that the basis of this commensurability is value, and that value is incapable of independent phenomenal expression in its immediate form. If our analysis is correct, it must be the case that exchange-value is, in Marx's words, 'only the mode of expression, the phenomenal form' of the value which is consequently 'contained in it, yet distinguishable from it'. I will say no more at this stage about the mechanics of this expression. The value/value-form distinction is crucial to Marx's account of commodity fetishism, and will be considered further in that context.

(c) *Useful labour/abstract labour*

This third distinction is in Marx's own estimation 'the pivot on which a clear comprehension of Political Economy turns' (ibid. 41; cf 1867f, 1868d).⁹ Just as the commodity itself can be viewed from two aspects, as a use-value and as a value, so, too, can the labour involved in its production. Considered as a particular use-value, the commodity is always a result of some equally particular kind of labour. To use Marx's own examples, the use-value linen, for instance, is produced by weaving, but the use-value coat by tailoring. Labour regarded thus, as 'productive activity of a definite kind . . . exercised with a definite aim' (1867a: 42), Marx terms *concrete* or *useful labour*. When we speak of labour from this standpoint we are always speaking of 'a special sort of productive activity, the nature of which is determined by its aim, mode of operation, subject, means, and result' (ibid. 41). Hence, just as use-values vary qualitatively between commodities, so do the varieties of useful labour that produce them. Weaving and tailoring, as species of useful labour, differ in the same way as do linen and coats, considered as use-values. Different kinds of useful labour are therefore no more commensurable than the use-values they create; what matter in both the product and the activity are the specific differences. Lastly, and once again just as with use-value, the concept of useful labour is a transhistorical category:

So far, therefore, as labour is a creator of use-value, is useful labour, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal Nature-imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life (ibid. 42-3).

This concept is not one which presents particular difficulty, for the simple reason that what it describes is labour in its natural form. The same, unfortunately, cannot be said of the other term of the distinction. Abstract labour is not an easy concept, and Marx's own exposition of it in the first chapter of *Capital* leaves ample room for misunderstandings. But before we confront its difficulties, let us clarify their context by looking at why Marx should require such a concept in the first place.

Marx's initial justification for reducing value to labour, as we have seen, is that it is only as quantities of labour that commodities become commensurable and therefore exchangeable. But this, Marx argues, assumes that the different kinds of labour embodied in commodities are *themselves* commensurable and thus quantifiable. To express the same point differently, only labour in a form common to all commodities can be regarded as constitutive of value. Not to recognise this would recreate the impasse we encountered when trying to compare use-values. It cannot, therefore, be useful labour which forms the substance of value. For while useful labour is indeed common to all commodities, it is common only in the sense that use-value is; useful labour is common, but only in as much as it takes *different* (and incomparable) forms in the production of each particular class of commodity. In seeking for what all forms of commodity producing labour share, therefore, we must abstract from the singularities which define each as useful, exactly as we did from the utility of their products. And to designate commodity-producing labour regarded from this second standpoint we will need a second concept. That concept is *abstract labour*. Abstract labour is thus commodity producing labour viewed in terms of its common characteristics, or, more precisely, according to those common characteristics which make it productive of values as opposed to use-values. It is here that our difficulties begin.¹⁰

In *Capital*, Marx's first substantial definition of abstract labour is in terms of what Rubin¹¹ calls 'physiologically equal labour'.

Productive activity, if we leave out of sight its special form, viz., the useful character of the labour, is nothing but the expenditure of human labour-power. Tailoring and weaving, though qualitatively different productive activities, are each a productive expenditure of human brains, nerves and muscles, and in this sense are human labour. They are but two different modes of expending human labour-power (ibid. 44).

Thus defined, abstract labour is simply any labour whatsoever viewed as

a process of consumption of human energy. As such, it is in principle at least subject to quantification by duration and intensity. The conditions of the problem of commensurability outlined above have apparently been satisfied.

In order to show the inadequacies of this putative solution, we have but to look at what follows from it. Let us assume that this definition exhausts Marx's conception of abstract labour. Two inferences might then be drawn.

The first, which is unavoidable, is that the concept of abstract labour, like that of useful labour, is a further transhistorical category.¹² If we assert the physiologically equal character of human labour in general, we cannot deny it of any particular social form of labour; and if we then regard abstract labour as synonymous with physiologically equal labour, we are bound to conclude that all human labour, and not just that involved in commodity production, can be regarded as abstract. The second inference is perhaps less obligatory, but there is no good reason to prevent its being drawn. It is that abstract labour is a mere theoretical construct, a 'mental generalisation' as Colletti (1968: 80) has phrased it. By this I mean not that abstract labour is a theoretical construct in the obvious sense that any concept must be, but that it is, specifically, an abstraction to which there corresponds no distinctive object of an empirical order. In this it would differ both from a concept like useful labour, which refers to labour in its natural form, and from a concept like exchange-value, which describes a definite social form. Abstract labour, if defined in purely physiological terms, clearly has no natural existence independently of useful labour itself and thus appears to be merely an abstraction from the latter; but nor does it have any particular social form of existence either, since on this definition all social forms of labour can be described as abstract. It is difficult to avoid concluding that abstract labour, thus defined, is no more than a gratuitous abstraction of doubtful heuristic value. Such a conclusion would, of course, be extremely damaging to Marx, given the crucial role which, as he repeatedly emphasised, the distinction between useful and abstract labour plays in his analysis.¹³

But in order fully to appreciate the damage done by identifying abstract with physiologically equal labour, we need to cast our minds back to what abstract labour was invoked to explain in the first place. What Marx sets out to explain in Chapter 1 of *Capital* is, in his own words 'the commodity form of the product of labour — or the value-form of the commodity' (1867e). Commodity form and value-form are not in fact synonymous, though Marx frequently elides the two terms.

The value-form is, strictly speaking, only one aspect of the commodity form, the other being use-value. But the elision is quite comprehensible because the problem of explaining the commodity form ultimately resolves itself into one of explaining the value-form. Use-value, as an attribute of the product of labour under all conditions, cannot be used to explain that which differentiates the commodity form, whereas exchange-value expresses exactly this *differentia specifica*. This means that what we have to explain is a phenomenon which, to adapt a phrase Marx employed of another relation of capitalist production, 'has no natural basis, neither is its social basis one that is common to all historical periods' (1867a: 169).

It is in this context, that of a definite *kind* of problem, that Marx introduces the concepts of value and abstract labour. This problem is defined in such a way that it allows only one kind of solution. The goal of the analysis must be to elucidate not only those conditions of existence of the commodity form which coincide with those of products of labour generally; it must be, quite specifically, to enumerate those conditions which allow the product to assume the value-form. And if this form is a historical one, then so too must be its conditions. In so far as the concepts of value and abstract labour purport to articulate these conditions, therefore, they must be historical categories. Conversely, if their reference is transhistorical, they will be unable to explain the historically specific value-form, and in consequence the commodity form itself will remain a mystery. *Prima facie* then, we would expect abstract labour to be a historical category and thus no mere 'mental generalisation' but the concept of a definite social form. But as we have seen, both these conditions are violated as soon as we equate abstract with physiologically equal labour.

Thus far I have concentrated upon the logical implications of reducing abstract to physiologically equal labour. I now need to show not just that it would have made nonsense of Marx's analysis had he made this reduction, but that he did not in fact do so. Further, having asserted that to identify abstract with physiologically equal labour *per se* is mistaken, I ought to clarify where and how the latter does fit in. I will begin with an apparent digression.

All human labour (save that of a Robinson Crusoe, which need not concern us here¹⁴) is *social*. Individual labour is part of that of society as a whole in more than an agglomerative sense. Reproduction of the conditions of production is a *sine qua non* of any social existence, and this is in turn dependent upon maintaining definite proportional relations between different sorts of useful labour. This much can be

stated *a priori*, and Marx does so classically in a famous letter to Kugelmann:

Every child knows that a nation which ceased to work, I will not say for a year, but even for a few weeks, would perish. Every child knows, too, that the volume of products corresponding to the different needs require different and quantitatively determined amounts of the total labour of society. That this *necessity* of the *distribution* of social labour in definite proportions cannot possibly be done away with by a *particular form* of social production but can only change the *mode of its appearance*, is self-evident. Natural laws cannot be abolished at all. What can change in historically different circumstances is only the *form* in which these laws assert themselves (1868b).

The ways in which correct proportions between different kinds of labour are achieved, in other words, will vary with the mode of production. Equally importantly for our purposes, the particular *forms* in which the social character of individual labour is manifested will vary accordingly.

In societies in which the distribution of labour is socially regulated, whether communally or by a ruling class, all labour will be directly social. Useful labour (labour which produces a use-value) and social labour (labour which produces a *socially required* use-value) will coincide. There will in consequence be no divergence between the natural form of labour and the form in which its social character is expressed.

Marx discusses several examples in both the 1859 *Critique* and *Capital*:

under the rural patriarchal system of production, when spinner and weaver lived under the same roof . . . yarn and linen were *social* products, and spinning and weaving *social* labour within the framework of the family . . . the product of labour bore the specific social imprint of the family relationship with its naturally evolved division of labour. Or let us take the services and dues in kind of the Middle Ages. It was the distinct labour of the individual in its original form, the particular features of his labour and not its universal aspect that formed the social ties at that time (1859b: 33).

Similar points are made with respect to primitive communes and socialism.¹⁵ What all these cases share is that *useful labour as such* is *directly* distributed. Because of this, its social character is evident in its natural and immediate form.

But commodity production differs radically from this. Here, labour is divided, without being socially distributed; the social division of labour, both qualitative and quantitative, is spontaneous in the sense of being free from conscious social regulation. Labour, far from being directly social, is in appearance and in fact *private*. Now in this situation, Marx argues, labour is proportionately distributed only indirectly, via the exchange of products as commodities, and its social character is accordingly expressed only in the oblique (and mystifying) form of an apparently objective feature of those products, their exchange-value:

As a general rule, articles of utility become commodities, only because they are products of the labour of private individuals or groups of individuals who carry on their work independently of each other. The sum total of the labour of all these private individuals forms the aggregate labour of society. Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer's labour does not show itself except in the act of exchange. In other words, the labour of the individual asserts itself as part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers (1867a: 72-3).

Let me elaborate.

In commodity production the producer knows only whether or not his labour is social *post festum*, according to whether or not its product finds a market. He cannot ascertain this in advance because of the spontaneity of the division of labour. Labour in its natural form, useful labour, is therefore neither automatically nor immediately social. Now, it was proposed above that, whatever the system of production, reproduction requires a proportional distribution of different kinds of labour. In commodity production, imbalances will be expressed in terms of too many or too few commodities of a given kind and their prices will vary accordingly, rising or falling with fluctuations of supply and demand.¹⁶ Such imbalances will be (imperfectly¹⁷) corrected by movements of labour consequent upon price changes, and this is the mech-

anism through which proportionality of labour inputs is (again imperfectly) ensured. This equilibrating tendency is always present, and prices will therefore tend to oscillate around those which would obtain where supply and demand balance. This 'natural price', as the classical economists called it, is for Marx a direct expression of value, for *ex hypothesi* where supply and demand balance is precisely where all labour is socially necessary labour.¹⁸ We might note in passing that this constitutes an additional justification of the labour theory of value to that given above, and one which is perhaps more convincing in that it does not rely upon argument by elimination.

The relevant point of the foregoing exposition, however, is this. To quote again from Marx's letter to Kugelmann:

the form in which this proportional distribution of labour asserts itself, in a social system where the interconnection of social labour manifests itself through the *private exchange* of individual products of labour, is precisely the *exchange-value* of these products (1868b).

'Where labour is communal, the relations of men in their social production do not manifest themselves as "values" of "things" ' (1863c: 129). Where labour is private, on the other hand, its social character is ensured only by movements of and expressed only in the form of the prices of its products. So, in Marx's words, *exchange-value* is 'the form of social labour as it exists on the basis of commodity production', and only thus is 'the labour of the isolated individual' manifested 'as general, social labour' (1863a: 207). But we know from previous analysis that exchange-value supposes value, and value the commensurability of different kinds of labour. It follows that the proportional distribution of labour in commodity production entails its equalisation. Marx does not see this as in any sense a conscious process, but rather asserts that

when we bring the products of our labour into relation with one another as values, it is not because we see in these articles the material receptacles of homogeneous human labour. Quite the contrary: whenever, by an exchange, we equate as values our different products, by that very act, we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this, nevertheless we do it (1867a: 74).

At this point we may return to the question of physiologically equal

labour. It is perfectly true to say that for Marx, once we abstract from the specifically useful characteristics of labour, nothing remains but the simple expenditure of labour-power. But abstract labour is nevertheless not physiologically equal labour *simpliciter*. Clarifying this issue in a note to the 1875 French translation of *Capital*, Marx stressed that 'only exchange brings about this reduction, opposing the products of different forms of labour with each other on the basis of equality' (Marx Collection V: 6, italics mine). The above exposition, I hope, will have made it quite clear that this is indeed the case. It is, to be sure, the physiological equality of human labour which permits the abstraction from its concrete forms which occurs in commodity production. But that such abstraction occurs is entirely a consequence of the peculiar social relations of that production. In much the same way precious metals have certain natural qualities which enable them to function as money,¹⁹ but they do so only within and because of various eminently social conditions.

Abstract labour, then, is neither a transhistorical category nor a mere 'mental generalisation'. It is a historical category which seeks to grasp that reduction of labour which Marx conceives as *actually* taking place within the *specific* conditions and relations of commodity production, albeit invisibly and behind the backs of the producers. In his own words,

As useful activity directed to the appropriation of natural factors in one form or another, labour is a natural condition of human existence, a condition of material interchange between man and nature, quite independent of the form of society. On the other hand, the labour which posits exchange-value is a *specific social form of labour* (1859b: 36, italics mine).

2 Commodity fetishism and the value-form

At the beginning of the famous section of *Capital* in which 'The Fetishism of Commodities and the Secret Thereof' is examined, Marx argues that the phenomenon he is to dub *commodity fetishism* stems neither from use-value nor from 'the nature of the determining factors of value' as such. There is nothing mysterious about use-value; nor are the possibility of reducing concrete labours to physiologically comparable quantities, or the reasons for doing so where labour is private especially puzzling. 'Whence, then,' asks Marx, 'arises the enigmatical character of the product of labour, so soon as it assumes the form of

commodities? Clearly from this form itself' (1867a: 71-2). We know already that what distinguishes the commodity from other forms of the product of labour is its exchange-value or value-form; and this latter is in fact the source of the enigma to which Marx refers. I terminated my discussion of the value-form above with a demonstration of why, according to Marx, this form differs from what it expresses, i.e., value or expended (abstract) labour. We must now investigate what, in positive terms, this form is; or how, in other words, values are phenomenally manifested.

(a) The value-form

In Chapter 1 of *Capital* Marx gives us a kind of idealised reconstruction of the genesis of the ultimate value-form of the commodity, its money form or price. He thus deals with several value-forms. The simplest of these (Form A), in which, he nevertheless asserts, "the whole mystery of the form of value lies hidden" (1867a: 48), is the *elementary or accidental form* of value. This can be expressed by the simple equation

$$x \text{ commodity } A = y \text{ commodity } B.$$

Marx distinguishes the two poles of the expression as the *relative* and the *equivalent* forms of value respectively. *x* commodity *a* is said to take the relative form because its value is being expressed relative to that of *B*; *y* commodity *B* is termed the equivalent because it serves as the equivalent in which the value of *x* commodity *A* is expressed.

This latter distinction may at first sight seem a puzzling one, since the equation is clearly reversible. Its importance will become apparent when more developed forms of value are considered, for then the equation cannot be reversed without another form of value altogether being derived. We must however cling to one point which appears trivial but is in fact absolutely fundamental. This is that although in this form (indeed in all value-forms other than the money-form²⁰) any commodity can occupy either position in the equation, no commodity can occupy both positions simultaneously. The expression *x* commodity *A* = *x* commodity *A* would not be a value equation. To say this is merely to restate the point argued at length above that the value of a commodity is not distinguished phenomenally from its material substance or use-value (and *mutatis mutandis* the abstract labour which creates this value has no immediate form independent of its useful embodiments), so an individual commodity taken in isolation is incapable of manifesting its own value. In Marx's words,

Value as an aspect of the commodity is not expressed in its own use-value, or in its existence as use-value. Value *manifests* itself when commodities are expressed in other use-values, that is, it manifests itself in the rate at which these other use-values are exchanged for them (1863c: 127). A commodity is *exchange-value* only if it is expressed in another, i.e., as a relation (1858a: 205).

Clearly this is what happens here. The value of x commodity A does achieve expression as something distinct from A 's use-value. But it is by no means directly expressed as what it is, a definite quantity of expended labour. It is expressed, on the contrary, in the 'bodily form' of a definite quantity (y) of another commodity (B). The *value* of the relative commodity, in other words, is manifested as exchange-value in the form of the *use-value* of the equivalent; 'use-value becomes the form of manifestation, the phenomenal form of its opposite, value' (1867a: 56). And implicit in this inversion, Marx argues, are two more. First, the *useful* labour embodied in B stands for the *abstract* labour contained in A : 'concrete labour becomes the form under which its opposite, abstract human labour, manifests itself' (ibid. 58). Second, the specific kind of *private* labour which produced B comes to stand for the *social* labour of which A must be a result in order to stand in value-relations at all; 'the labour of private individuals takes the form of its opposite, labour directly social in its form' (ibid. 59). These claims, I think, require a little amplification.

I have previously shown why for Marx value has to assume the distinct phenomenal form of exchange-value, and we now see how this form is constituted via exchange relations between commodities. y commodity B is able to express the value of x commodity A because it embodies the same quantity of expended (abstract) labour, that is, because it has the same value. It is evident, however, that in this form of manifestation the value of A is not expressed as labour; rather 'the *natural-form* of the (equivalent) commodity becomes the *value-form* (of the relative commodity)' (1867c: 55). Now furthermore, Marx argues, in so far as the value of A might be held to be expressed in terms of labour indirectly or by implication,²¹ it is not expressed in terms of the particular social form of labour which actually created its value, abstract labour. Instead, 'the *particular, concrete, useful labour* which produces the commodity-body of the equivalent . . . always count(s) in the *value-expression as particular realization-form or appearance-form of human labour as such*' (ibid. 56). The abstract social labour which renders A and B commensurable is represented by

the specific private and concrete labour which produced B . In sum, then, value can achieve independent phenomenal expression as exchange-value, but only on condition of these inversions (as Marx calls them — *ibid.*), all of which distort the essential relations involved. We should be clear, incidentally, that Marx is thoroughly emphatic on this point, for he insists that 'exchange-value is the *only* form in which the value of commodities can manifest itself or be expressed' (1867a: 38, italics mine). What these inversions share is that in all cases the purely social and historical (value, abstract social labour) is represented by the natural and universal (use-value, concrete private²² labours). I will return to this, the foundation for fetishistic illusions, below.

Form A , then, is capable of expressing the value of a commodity as something distinct from its use-value. But value is still not expressed as something common to all commodities. This defect is partially remedied in the second form of value, the *total or expanded form* (Form B), which Marx schematises thus:

$$z \text{ com } A = u \text{ com } B = v \text{ com } C = w \text{ com } D = x \text{ com } E = \dots \text{etc.}$$

This second form is implicit in the first in as much as the number of value-relations of the kind x commodity $A = y$ commodity B in which a commodity can stand is limited only by the total number of commodities, and their combination yields Form B .

In the expanded form of value two points in particular are clarified. First,

The value of a single commodity . . . is now expressed in terms of numberless other elements of the world of commodities . . . It is thus, that for the first time, this value shows itself in its true light as a congelation of undifferentiated human labour. For the labour that creates it, now stands expressly revealed, as labour that ranks equally with every other sort of human labour, no matter what its form . . . At the same time, the interminable series of value equations implies, that as regards the value of a commodity, it is a matter of indifference under what particular form, or kind, of use-value it appears (1867a: 62–3).

This passage and others like it need to be read with care. In the expanded form of value, Marx argues, since the value of a commodity is manifested in the use-values of any number of others the status of these latter as forms of representation of value, rather than value *per se*, is very much more evident. It is plain that the capacity of commodities B , C , D , and

so on to express *A*'s value is unrelated to their individual natural attributes. Similarly, in so far as what is represented is labour then it palpably cannot be labour in any particular useful form, since this differs between the equivalents. But it would be wrong to understand Marx as saying that in Form *B* the fact that abstract labour is the substance of value is *phenomenally* evident. It remains the case, as with every value-form, that the social substance value achieves phenomenal expression only in the natural form of the use-value of some other commodity.

There is, however, one important distinction between the expanded form and all the others with which Marx deals. In the latter, as in Form *A*, the role of the equivalent is always played by a *single* commodity, whereas in Form *B* *all* commodities bar the one whose value is being expressed play this role. Form *B* is correspondingly less likely to sustain the illusion that value is a function of the physical qualities of the equivalent than any other form. This is an illusion which has enjoyed widespread acceptance when the equivalent has been gold, as we shall shortly see in connection with the Mercantile and Monetary systems of economics. The expanded form of value may therefore be said to *point to* abstract labour as its hidden substance more directly than do the other value-forms.

The second clarification offered by the expanded form concerns the quantitative proportions in which commodities exchange. In form *A* these could perhaps²³ have been seen as subjective and arbitrary, and value therefore assimilated to exchange-value. But in Form *B*, Marx argues, such a view can no longer be convincingly sustained. It is evident that definite proportions obtain, and the value of the relative commodity (*A*) stays constant throughout its expressions. Hence,

It becomes plain, that it is not the exchange of commodities which regulates the magnitude of their value; but, on the contrary, that it is the magnitude of their value which controls their exchange-proportions (1867a: 63).

So much for the expanded form of value. Like the elementary form it has its defects. Though it implicitly expresses the fact that value is common to all commodities, it does this only in the form of 'a many-coloured mosaic of disparate and independent expressions of value' (ibid. 64). The communality of value has yet to achieve *unitary* phenomenal manifestation. We can derive this, however, by reversing the equation for Form *B* and thus giving 'expression to the converse

relation already implied in the series' (ibid. 65). This gives us the *general form of value* (Form *C*).

$$\begin{array}{l} u \text{ com } B \\ v \text{ com } C \\ w \text{ com } D \\ x \text{ com } E \\ \&c. \end{array} = z \text{ com } A$$

There is no formal distinction as such between this and the *money-form of value* (Form *D*), to derive which we simply substitute a given quantity of money for *z com A* in the above equation.

In Forms *C* and *D* "All commodities now express their value (1) in an elementary form, because in a single commodity; (2) with unity, because in one and the same commodity' (ibid.). Both Marx's criteria for the expression of value are now satisfied:

The value of every commodity is now . . . not only differentiated from its own use-value, but from all other use-values generally, and is, by that very fact, expressed as that which is common to all commodities. By this form (Marx is talking of Form *C*, but his point applies equally to Form *D*) commodities are, for the first time, effectively brought into relation with one another as values, or made to appear as exchange-values (ibid. 66).

Value is now expressed not merely as distinct from the use-value of the relative commodity (as in Forms *A* and *B*) but as common to all commodities, because in Forms *C* and *D* *all* commodities (unlike in Form *A*) have their value expressed in a *single* or *universal equivalent* (unlike in Form *B*). These two latter forms thus 'give to the world of commodities a general social relative form of value' (ibid. 68) in so far as they exclude all but one commodity from the equivalent form. It is the social sanctioning of this exclusion that alone distinguishes the money from the general form of value:

The particular commodity, with whose bodily form the equivalent form is thus socially identified, now becomes the money-commodity, or serves as money. It becomes the special social function of that commodity, and consequently its social monopoly, to play within the world of commodities the part of the universal equivalent (ibid. 69).

Therewith all commodities assume a unified value-form distinct from their natural form, *viz.*, a price: 'the general form of relative value of the world of commodities obtains real consistence and general social validity' (ibid.). Conversely, Marx asserts, the money-form is 'the only adequate form of existence of exchange-value' (ibid. 130).

The money-form of value is no less fetishistic than any of its predecessors. If anything it is more so, for the incarnation of the social substance, value, in a thing, the natural-form of the equivalent, is now thoroughly consolidated. In Form *A* this might have appeared accidental, while in Form *B* it was evident that the capacity of a commodity to assume the equivalent form was not a function of its natural attributes. This is no longer the case with money. Here, one and only one thing, the money-commodity, becomes the social form in which the value of all commodities is expressed, and thus the appearance of accident associated with Form *A* is removed; and in the same movement all other commodities are precluded from assuming the equivalent form, so the insights Form *B* might have made available are now denied us. Value is now unambiguously and uniquely manifested in the bodily form of the universal equivalent. Marx summarises what has taken place thus:

We have already seen, from the most elementary expression of value, x commodity *A* = y commodity *B*, that the object in which the magnitude of the value of another object is represented, appears to have the equivalent form independently of this relation, as a social property given to it by Nature. We followed up this false appearance to its final establishment, which is complete so soon as the universal equivalent form becomes identified with the bodily form of a single commodity, and thus crystalised into the money-form. What appears to happen is, not that gold becomes money, in consequence of all other commodities expressing their values in it, but, on the contrary, that all other commodities universally express their values in gold, because it is money. The intermediate steps of the process vanish in the result and leave no trace behind (ibid. 92).

(b) Commodity fetishism

From here, we may pass to some more general remarks concerning commodity fetishism. Let me begin by elaborating upon a distinction which I have already had plenty of occasion to use, the distinction between what I have referred to as *historical* and *transhistorical cat-*

egories. As mentioned in Chapter 1, for Marx 'all epochs of production have certain common traits, common characteristics' (1857: 85). Their phenomena therefore exhibit what Marx habitually calls a 'material side', a set of attributes "which (phenomena of) the most disparate epochs of production may have in common' (1858a: 881). Thus, for instance, 'every product of labour is, in all states of society, a use-value' (1867a: 61), and labour, as we have seen, is always (in Marx's sense) useful. These universal attributes of the phenomena of production are the object of Marx's transhistorical categories, concepts which can be applied across all modes of production. Transhistorical categories thereby effectively define *classes* of phenomena common to production in general.

But Marx also made it abundantly clear that for him '*production in general* is an abstraction' (1857: 85). For 'whenever we speak of production, what is meant is always production at a definite stage of social development' (ibid.); empirically, we confront only specific *modes* of production, each a definite '*way* in which men produce their means of subsistence' (1846a: 31, italics mine). Marx makes this plain in the nearest he comes to giving a general definition of production, *viz.*, 'appropriation of nature on the part of an individual *within and through a specific form of society*' (1857: 87, italics mine). Now, within different modes, the phenomena common to production in general will take singular and differing *social forms* defined by attributes *not* possessed by their counterparts elsewhere. Thus in commodity production, for example, the product assumes the commodity-form (possesses exchange-value in addition to use-value) and labour, in addition to being useful is private and, through its equalisation in exchange, abstract. As we have seen with respect to these examples, the attributes which define these forms are entirely consequential upon the particular conditions and relations of the individual *modes* of production in which they occur. They are therefore the object of historical categories, that is of concepts which can properly be applied only within historically limited parameters. Otherwise put, such categories grasp the singularities which *differentiate* the phenomena to which they refer as individual *members* of the classes Marx specifies transhistorically.

I shall return to this distinction, which I believe to be fundamental to *Capital's* entire project, in Part II. Here, I am concerned with it only in so far as it bears upon Marx's notion of fetishism. It does so very directly, for fetishism is grounded in the systematic *inversion* of these two sets of attributes Marx so painstakingly distinguishes. 'The

fetishism peculiar to the capitalist mode of production from which it arises', he writes.

consists in regarding *economic* categories, such as being a *commodity* or *productive*²⁴ labour, as qualities inherent in the material incarnations of these formal determinations or categories (1866: 1046).

(It) metamorphoses the social, economic character impressed on things in the process of social production into a natural character stemming from the material nature of these things (1878a: 229).

Thus value, for instance — a property which, as we have seen, the product acquires only within and because of the eminently social relations of commodity production — is conceived as an emanation of the 'material side' of the commodity, its use-value. In the same way, capital's capacity to command interest is translated into a natural property intrinsic to means of production as such. I will consider ideologies built on these foundations in detail later on. Two important general points, however, have yet to be made.

The first concerns the nature of fetishistic illusions. Clearly, to view the social properties things acquire under definite social regimes as inherent in their natural forms is to obscure the essential relations that in fact constitute their conditions. It is to desocialise the world. But it is also to do something else. It is, *ipso facto*, to *universalise the historical*, to predicate of transhistorical classes of phenomena qualities which are in fact specific to individual and historical members of those classes (and indeed define them as such). Fetishism, in short, accomplishes a simultaneous *double* inversion of natural and social, universal and historical. Both processes, I think, are germane to the analogy with which Marx introduces the notion of fetishism in *Capital*, and explain his adoption of this particular concept from anthropology to describe them:

In order . . . to find an analogy, we must have recourse to the mist-enveloped regions of the religious world. In that world the productions of the human brain appear as independent beings endowed with life, and entering into relation both with one another and the human race. So it is in the world of commodities with the products of men's hands (1867a: 72).

The net effect of fetishism is to estrange human products from their makers and deny their constructed character. The parallels with Marx's pre-1845 analyses of religion (and alienation in general) are unmistakable, and I am hardly the first to draw them.²⁵ And just as religion is 'the opium of the people' (1843c: 175, italics omitted), so the desocialised, dehistoricised world of fetishistic illusion is one of indubitable benefit to the ruling classes.

But, second, it is important to realise that Marx does not attempt to *explain* fetishism thus. He makes this explicit, *inter alia*, in this comment on the Ricardian socialist Thomas Hodgskin, which merits quotation at length:

Hodgskin says that the effects of a certain social form of labour are ascribed to objects, to the products of labour; the relationship itself is imagined to exist in *material* form. We have already seen that this is a characteristic of labour based on commodity production, on exchange-value, and this *quid pro quo* is revealed in the commodity, in money . . . and to a still higher degree in capital. The effects of things as materialised aspects of the labour process are attributed to them in capital, in their personification, their independence in respect of labour. They would cease to have these effects if they were to cease to confront labour in this *alienated form* . . . Hodgskin regards this as a pure subjective illusion which conceals the deceit and the interests of the exploiting classes. He does not see that the way of looking at things arises out of the relationship itself; the latter is not an expression of the former, but vice versa (1863c: 295–6).

Like ideology in general, fetishism arises, so Marx asserts, from the forms in which the world presents itself to experience, and must therefore be explained from the nature of that world rather than the intentions of ideologues. Commodity fetishism, for instance, arises specifically from the value-form whose development we have followed above; a form Marx is careful to describe as a 'prosaically real, and by no means imaginary, mystification' (1859b: 49).²⁶ Let me exemplify.

3 Ideologies of Value

(a) The Monetary and Mercantile Systems

The Monetary and Mercantile Systems of economics,²⁷ according to

Marx, grasp value in 'the purely fantastic form' (1863a: 174) of gold and silver; for them 'gold and silver, i.e., money, alone constitutes wealth' (1859b: 158). For Marx, this amounts to the reduction of value to 'the pure form of value, the form in which the product *makes itself manifest* as general social labour: money' (1863a: 173). This is fetishism in its classic form: the faculty of representing value which gold and silver acquire solely as a consequence of standing in particular social relations is understood as a characteristic of precious metals *per se*; for the Monetarists and Mercantilists, 'gold and silver, when serving as money, did not represent a social relation between producers, but were natural objects with strange social properties' (1867a: 82). Marx pinpoints this fetishism as the basic for 'all the illusions of the Monetary System' (1859b: 35), amongst which he numbers a conception of value based on relative perishability (precious metals being supremely durable) (1859b: 129–30; cf 1863a: 174), an understanding of surplus-value as mere profit on sale (1863a: 41–3), and a restriction of the appellation 'productive' to those branches of labour whose products yielded a favourable gold balance in international trade (1863a: 43n; 1867a: 130–4). All these Marx brands as 'fatuous conceptions' (1863c: 16). Despite this, he treated the Monetary and Mercantile Systems very much more generously than did most of his predecessors.

Monetarism and Mercantilism, Marx points out, arose in the infancy of bourgeois production, when production itself remained overwhelmingly for the producer's own subsistence and 'the sphere of commodity *circulation* was the strictly bourgeois economic sphere' (1859b: 158, *italics mine*). And it was, he argues,

consistent with the rudimentary stage of bourgeois production that these misunderstood prophets should have clung to the solid, palpable and glittering form of exchange-value, to exchange-value in the form of the universal commodity as distinct from all particular commodities (*ibid.* cf 1865a: 337).

Marx is doing more than simply equating historical and theoretical immaturity here. If, as argued above, value is the labour embodied in a commodity then its existence is bound up with that of the commodity itself. The value of a commodity will ordinarily²⁸ disappear when that commodity is consumed or otherwise destroyed. *Ceteris paribus*, therefore, if, as is a merchant, one is interested in amassing wealth rather than procuring consumables (use-values), one is best advised to exchange

perishable for less perishable commodities and ideally for precious metals, the most durable of all commodities and thus the most adequate receptacle of value. It is this, Marx holds, which explains the pre-occupation of the Monetary and Mercantile Systems with the value-form, and constitutes their rational element:

They quite correctly stated that the vocation of bourgeois society was the making of money, and hence, from the standpoint of simple commodity production, the formation of permanent hoards which neither moths nor rust could destroy. It is no refutation of the Monetary System to point out that a ton of iron whose price is £3 has the same value as £3 in gold. The point at issue is not the magnitude of the exchange-value, but its adequate form (1859b: 158).

Marx adds the qualification 'from the standpoint of simply commodity production' here for an important reason. Capitalist production is primarily distinguished from simple commodity production by the *marketability of labour-power*: 'The whole system of capitalist production is based on the fact that the workman sells his labour-power as a commodity' (1867a: 430).²⁹ But the consumption of labour-power is, as we have seen, the production of value. In this situation, therefore, a capitalist may exchange money as wages against labour-power and in consuming that labour-power produce more value than he laid out in its purchase. We will investigate the dynamics of this exchange in more detail in Chapter 3 but it should already be clear that under these conditions it would be absurd for a capitalist to transform his products into money merely in order to hoard it, if by exchanging it against the elements of production he stands to *augment* its value. Indeed, other things being equal, the rate at which he can increase his capital will depend upon the velocity of its turnover.

In simple commodity production, however, this presupposition is absent. Hence, Marx argues, the durability of the form in which value inheres is — quite comprehensibly — the overriding concern of both merchant capital and its theoreticians. Assuming commodities to exchange at their values, it would be as senseless for the owner of money to exchange it for more perishable commodities here as it would be for him not to do so under capitalist conditions. The Monetary and Mercantile Systems, in short, had a substantial amount of practical adequacy within the historical framework from which they emerged.

But Marx goes still further than this:

Political economy errs in its critique of the Monetary and Mercantile Systems when it assails them as mere illusions, as utterly wrong theories, and fails to notice that they contain in a primitive form its own basic presuppositions. These systems, moreover, remain not only historically valid but retain their full validity within certain spheres of the modern economy (1859b: 159).

They do so, Marx goes on to explain, in so far as money as the developed form of value and supreme incarnation of the specifically bourgeois form of wealth (that is, value, rather than use-value), as opposed to money in its various technical functions,³⁰ persists in the capitalist economy; as it necessarily must do, since the circulation of capital is accomplished via the circulation of commodities, and for the latter to take place all commodities must assume the money-form. A striking illustration of this is provided in *Capital* III, when Marx discusses sacrifices of real wealth (use-values) in periods of crisis in order to maintain wealth in monetary form. He comments:

But how are gold and silver distinguished from other forms of wealth? Not by the magnitude of their value, for this is determined by the quantity of labour incorporated in them; but by the fact that they represent independent incarnations, expressions of the *social* character of wealth . . . This social existence of wealth therefore assumes the aspect of a world beyond, of a thing, matter, commodity, alongside of and external to the real elements of social wealth (1865a: 573).

In sum then, Marx is quite clear that the Monetary and Mercantile System represent the apogee of fetishism in their explanation of the social qualities of the money-commodity by the physical properties of its material embodiment. The fetish, moreover, is of the crudest kind in that its object is the universal equivalent *eo ipso*; we will find, in the analyses of value yet to be considered, that there fetishism arises only after a prior analytic regression from immediate appearances. This is why Marx regards these systems as the 'vulgar economy of (their) period' (1865a: 784).³¹ He nevertheless insists that, notwithstanding their fetishism, the propositions of the Monetary and Mercantile Systems possess substantial historical, and significant contemporary, phenomenal validity. Unlike his classical forebears he is not content merely to rebut these conceptions but seeks to reveal their foundations.

And these, he asserts, are emphatically real. Given the conditions in which Monetarism and Mercantilism emerged, he argues, to assimilate value to its form of manifestation was thoroughly comprehensible, and it is this initial identification which grounds the rest of the Monetarists' and Mercantilists' illusions. So it is the nature of the forms in which the phenomena present themselves which explains the peculiarities of their conception, and the phenomenal adequacy of the conception which explains its tenacity. And if this involves the tenacity of an illusion, this cannot be attributed to the Monetarists' and Mercantilists' stupidity. The apparent stupidity is rather to be accounted for by the strangeness of the form in which value manifests itself to these 'misunderstood prophets', and thus, in the final analysis, by the peculiarities of the relations which oblige this form of manifestation.

(b) Samuel Bailey and the 'Verbal Observer'

We turn now to Marx's critique of two of his contemporaries, Samuel Bailey and the anonymous author of *Observations on certain verbal disputes in Political Economy*.³² Both writers accused Ricardo and his followers of reifying value, transforming it from a mere contingency of exchange into a property the commodity is alleged to possess independently of and prior to it. In Marx's terms, Bailey and the 'Verbal Observer' failed (or rather refused) to distinguish exchange-value and value, holding the former to be the only reality and the latter but 'a scholastic invention of economists' (1863c: 137). For Bailey,

Value denotes . . . nothing positive or intrinsic, but merely the relation in which two objects stand to each other as exchangeable commodities (cit. 1863c: 140)

We may speak of it as money-value, corn-value, cloth-value, according to the commodity with which it is compared; and hence there are a thousand different kinds of value, as many kinds of value as there are commodities in existence, and all are equally real and equally nominal (cit. *ibid.* 147).

The 'fiction' of intrinsic value, in Bailey's view, arises from the way in which money obscures the nature of exchange-relations between commodities.

The role of money as universal equivalent, Bailey argues, led to a misconceived search for a so-called 'invariant measure of value' in terms

of which the quality held to be thus expressed could be accurately measured. Various commodities played this role in the history of political economy, including gold itself, corn, and (in Bailey's interpretation of Ricardo at least³³) labour. But, Bailey asserts, the problem is based on a fallacy: for if, like the classical economists, we assume constant value-relations between commodities, the value of the equivalent can vary infinitely without the *relative* values of other commodities being in the slightest degree affected. Any change in the value of the equivalent would have the same impact throughout all the value-relations into which it entered, and proportional relations between the values of the other commodities thus expressed would remain constant. Hence an equivalent, and specifically money, could function perfectly well as a measure of value (on the classical economists' own assumptions) without its value for a moment having to be invariable. Having thus rather elegantly disposed of the problem to which 'absolutist' notions of value had historically been seen as the solution, Bailey assumed, not altogether unreasonably, that he had done away with the rationale for *any* concept of value independent of exchange-value.

Marx is in total agreement with Bailey as to the fallaciousness of the quest for an invariant measure of value, and regards Bailey's work as a significant contribution to the clarification of the role of money in its function of measure of value (1863c: 125, 133; 1867a: 63n). Indeed, Marx goes so far as to argue that the value of an equivalent *has to be* variable. For only an object with a value (a commodity) can serve as an equivalent in value-equations, and the value of all commodities is variable since it depends upon the productivity of the labour which produces them: 'Variability is precisely the characteristic of value' (1863c: 155). But, Marx argues, Bailey shares a common confusion with those he criticises, between what he terms the 'external' and the 'immanent' measure of value. And while Bailey is correct with regard to the former, he cannot legitimately generalise his conclusions to the latter.

By an external measure of value Marx simply means an equivalent commodity, whether particular or universal, in which the values of others can be expressed. As a commodity, its value can and must be variable. According to Marx however, *that* values can be thus expressed assumes, as we have seen, the presence of value in the commodity prior to its exchange. And if this is the case value must have some 'immanent' measure; something which 'constitutes value and is *therefore* also the immanent *measure* of value' (ibid.). In Marx, if only

ambiguously in Ricardo, it is a measure of value in this latter sense that is constituted by labour-time. Labour-time is not a commodity³⁴ and hence has no value, variable or otherwise. And it was this, Marx holds, that economists 'impelled by an instinctive thought' (ibid. 156) were really searching for in the guise of a commodity of constant value.

Historically it is quite correct that the search for value is at first based on money, the *visible* expression of commodities as value, and that consequently the search for the definition of value is (wrongly) represented as a search for a commodity of 'invariable value', or for a commodity which is an 'invariable measure of value' (ibid. 145).

Bailey, 'in common with the other fools' (ibid. 156), repeats the identification of external and immanent measure of value, that is of value with its form of manifestation, exchange-value, and it is this alone which enables him to pass directly from his demonstration of the variability of the external measure of value to the denial that value is in any sense immanent in the commodity prior to its exchange. But, Marx objects, this is to ignore

how this expression becomes possible, how it is determined, and *what* in fact it expresses (ibid. 155).

The real problem, *how it is possible* to express the value in exchange of *A* in the value in use of *B* — does not even occur to him (ibid. 149, italics mine).

Marx's answers to these questions are untouched by Bailey's criticisms. As we have seen, he argues that if commodities are to share a value-form, they must *ipso facto* possess some property which renders them commensurable, and this can only be the abstract labour they contain. Labour-time is therefore the immanent measure of value, which for reasons we have also investigated can only be expressed phenomenally through the external measure of the value-form.

Let us now turn to the question of the sense in which Marx holds the analyses of Bailey and the 'Verbal Observer' to be specifically fetishistic. Ricardo, it will be recalled, is attacked in the *Observations* for allegedly transforming value from something relative (exchange-value) into something absolute. Marx denies, first, that this is the case:

On the contrary, as a use-value, the commodity appears as something independent. On the other hand, as value it appears as something merely *contingent*, something merely determined by its relation to socially-necessary, equal, simple labour-time. It is to such an extent relative that when the labour-time required for its reproduction changes, its value changes, although the labour-time really contained in the commodity has remained unaltered (ibid. 129).

Thus, though value is present in the commodity prior to and independent of its exchange, it is hardly 'absolute'. It is, moreover, a historically contingent property too:

Where labour is communal, the relations of men in their social production do not manifest themselves as 'values' of 'things'. Exchange of products as commodities is a method of exchanging labour; (it demonstrates) the dependence of the labour of each upon the labour of the others (and corresponds to) a certain mode of social labour or social production (ibid. interpollations from editorial collation of MS).

The "verbal" wiseacre' (ibid. 131) by contrast effectively *does* make value an absolute. By confusing the substance of value with the form in which it is manifested, he 'has sunk into fetishism' and 'transforms what is relative into something positive' (ibid. 129). Marx cites the same passage from the *Observations* to support this contention in both *Capital I* and *Theories of Surplus Value*, viz., 'Value is a property of things, riches of men' (cit. ibid. and 1867a: 83). Bailey's variant, also quoted in both books, is: 'Riches are the attribute of men, value is the attribute of commodities. A man or a commodity is rich, a pearl or a diamond is valuable' (cit. 1863c: 162; 1867a: 83). Value, here, means exchange-value, riches, use-value, and for Marx this involves getting the natural and the social qualities of the commodity precisely the wrong way around:

use-values . . . as far as men are concerned, are, of course, riches, but it is through *its own properties*, its own qualities, that a thing is a use-value and therefore an element of wealth for men . . . Riches which are identical with use-values are *properties of things* that are made use of by men and which express a relation to their wants . . . (But) as values, commodities are *social* magnitudes,

that is to say, something absolutely different from their 'properties' as 'things'. As values, they constitute only relations of men in their productive activity (1863c: 129).

This *quid pro quo* occasions the following comment:

In the first part of my book (Marx is referring to 1859b) I mentioned that it is characteristic of labour based on private exchange that the social character of labour 'manifests' itself in a perverted form — as the 'property' of things; that a social relation appears as a relation between things (between products, values in use, commodities). This *appearance* is accepted as something real by our fetish worshipper, and he actually believes that the exchange-value of things is determined by their properties as things, and is altogether a natural property of things. No scientist has yet discovered what natural qualities make definite proportions of snuff tobacco and paintings 'equivalents' for one another.

Thus he, the wiseacre, transforms value into something absolute, 'a property of things', instead of seeing in it only something relative, the relation of things to social labour, social labour based on private exchange, in which things are defined not as independent entities, but as mere expressions of social production (ibid. 130; cf 1867a: 83).

In fine, then, Bailey's and the *Observations'* theories of value are fetishistic and just as in the Monetary and Mercantile Systems the fetishism stems from the identification of the substance of value with the natural-form in which it is phenomenally manifested. These theories 'confuse the form of value with value itself' (1867a: 49n), so 'the advance from the surface to the core of the problem is not permitted' (1863c: 139). Here, to be sure, the fetishism is more refined; Bailey and his anonymous mentor effect an initial regress from the money-form to the expanded form of value, so value is not identified with the money-commodity *simpliciter*. Nevertheless value is still reduced to exchange-value, and in so far as exchange-relations are explained at all their explanation proceeds from natural properties of the objects exchanged, that is from use-value.³⁵ I need hardly add that the firm phenomenal anchorage of these latter accounts will render them quite adequate for most practical purposes; or that their attraction will be compounded by their freedom from the seemingly gratuitous postulates of Ricardian theory. It takes an analysis like Marx's, which seeks the

conditions behind the appearances, to expose their ultimate bankruptcy.

This is not the place to discuss the adequacy of the theory of value which underpins Marx's analysis of fetishism. I hope, however, that I will have made his *intentions* sufficiently clear. Commodity fetishism is explained by the form in which value manifests itself, the value-form; and why the social character of labour should be expressed thus is explained by the essential relations peculiar to commodity production, that is, by private labour. In short, the requirements of a materialist theory of ideology discussed in Chapter 1 are admirably satisfied by the analysis with which Marx begins *Capital*.

3 LAWYERS' FEES, RED BEETS, AND MUSIC

The so-called trinity formula attempts to specify the sources of revenue of the 'three big classes' (1865a: 885) of bourgeois society, the wage-labourers, the capitalists, and the landowners.¹ Since, following upon a convenient confusion in Adam Smith,² it explains the price of the product by the summation of these revenues, it is also a theory of value. For Marx, the formula represents the nadir of vulgar economy in both its functions.

In his lengthy discussion of the formula in Notebook XV of *Theories of Surplus Value*, written in October and November of 1862, Marx first gives the formula as capital—profit, land—rent, labour—wages (1863c: 453). In each pair the second term names the revenue, the first its alleged source. In the course of the discussion, however, Marx rapidly moves to an assertion that 'it is *interest*, not *profit*, which appears to be the *creation of value* arising from capital as such and therefore from the mere ownership of capital; consequently it is regarded as the specific revenue created by capital' (ibid. 462). The trinity formula is discussed again, fragmentarily, in Marx's manuscript of 1864–5, and these fragments served Engels as the basis from which he wove together Chapter XLVIII of *Capital* III. Here, having initially defined the formula as capital—profit (profit of enterprise plus interest), land—ground rent, labour—wages, Marx immediately asserts that 'the above trinity formula reduces itself more specifically to' capital—interest, land—ground rent, labour—wages (1865a: 814), and treats it in this form throughout the subsequent discussion. The grounds for the shift from capital—profit to capital—interest are well explicated in both texts.

1 Marx on Revenues

For Marx, labour is the sole source of value, though not the only formative element in use-value, the substance of wealth.³ We have seen that value is the social form that wealth takes in commodity production. Capitalism is a variety of the latter. As quantities of value, therefore, all revenues in bourgeois society must derive from labour. Neither land, nor capital considered as 'the sum of the material and produced means

of production' (1865a: 814) — in any case a fetishised view — can create value, although both enter into the production of the use-values in which it is embodied. It follows that the labour of the working class must create not only its own wages, as the trinity formula has it, but also the revenues of the other two classes as well.

Such is Marx's basic contention. We must now examine its mechanisms in more detail.

(a) *Surplus-value*

As mentioned above, the feature which distinguishes capitalism as a variety of commodity production is the existence of *labour-power* as a commodity.⁴ Labour-power is 'the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description' (1867a: 167), and it is this capacity to labour, Marx insists, rather than the labour actually performed, which workers sell to capitalists in exchange for wages. Throughout *Capital* Marx makes the (rather generous⁵) assumption that this is an exchange of equivalents, that is the capitalist buys labour-power at its full value. In part this is consequential upon his assuming throughout vols I and II that the law of value, which states that commodities exchange in the ratios of the labour-times socially necessary to their production, holds directly within the capitalist economy; an assumption, we shall see, which he drops in vol. III. More particularly, however, Marx wished to show that exploitation (in the strict sense of appropriation of the product of unpaid labour) was in no way inconsistent with the operation of the law of value in capitalist conditions but rather formed its necessary corollary.

Marx assumes, then, that the capitalist both buys his elements of production — raw materials, instruments of labour, and labour-power — and sells the commodities produced by their (productive) consumption at their values. The problem is then to explain how the capitalist can nonetheless realise a sum of value additional to that laid out in his original purchase, a profit or *surplus-value*, at the end of the process, without these conditions being breached. Marx's solution⁶ rests on a crucial distinction between the value of labour-power itself and the value produced in its (productive) consumption. These are quite different, and it is the increment of the latter over the former which constitutes surplus-value.

The value of labour-power, like that of any other commodity, is determined by the labour socially necessary to its production, that is

prior to, and independently of, the production process in which it is consumed. The production of labour-power is of course the production of the labourer, since labour-power does not reside outside his or her person. Its value, therefore, is determined by the labour-time socially necessary to produce the labourer's means of subsistence; and, we must add, those of his or her family too, since labourers are, physiologically speaking, the products of labourers' families. Subsistence, here, is for Marx a historically variable magnitude, depending upon a multiplicity of factors (including class struggle).⁷ The labour-time necessary to maintain it at the historically prevailing level Marx terms *necessary labour-time*, and if the capitalist buys labour-power at its value, it is the quantity of value which would be created in this period that he advances as wages.

Now having bought his labour-power, the capitalist, like any other owner, will consume the commodity he has purchased. But labour-power has a unique use-value. To consume labour-power is to expend labour, and, of course, to expend labour is to create value. If, therefore, the labourer works longer than the necessary labour-time, he will, first, reproduce the value of his wages (thus generating his next paypacket)⁸ and second, create an additional, surplus-value, for which no equivalent has been given. The replaced value and the surplus-value will both be contained in the product, together with the value of the means of production, which is preserved if consumption is productive.⁹ The capitalist can therefore sell his product at its value and recover the capital-value he originally advanced, plus the increment created in the surplus labour-time. Such, briefly stated, is Marx's theory of surplus-value. It hinges on a point pithily expressed by Frederick Engels, viz., 'It is . . . clear that what a labourer produces and what he costs are just as much different things as what a machine produces and what it costs' (Engels, 1894a: 213).

At this point a number of terminological precisions may usefully be introduced.

Capital is a sum of value which, when expended in the way outlined above, and under the conditions that presupposes, yields a surplus-value and thus augments itself (see 1867a: 150). In the course of its career or *circuit*, this capital-value undergoes several metamorphoses or assumes a number of different material forms (see 1878a, chs 1–4). I will consider the circuit starting from money capital, since this was my point of departure in elaborating the theory of surplus-value. *Money capital* is capital in the form of money. It assumes this form prior to the purchase of the elements of production, that is when any capital first begins

operation and after each sale of its products thereafter. All money may become capital given the conditions of capitalist production, subject to its being available in sufficient quantity to purchase elements of production consistent with the social development of technology in its chosen sphere of investment.¹⁰

To become capital, money must be invested in (1) means of production (raw materials and instruments of production) and (2) labour-power, so that the process outlined above may commence. Marx terms the capital invested in means of production *constant capital*, and that invested, as wages, in labour-power, *variable capital* (see 1867a, ch VIII). Constant capital (c) is so called because its value remains unaltered throughout the circuit. Means of production simply transfer their value to the product *pro rata* to the velocity of their consumption. Variable capital (v), on the other hand, is exchanged for a commodity whose consumption produces value, and, providing the working-day exceeds necessary labour-time, surplus-value. It is accordingly termed variable because the value produced as a consequence of its expenditure will vary with the determinants of surplus-value: the productivity of labour (the main determinant of necessary labour-time) and the length of the working-day (for a given necessary labour-time, the determinant of surplus labour-time). If these latter are given, so is the ratio of necessary to surplus-labour. Surplus-value will then vary directly with the magnitude of the variable capital advanced, irrespective of the size of the constant portion.

Since variable capital is equal in value to the product of necessary labour, and surplus-value to that of surplus-labour, the same ratio is expressed by (1) surplus labour-time/necessary labour-time and (2) surplus-value/variable capital (s/v). This is also, of course, the ratio of unpaid to paid labour (see 1867a: 534). Marx fittingly terms it the *rate of exploitation* or *rate of surplus-value*. This must be distinguished from the *rate of profit*, which is the ratio of surplus-value to *total* capital advanced ($s/(c + v)$). The rate of profit is determined not only by the rate of surplus-value but also by the ratio of constant to variable capital (c/v). Marx calls this latter ratio the *organic composition of capital*.¹¹

Money-capital, then, is exchanged, as constant and variable capital, for means of production and labour-power. These are then productively consumed. In this state, as means of production and living labour, Marx terms capital *productive capital*. At the end of the production process a product emerges, which is sold on the market as a commodity, and capital has now assumed the form Marx calls *commodity*

capital. The value contained therein will comprise three elements: (1) the value transferred to the product via the productive consumption of the means of production (c); (2) a newly created value, equal to that of the variable capital, produced during the necessary labour-time (v); and (3) the additional value created in the surplus labour-time (s): $c + v + s$. On the sale of his commodity, we assume at its value, the capitalist will therefore recover his initial investment together with an increment. At the same time, he will convert his commodity capital back into money capital ready to begin the circuit anew.

Thus far we have established the nature of the revenue of the working class in bourgeois society, wages, and its source (once capitalism is presupposed¹²), their own labour. On the foregoing account, if production is to be renewed on the same level both the portion of the value of the product transferred from the means of production and the portion which is equivalent to variable capital outlay must be invested again in constant and variable capital respectively. This leaves the surplus-value as the only possible source of the revenues of the other two classes. We therefore next have to ascertain how surplus-value is transformed into profit, interest, and rent.

(b) Profit

Hitherto Marx has assumed that all commodities sell at their values. But when he comes to consider what he calls the transmuted forms of surplus-value — profit, interest and rent — he drops this assumption. If commodities were to sell at their values in a capitalist economy, then assuming a uniform rate of exploitation (s/v) the rate of profit on different capitals ($s/(c + v)$) would vary directly with their organic compositions (c/v). But according to Marx this does not in fact occur; what actually happens is that capitals yield profits proportional to their overall magnitude ($c + v$) irrespective of their differing compositions. The reason for this lies in competition between capitals; and as Marx makes clear elsewhere, for him 'production founded on capital . . . posits itself in the forms adequate to it only in so far as and to the extent that free competition develops' (1858a: 650). Briefly,¹³ capitals will ordinarily tend to gravitate towards spheres of investment where the profit rate is highest. The consequence will be a relative superfluity of commodities in sectors with previously above-average rates of profit, and a corresponding shortage in those sectors where the rate of profit was abnormally low before. In the first case, supply will exceed demand

and market-prices accordingly fall below value. The rate of profit will therefore also fall. In the second case, demand will outstrip supply, prices rise above values, and the rate of profit rise correspondingly. Thus discrepancies between individual profit rates consequent upon different organic compositions are constantly ironed out, via deviations of prices from values following on fluctuations of supply and demand.

Marx introduces the following concepts to analyse this equalisation process.¹⁴ *Cost-price* (k) is the price of the elements of production to the capitalist, that is his initial capital outlay, the price of $(v + c)$. *Profit* (p) is the increment he realises on this consistent with the *average rate of profit*. The latter, which is established through the equalisation process I have just described, is that rate of profit which a capital of average composition, that is capital whose organic composition is the same as that of the total social capital, would yield. *Price of production* is the price at which, discounting temporary oscillations of market-prices which Marx assumes to even out over time,¹⁵ commodities will sell. Given the transformation of individual surplus-value into average profit, it will comprise cost-price plus profit ($k + p$). In cases in which the composition of a capital is below average, and hence, if no equalisation took place, the rate of profit would be above average, prices of production will be below values. Conversely, commodities produced by capitals with above average organic compositions will have prices of production above their values.

We will return to these transformations in Part II, in connection with Marx's critique of Ricardo. The main point of relevance to his analysis of the trinity formula, however, is the following. Given the transformation of values into prices of production, the profit reaped by an individual capital will diverge from the surplus-value it actually embodies, other than in the exceptional case of a capital of average organic composition. Profit will not merely appear to be a function of total capital outlay, irrespective of composition; it will indeed be such. The magnitude of profit will be directly related to the size of the investment via the average rate of profit. The connection between surplus-value and its determinants, in short, is already beginning to be obscured. It is still further obscured in the derivative forms of interest and rent.

(c) Interest

I have noted previously that in capitalism money, supposing only that it is available in sufficient quantity, can always be turned into capital. Under capitalist conditions (as opposed to those of simple commodity

production) it therefore gains a new use-value: that of commanding surplus-value when employed as money capital. Like all privately owned use-values in a commodity economy, this one can be sold; in Marx's words, 'capital as capital becomes a commodity'. (1865a: 339). *Interest* is the 'price' of capital as such a commodity. Both the 'sale' of money as capital and its 'price' have distinct peculiarities.

First, it is not the sum of money (the principal) as such which is sold but its use-value as potential capital. To sell a sum of money as money would be a meaningless procedure. So what in fact happens is that a sum is lent for a specified period, to be repaid with interest. The interest is not the price of the principal (which is, of course, its face-value) but of its use-value as capital. Marx sometimes draws an analogy with the buying and selling of labour-power: whereas, for example, in slave societies people's labour-power as such is bought and sold, that is the labourer's person becomes a commodity, in capitalist societies workers strictly speaking sell capitalists only the temporary use of this capacity.

Second, the 'price' of money when sold as capital is not a true price. By a true price Marx means a monetary expression of value. But evidently the same sum of money cannot have two values, one as money and one as capital; it has, after all, only been produced once. The price of money is its face-value, not an increment upon it. Unlike true prices, therefore, interest is not determined directly or indirectly (as are prices of production) by the law of value. The rate of interest, in contrast to the rate of profit, is determined entirely by the supply of and demand for money which can be lent as potential capital or *interest-bearing capital*.

Interest can only have one source. Previously we have assumed that the industrial capitalist operates with his own capital; we now see that he can also work with borrowed capital. He must pay interest on the latter, however, out of his own revenue. But we know that the sole source of this revenue is surplus-value, which the capitalist receives in the transmuted form of profit. Interest must hence derive from surplus-value and represent a deduction on profit. The profit which remains in the operating capitalist's hands after this deduction is referred to by Marx as *profit of enterprise*. For reasons we shall investigate below, the distinction between interest and profit of enterprise is habitually made in respect of all capital rather than just capital which is borrowed.

(d) Rent

Rent, for Marx, is a further deduction from profit and thus another transmuted form of surplus-value. He distinguishes two kinds of rent,

differential and *absolute*. Following Marx, I will exemplify these from agriculture in the first instance.

Rent, in general, is what the capitalist¹⁶ pays the landowner for the use of his land. *Differential rent* is determined as follows. In capitalist production the values of all commodities of a given kind will normally be governed by those produced under the most favourable conditions. *Mutatis mutandis* the same holds for prices of production. Since the main determinants of productivity are social or technical and therefore replicable, competition will enforce this. An improvement in productivity in one firm will lower the 'individual value' of its products and thus enable it to undercut its competitors' prices; hence, such improvements will soon become generalised throughout a sector, whether through the expansion of one firm at the expense of its competitors or through their introducing similar innovations. In short, under competitive conditions the labour-time socially necessary for the production of a commodity will tend to gravitate towards the minimum time in which that commodity can currently be produced.

This is obviously equally true of agricultural products. We will assume, therefore, that all land producing agricultural goods for the capitalist market is worked with maximum economy. There still remain differences of a *natural* kind between the conditions of production of individual enterprises. The fertility of land itself varies. In consequence the same investment in different areas will give different crop yields. The same applies when we consider soil improvements resulting from human endeavour, for these will themselves require additional investment whether in constant capital (like fertilisers) or variable (as does terracing). Individual values and prices of production will vary accordingly.

In this situation, Marx argues, the value of crops of a particular kind will be governed by the individual value of those grown on the *worst* of the cultivated land, that is under the least favourable conditions. This does not represent a negation of the foregoing points concerning competition so much as a special case of their application. We have assumed maximum economy of cultivation. Any rise in demand, therefore, could not be met by savings in this sphere, but only by an extension of the area cultivated. Ordinarily, this will involve bringing successively worse land under the plough. Since there is a demand for the products of this inferior land, the time spent in producing them must be socially necessary; they will therefore sell at their prices of production. These prices of production, however, will be above the (individual) prices of production of crops grown on better land. But these latter crops will

sell at the *same* price of production as those of the inferior land because *ex hypothesi* there is a demand for crops whose price of production is that high. There is no competitive advantage to be gained from selling cheaper, since on our assumptions more intensive cultivation (and therefore cornering the market) is not possible, while demand is guaranteed. In practice of course, competition will operate and prices be determined via the market; but its effect will be to drive the inferior land from cultivation where its produce is superfluous rather than to destroy the differentials between fertility and individual prices of production on the land which is cultivated. The price of production of crops of a given type will therefore alter with fluctuations in demand, but at any one point it will be that of the products of the *worst* land which has to be cultivated to meet that demand.

This implies that the profit on the products of superior land will be above the average. We can assume the profit on the worst land to be equal to the average; if it fell below it, there would be no incentive for the capitalist to invest, while if it rose above it then either competition would force it down again or still worse land could be brought into cultivation. The cost of production of crops on better land is lower; this means that if they sell above their individual prices of production, at the price of production of the crops grown on the worst land, their profits must be higher. This difference between individual and social prices of production constitutes differential rent. The landowner, by virtue of his ownership of the land, is able to intercept this surplus-profit from the capitalist in the form of rent. As such a deduction from profit, differential rent is clearly a form of surplus-value. Although its magnitude varies with the quality of the land, it is not *created* by the land. Rather, the superior fertility of a piece of land allows the capitalist who works it access to a greater portion of the social surplus-value than those whose conditions of production are less favourable, and it is this the landlord appropriates in the shape of rent.

Absolute rent is rather simpler. Hitherto I have assumed that the products of the worst land sell *at* their prices of production, the implication being that this land yields no rent (since there is no surplus-profit to intercept). On the basis of the above exposition however, it is clear that if, after worse land had been cultivated, demand were still to exceed supply then the products of this land could continue to sell at market-prices above their prices of production. And in such a situation, the capitalist could reap the average profit from the poorest land and the landowner *still* charge a rent. It is rent derived in this way that Marx terms absolute, its existence being explained by the

fact that the landlord will not lease land until he can get a rent while the capitalist will only invest if he has a reasonable expectation of making an average profit. The level of absolute rent is determined by the supply of and demand for agricultural land, that is, by competition between landowners on the one hand and capitalists on the other.

According to Marx himself, absolute rent is not strictly speaking a monopoly rent.¹⁷ Its presupposition is the generally lower organic composition of capital in agriculture as compared with industry, whose consequence is that agricultural prices of production are generally below values. This means that the products of the poorest land can sell at market-prices above their production prices but below their values. The effect of the landowner's intervention then will be simply to forestall the entry of agrarian profit-rates into the overall equalisation; they will be equalised only after the deduction of absolute rent from surplus-value. Market-prices in agriculture will therefore always be above true prices of production, since in addition to $k + p$ they will include a mark-up for absolute rent.

Following Marx, I have established the concepts of differential and absolute rent by exemplifying agriculture. Other land, however, also bears ground-rent; urban building land, fisheries, land bearing extractive industry, and so on. In such cases, Marx holds, the concepts and explanations developed here are equally applicable:

Wherever natural forces can be monopolised and guarantee a surplus-profit to the industrial capitalist using them, be it waterfalls, rich mines, waters teeming with fish, or a favourably located building site, there the person who by virtue of title to a portion of the globe has become the proprietor of these natural objects will wrest the surplus-profit from functioning capital in the form of rent (1865a: 773).

Before returning to the trinity formula, two general points which emerge from the foregoing summary bear particular emphasis. First, contrary to the formula as a theory of revenues, for Marx *only* the labour of the working class creates the revenues of all three classes, the value this labour produces being divided between wage and surplus-value, and surplus-value in turn being divided between profit of enterprise, interest, and rent. Second, contrary to the formula as a theory of value, for Marx value is directly and price of production indirectly determined by labour-time throughout. Value is given by the formula

$c + v + s$, in which all terms represent quantities of social labour; c , the past labour expended on the means of production and transferred to the product, v and s labour newly added during the immediate production process. Prices of production, as given by the formula $k + p$ (where k must itself be taken to consist of prices of production¹⁸) will not normally coincide with values. But it is important to realise that the concept of price of production nevertheless rests on that of value, in as much as deviations of prices from values are themselves explained by the operation of the law of value under specifically capitalist conditions.

This is easily demonstrated. The immediate explanation of why prices diverge from values lies in dislocations in supply and demand consequent upon movements of capital in search of higher rates of profit. These movements themselves, however, are explicable only if, *ceteris paribus*, profit varies with the organic composition of capital. This is explained by the theory of surplus-value, which shows why the surplus-value extracted by a capital should be a function of the size of its variable portion alone. But this theory in turn supposes the validity of the law of value, of which it represents an application under conditions specific to capitalist production.

In fine, the conclusions of Marx's analysis are fundamentally opposed to both of the key claims of the trinity formula. Let us now turn to the formula itself.

2 The Trinity Formula

I shall first examine the three relations capital—interest, land—rent, and labour—wages individually, and then consider the salient features of the formula as a whole.

(a) Capital—interest

We have seen that for Marx interest is merely a secondary division of gross profit on productive capital. We should note to begin with that the form of profit is itself one in which the determinants of surplus-value are already considerably obscured. Marx gives three principal reasons for this.

First, profit is habitually calculated on total outlay ($c + v$) rather than on variable capital alone, although for a given rate of exploitation the latter is in fact the only determinant of the mass of surplus-value a capital actually produces. For Marx this mode of calculation is

thoroughly rational, since it measures what is of interest to the capitalist, the expansion of his capital-value (see 1865a: 41–2). Its effect, however, is to obliterate the distinction between constant and variable capital and thus make all parts of capital appear equally productive of surplus-value. Second, profit, although consisting of value created in production, is only *realised* via circulation upon the sale of the product in which the surplus value is embodied. Consequently, all other things being equal, the mass of profit yielded by a capital in a given period will vary with its circulation time. Two capitals equal in all respects save their time of circulation would realise different profits in the same period, and if their rates of profit were then to be expressed as, say, annual rates, these would differ, and perhaps differ substantially. The turnover of capital is thus a real determinant of the amount of profit falling to a given capital (see 1878a: 127–9; and Engels's ch IV of 1865a). It is, for Marx, an entirely negative determinant, which does not create surplus-value but merely acts as a barrier to its realisation. It can nonetheless *appear* to be a creative factor in its own right; Marx is not short on instances of illusions arising out of circulation.¹⁹

In both of these cases only the connection between surplus-value and its determinants is obscured. As yet, the surplus-value appropriated by a capital and the profit it receives have been presumed equal. But as we have seen, in a capitalist economy this in fact happens only for capitals of average composition. For, third, once an average rate of profit has been established and values accordingly transformed into prices of production, surplus-value and profit will diverge for all other capitals. In this case, therefore, it is not merely a mode of calculation that relates profit to total outlay: it is a real process. There is, in consequence, rarely any direct correlation between wages advanced and profits received. *Prima facie*, exploitation is only relevant to the explanation of surplus-profit, where this can be correlated with exceptional cheapness, intensity or duration of labour (see 1865a: 829).

We are thus dealing with a form of revenue, gross profit, whose determinants are by no means apparent even before its subdivision into interest and profit of enterprise. Nevertheless, for Marx gross profit remains the immediate form of realisation of surplus-value in a capitalist economy and therefore constitutes the specific revenue of capital. The trinity formula, however, employs no such category. Interest, a mere deduction from profit, is elevated into the only form of revenue which derives from capital as such; while profit of enterprise, in consequence of this reasoning, is subsumed under the relation labour–wages. Since in the formula interest flows from capital *per se* it accrues to the owners

of capital irrespective of its mode of employment; profit of enterprise, on the other hand, is seen as stemming from the specifically productive employment of capital and hence from the labour of the capitalist. For the trinity formula, in short, interest is the reward of ownership, profit of enterprise the reward of entrepreneurship.

Marx characteristically goes to considerable lengths to show the phenomenal support for this fallacious reasoning. Assume, to begin with, the interest/profit of enterprise distinction applies only to interest-bearing capital *strictu sensu*, that is to capital lent by a moneyed to an industrial (or commercial) capitalist. Here, as we have seen, interest is that portion of gross profit which falls to the moneyed capitalist, its magnitude being determined by the prevailing rate of interest, while profit of enterprise is simply the remainder pocketed by the industrialist. Since the gross profit arises only as a consequence of the productive employment of the lent capital, it is the latter which in fact creates both revenues. But this is not, Marx argues, how things will appear to the borrower.

The borrower will experience interest as a function of the mere ownership of capital and thence by a further deduction see interest-bearing as an attribute of capital as such; and he will likewise experience profit of enterprise as the product of working capital and hence of his own labour as industrialist. Various factors reinforce this perception of the situation. On the one hand, the rate of interest is apparently (and to some extent really) fixed quite independently of the production process, and in any event always confronts the borrower as a pre-given magnitude, the 'price' of capital. And on the other hand, it really is the case that the excess of profit above interest does depend upon the individual capitalist's skill and acumen in a variety of ways: economy in the use of elements of production, ability to buy and sell when the market is favourable, and so on (see, *inter alia*, 1865a: 43, 373–4). To recognise this is not to gainsay the laws we have investigated above; it is rather to point to the mechanisms through which they are actually enforced in the normal competitive market situation, and only with this situation, for Marx, are 'the inner laws of capital . . . for the first time posited as laws' (1858a: 650, italics mine). Marx expands further on the phenomenal bases of this illusion when he comes to consider the extension of the interest/profit of enterprise distinction to all capital.

The most general and in some ways fundamental reason for this extension is the following (see 1863c: 475f, 507f; 1865a: 355, 379). It is the case that given the conditions of capitalist production, any

sum of value, whether in money or commodity form, is potential capital. It can, in other words, be used as a means of extracting surplus-value. Furthermore it can be sold as such and therefore has a price, given by the prevailing rate of interest, and is therefore able to command surplus-value even when not employed productively by its owner. It is therefore true to say that once capitalist production exists, it is the immanent attribute of value to command surplus-value, or, otherwise put, of capital to bear interest. In Marx's words 'money and commodities considered as such constitute command over other people's labour, and therefore self-expanding value and a claim to the appropriation of other people's labour' (1863c: 476). We know from our analysis that 'what makes it capital before it enters the (production) process so that the latter merely develops its immanent character' is only 'the social framework in which it exists' (ibid. 475). But this is not *phenomenally* evident. On the contrary, what is evident is that the capitalist can always lend money at the current rate of interest; that capital as such confers upon its owner a title to revenue. For all practical purposes it is the attribute of money to make money; the conditions of its doing so are not apparent in the process.

Again, Marx cites various reinforcing circumstances. First, the illusion that capital yields surplus-value independently of its productive employment is in fact a truth for any individual capital; it only ceases to be true for the total social capital (see 1865a: 377–8). Second, capital may on occasion bear interest even when loaned to finance non-productive consumption, as with, for instance, pawnshops (see 1863c: 457, 486–7; 1865a: 376). This is simply a development which presupposes the existence of the typical form of interest-bearing capital, but it nonetheless has the effect of further obfuscating the determinants of the latter. Third, and more importantly,

whether the industrial capitalist operates on his own or on borrowed capital does not alter the fact that the class of money-capitalists confronts him as a special kind of capitalists, money-capital as an independent kind of capital and interest as an independent form of surplus-value peculiar to this specific capital (1865a: 376–7).

Several points are involved here. Money-capital gains interest (apparently) quite independently of production simply by virtue of being money-capital. The rate at which this occurs is nowhere manifestly connected with production. Though there is a relation of long-term dependence

of the rate of interest upon the rate of profit, it is a tenuous one at best (see 1863c: 462f; 1865a, ch XXII); the main determinant is the supply of interest-bearing capital in respect of the current demand. In sharp contrast to the rate of profit, which is unstable, equalised over time only through the forces of competition working within and between different sectors of production, and never known *a priori*, the rate of interest is the same for all borrowers and given in advance at any one point in time (see *ibid.*). The time of return of interest, being fixed contractually, is nowhere phenomenally related to the real turnover of capital: it 'appears to depend merely on the agreement between lender and borrower', and the fact that it is 'nevertheless determined by the real returns . . . is not *evident* in the transaction' (1863c: 459–60). Finally, in contradistinction to working capital with its continual metamorphoses, the form of interest-bearing capital is unitary (money) (see 1863c: 466; 1865a: 393). From the other side, meanwhile, the temptation to see capital as inately interest-bearing, independently of its productive employment, is compounded by the very real hazardousness of profit of enterprise and the constant fluctuations in its magnitude as compared with that of interest.

For the sake of completeness a fourth point must also be mentioned. Marx more than once cites the historical priority of usurer's capital — which unlike interest-bearing capital proper does not suppose the conditions of capitalist production (see 1863c: 468–70; 1865a, ch XXXVI) — as an additional reason for why in the popular imagination interest-bearing capital should be seen as capital *par excellence* and interest as the defining revenue of capital as such (see 1863c: 493; 1865a: 376).

So far I have concentrated on Marx's account of the phenomenal rationale behind the relation capital–interest. But we should not overlook the fact that he does not regard the relating of profit of enterprise to the capitalist's labour as mere apologetics either. This too has its phenomenal supports. Some, like the hazardousness and variability of profit of enterprise and its dependence on business skills, we have discussed already. Others include the relative complexity of the labour of the capitalist as compared with that of his employees, which can readily support a notion of profit as 'wages of superintendence' — a point backed up by the fact that as capitalist production develops so does the institution of management as a separate function in the social division of labour. The confusion of the working capitalist's profit of enterprise with genuine wages of superintendence becomes that much easier given the existence of the latter in the form of separate

(and high) managerial salaries in enterprises where ownership and management diverge;²⁰ though, as Marx notes, this confusion becomes increasingly more apologetic and difficult to sustain as wage-labourers (from chargehands up) progressively take on supervisory tasks and the gap between their income and profit of enterprise widens.

More generally, the reduction of profit of enterprise to a wage for the labour of the capitalist is predicated upon the phenomenal coincidence, in capitalist production, of two quite distinct sets of functions: the regulation of production, which Marx sees as a corollary of any form of social labour, and the enforcement of exploitation, which is specific to class societies (see 1865a: 383–4).²¹ The capitalist's exercise of the latter is readily identified with the fulfilment of the former, and hence with a kind of labour which is performed universally. The capitalist views himself as a functionary of the simple labour-process, and justifies his exalted 'wage' by the complexity and centrality of his tasks as a 'labourer'.

There is then, in sum, a solid phenomenal basis for seeing interest as immanent in capital as such and profit of enterprise as a 'wage' accruing to those bold enough to risk its productive investment. And this for Marx is why both capitalists and their theorists generalise the distinction to capital *per se*. Let us now turn to the consequences of this generalisation.

Gross profit is for Marx 'the specific characteristic form of surplus-value belonging to the capitalist mode of production' (1865a: 814). It is, as we have seen, by no means a form in which the nature and determinants of surplus-value are immediately apparent; but the relation capital–(gross) profit is at least accurate. It shows that interest and profit of enterprise have the same source, appearances notwithstanding, even if this source is not itself phenomenally evident. The trinity formula, on the other hand, does more than merely obscure the source of surplus-value. In its fracturing of the real relation between interest and profit of enterprise and reduction of each to an independent source, interest to capital and profit of enterprise to the capitalist's labour, it positively falsifies it.

I have showed how for Marx this error arises from the attribution of the apparent properties of a secondary form of capital, interest-bearing capital, to capital *per se*. Interest-bearing capital, for Marx, is precisely the variety of capital in which its 'relations . . . assume their most externalised and most fetish-like form' (1865a: 391). In this form capital presents itself as simply 'a relationship of magnitudes, a relation

of the principal sum to itself as self-expanding value, as a principal sum which has produced a surplus-value' (ibid.). A given sum of money has a face-value as money, say £1000, and an incremental value as capital which constitutes its price as calculated on the current rate of interest, say £1100; *prima facie* this relation is incomprehensible, £1000–£1100, $M-M'$, 'the primary and most general formula of capital (see 1867a, ch IV) reduced to a meaningless condensation' (ibid. cf 1863c: 453, 462). This condensation is meaningless because the relation between the increment in the form of interest and the process of production and exploitation in which it is generated is nowhere apparent; interest is 'a form in which the source of profit is no longer discernible, and in which the result of the capitalist process of production – divorced from the process – acquires an independent existence' (1865a: 393). All that is visible is a transfer of money from one person to another and its return with interest (see 1863c: 459–61); interest-bearing capital is never seen to leave the money-form,

a form in which (capital's) specific attributes are obliterated and its real elements invisible. For money is precisely that form in which the distinctive features of commodities as use-values are obscured, and hence also the distinctive features of the industrial capitals which consist of these commodities and conditions of their production. It is that form in which value – in this case capital – exists as an independent exchange-value (1865a: 393).

It should here be recalled that the explanation of surplus-value (and *a fortiori* its transmuted forms) hinges precisely upon the use-value of one such commodity, labour-power.

Hence, Marx argues, here the property of generating value appears to be a power immanent in value itself. Just as to the Monetarists and Mercantilists gold and silver were intrinsically wealth, so money now appears to be intrinsically interest-bearing:

Capital appears as a mysterious and self-creating source of interest – the source of its own increase. The *thing* (money, commodity, value) is now capital even as a mere thing, and capital appears as a mere thing. The result of the entire process of reproduction appears as a property inherent in the thing itself . . . In interest-bearing capital, therefore, this automatic fetish, self-expanding value, money generating money, are brought out in their pure state and in this form it no longer bears the birthmarks of its

origin. The social relation is consummated in the relation of a thing, of money, to itself. Instead of the actual transformation of money into capital, we see here only form without content . . . It becomes a property of money to generate value and yield interest, much as it is an attribute of pear-trees to bear pears (1865a: 392; cf 1863c: 461).

We know, of course, that money has this property solely by virtue of 'the social framework in which it exists', one where

living labour is confronted by past labour, activity is confronted by the product, man is confronted by things, labour is confronted by its own materialised conditions as alien, independent, self-contained subjects, personifications, in short, as *someone else's property* (1863c: 475).

But the social conditions of interest are not apparent in the form of interest itself. The labour/capital relation through which surplus-value is extracted is buried very deep. All we are presented with is the mysterious M—M'.

Marx is not the only one to find the latter incomprehensible, and the adherents of the trinity formula themselves go some way beyond this phenomenal form as such. We should note nonetheless that, despite its mystique, the view that value *per se* is inherently productive of value lies behind such thoroughly humdrum and everyday notions as those of Richard Price concerning compound interest (see 1865a: 394–9). For the doyens of the trinity formula, however, the difficulty lies in the fact that capital appears in its money-form to have two different values — a face-value as money and an incremental value as capital. They consequently explain interest not as the product of capital as value but by the *use-value* of its material factors; the trinitarian 'flees from capital as value to the material substance of capital; to its use-value as a condition of production . . . to machinery, raw materials, etc' (ibid. 818; cf 1863c, 520f). The trinity formula, in other words, still sees interest as the specific product of capital; but of capital considered materially, as the ensemble of means of production, instead of capital as value. This of course implies that means of production are now conceived as capital under all circumstances rather than, as with Marx (see 1847b: 27–8), within the social relations of capitalist production alone. Needless to say, therefore, Marx finds this putative resolution of the dual value dilemma most unsatisfactory, since for the

incomprehensible relation M—M' the trinity formula merely substitutes 'a wholly incommensurable one between a use-value, a thing on one side, and a definite social production relation, surplus-value, on the other' (1865a: 818). A material universal cannot explain a historical particular.

Whether the mystification is taken in its overt form, as with Richard Price, or in its more refined version in the trinity formula proper, the essential relations which link interest to its true source are falsified, and another set substituted which are specifically fetishistic. In the first case the capacity to generate value is seen as an inherent attribute of money. Here the capacity to command surplus-value which money and commodities acquire only within and because of the social relations of capitalist production manifests itself in the capacity of capital to bear interest. But this form is one in which this capacity is severed from the process of real production in terms of which it can alone be comprehended. In Marx's words,

interest in itself expresses precisely the existence of the conditions of labour as *capital* in their social contradiction and in their transformation into personal forces which confront labour and dominate labour. It sums up to the *alienated* character of the conditions of labour in relation to the activity of the subject. It represents the ownership of capital or mere capital property as the means for appropriating the products of other people's labour, as the control over other people's labour. But it presents this character of capital as something belonging to it apart from the production process itself and by no means as resulting from the specific determinate form of the production process itself (1863a: 494).

This 'specific determinate form' of the production process is, as we have seen, one based on the 'coercive relation' (1867a: 309) between capital and labour. The historical separation of labour from its conditions of operation, the means of production, in the same movement constitutes labour-power as a commodity and capital as its purchaser (see 1865b, Pt VII; 1867a, ch VI); and this in turn grounds the production of surplus-value, of which interest is but a subdivision. To divorce interest from production is therefore ultimately to obscure the capital/labour relation which *par excellence* defines capitalist production. Instead,

Interest presents capital not in opposition to labour, but, on the contrary, as having no relation to labour, and merely as a relation of one capitalist to another; consequently, as a category which is quite extrinsic to, and independent of, the relation of capital to labour . . . Thus *interest*, the form of profit which is the special expression of the *contradictory character* of capital, is an expression in which this contradiction is completely obliterated and explicitly left out of account. Apart from expressing the capacity of money, commodities, etc., to expand their own value, interest, insofar as it presents surplus-value as something deriving from money, commodities, etc., as their natural fruit, is therefore merely a manifestation of the mystification of capital in its most extreme form; insofar as it at all represents a social relation *as such*, it expresses merely relations between capitalists, and by no means relations between capital and labour (1863c: 494).

Here, then, the capital/labour relation and thus the true source of interest are veiled because value presents itself as capital independently of production. But we are no better off with the refinements of the trinity formula proper.

In this case, a connection with production is re-established. But production is conceptualised in purely material fashion as the simple labour process, that is precisely in that form in which the *differentia specifica* of its capitalist mode are eliminated. In the trinity formula it is not the social relations within which capital's material elements stand which account for its self-expanding propensities, but the *use-value* of these elements as means of production. This, as pointed out above, falsely universalises the historical properties means of production take on when they officiate as the material embodiment of capital. Marx pinpoints the error in a justly famous passage:

capital is not a thing, but rather a definite social relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character. Capital is not the sum of the material and produced means of production. Capital is rather the means of production transformed into capital, which in themselves are no more capital than gold or silver in itself is money. It is the means of production monopolised by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this

very labour-power, which are personified through this antithesis in capital. It is not merely the products of labourers turned into independent powers, products as rulers and buyers of their producers, but rather also the social forces of their labour and socialised form of this labour, which confronts the labourers as properties of their products. Here, then, we have a definite and, at first glance, very mystical, social form of one of the factors in a historically produced social production process (1865a: 814–15).

We thus arrive at a situation in which interest is either seen as stemming from value independently of production, or, where the link is made to production, from means of production independently of their social form. In both cases the real condition of interest, the labour/capital relation, remains unexplicated, and the capacity to generate this revenue (and *ipso facto* to contribute to the value of the product) is fetishistically understood as a *sui generis* power of a thing. And in both cases, the historically specific property of capital to bear interest is accordingly universalised.

A parallel mystification accompanies profit of enterprise once interest has been declared the unique revenue of capital. In this instance, no distinction is drawn between the labour of the capitalist and the labour he exploits. Both are comprehended simply as labour in its natural form, that is as varieties of useful labour. The wage is correspondingly seen as the intrinsic product and revenue of all labour, and profit of enterprise thus becomes merely one wage among others. Any antagonistic relation between capital and labour is thereby happily eliminated. As in the relation capital–interest we find here the same correlation of a material universal (useful labour) and a social particular (the wage). The result is a concomittant generalisation of the wage-earning capacities of labour under capitalism to labour *per se*. So although, in this case, profit of enterprise is not seen as the product of a thing, its conception remains a fetishistic one. The historically and socially particular is again explained by the materially universal.

(b) Land–rent

In order to follow Marx's account of the phenomenal bases for the land–rent relation a preliminary clarification must first be developed. This concerns the price of land.

We saw above that the price of capital as a commodity (interest)

is not a true price. Nor is the price of land; for land, though bought and sold like other commodities, is not a product of human labour and therefore has no value as such. However, this does not mean that the price of land is arbitrary. It is arrived at by what Marx calls *capitalising* the rent. To capitalise a sum means to conceive it as the yield on a (fictitious) capital which if invested at the current rate of interest would yield a return equal to that sum. If, for instance, the annual rent on a piece of land is £1000 and the current rate of interest 5 per cent, capitalising the rent yields a fictitious principal of £20000. This is then considered as the value or price of the land, neither term of course being used in its strict sense. This mode of calculation is quite rational, given the conditions of capitalist production; it treats land as equivalent to loan capital, that is as a medium commanding surplus-value, which, for reasons we have investigated, it in fact does. Once again the mechanisms which ensure the equilibration of day-to-day market prices around this axis are those of competition. If land prices rise above the level of the capitalised rent it becomes more profitable simply to lend one's capital at interest than to be a landlord, while if they fall below it the prospect of higher returns will attract investment, raise demand, and with it prices.

From this Marx draws two conclusions relevant to our concerns. First, what presents itself as the price of *land* is more accurately understood as the price of *rent*, for it is the use-value of land under capitalism as a claim on surplus-value which actually forms the basis for this price. And second, if land prices are merely capitalised rents, then rent, as the presupposition of the price, clearly cannot be in any way determined by it as many assert. We may now return to the illusions of the trinitarians.

The trinity formula holds that rent is that part of the value of the product which is contributed by the land and *ipso facto* forms the revenue of the landowner. The first (and most obvious) phenomenal base for this proposition is the following.

The major form of rent, upon which absolute rent constitutes a uniform surcharge, is differential rent. This arises when a non-replicable, that is a natural productive advantage, which enables a given commodity to be produced below the price of production prevailing in that sector, is monopolised. As we have seen this results in a surplus-profit which the landlord intercepts in the form of rent. As with the interest/profit of enterprise distinction, the category of ground-rent as an independent

revenue will be extended to cover cases in which the capitalist owns the land on which he works, once rent is accepted as the product of the land as such.

Now, the magnitude of differential rent will vary directly with surplus-profit, and thus with variations in the productivity of labour on different tracts of land. But *ex hypothesi* these variations in productivity in turn reflect variations in *natural* conditions of production. In the paradigm case of agriculture, for instance, 'differential rent is bound up with the relative soil fertility, in other words, with properties arising from the soil as such' (1865a: 822). Marx elaborates:

the difference in the types of land is reflected in the amount of rent which has to be paid . . . The farmer has to pay rent so much per acre of land, according to the quality of the land. If its quality improves or deteriorates, then the rent he has to pay on so many acres rises or falls. He has to pay rent for the land irrespective of the capital he employs on it; just as he has to pay interest irrespective of the profit he makes (1863c: 484).

Surplus-labour, the true source of rent, is no more phenomenally evident in the rent-form than it is in interest (or indeed gross profit). On the other hand, a direct relation not only of rent to land but also of magnitude of rent to quality of land is massively apparent. From all sides, 'rent, a part of surplus-value, is *represented in relation to a natural element, independent of human labour*' (ibid.). This, then, is a first and extremely powerful phenomenal support for the trinity formula.

A closely related point is this. Land as such (as opposed to landed *property*) is not merely a condition of all production but also a productive force in its own right. It is self-evidently productive of use-values, and other things being equal the better its quality the more use-values it will produce. We know from our own analysis that value is a function of labour-time, irrespective of the nature or number of use-values in which it is embodied. But so long as value has *not* been reduced to labour-time and is still conceived fetishistically as deriving from the physical properties of things, then land, as a force which helps create those things, will appear as an independent determinant of value and thus of rent. As Marx writes,

The *land* or *nature* as the source of *rent*, i.e. landed property, is fetishistic enough. But as a result of a convenient confusion of

use-value with exchange-value, the common imagination is still able to have recourse to the productive power of nature itself, which, by some kind of hocus-pocus, is personified in the landlord (1863c: 454).

Since land is itself productive (of use-value) and is itself a living productive force (of use-value or for the creation of use-values) it is possible . . . superstitiously to confuse use-value with exchange-value, i.e., to confuse it with a specific social form of the labour contained in the product (ibid. 488–9).

One more aspect of the phenomenal grounding of the land–rent relation deserves mention.

Landlords, for Marx, are parasites; unlike capitalists (who are at least active in compelling the surplus-labour they live off²²) they merely intercept surplus-value created in a process to which they are superfluous. But because private ownership is a condition of capitalist production the landlord is its inevitable²³ corollary. The landed gentry, however, are unlikely to see themselves in these terms. For the reasons given already they are far more likely to see rent as the product of the land itself, and land moreover which they will have paid for at its value, thus giving a fair equivalent for their source of income. Land will be seen, as it were, as a rent-bearing capital (see 1865a: 775–6) in the same way that means of production are interest-bearing capital, and thus a legitimate source of income to its owner by virtue of the value it adds to the product created with its aid.

In fact, as we have seen, the price of land is precisely a way of expressing land as such a capital, and rent lies behind the price of land rather than the other way about. But this is not self-evident: it will appear, on the contrary, that both the price of land and the rent it bears are related to and explicable in terms of an independent variable, the value-creating capacity of the land itself. This view, incidentally, may still be held even if the fact that the price of land is capitalised rent is understood, so long as rent itself continues to be seen as value added to the product by the land as such (see 1863c: 522–3).

It needs no further exposition, I hope, to show that this second relation in the trinity formula is no less fetishistic than the first and accomplishes the same obliteration of essential relations. Let us therefore pass immediately to the third.

(c) Labour–wages

In this case the terms of the problem are slightly different. For Marx

it was simply untrue that interest was the product of capital and rent the product of the land. Wages, however, *are* a product of labour, since wages are a quantity of value and labour creates all value. What therefore needs to be explained is why labour should be seen as the source of only this one part of the value it in fact creates. Let us first consider the phenomenal foundations of this illusion. These are most extensively discussed in the chapter on the wage-form in *Capital I* (1867a, ch XIX), a chapter which has rightly figured prominently in recent commentaries on Marx's conception of ideology (see Geras, 1972; Mephram, 1972).

Marx begins this chapter with the observation that

On the surface of bourgeois society the wage of the labourer appears as the price of labour, a certain quantity of money that is paid for a certain quantity of labour. Thus people speak of the value of labour and call its expression in money its necessary or natural price (1867a: 535).

For Marx, labour, not being itself a product of labour, cannot have a value: the 'value of labour' is 'an expression as imaginary as the value of the earth' (ibid. 537), the '“price of labour” . . . just as irrational as a yellow logarithm' (1865a: 818). In Marx's view what people really mean by the value and price of labour is the value and price of labour-power. The wage is the phenomenal form of this value. It should not surprise us to find Marx listing this as one of 'the three fundamentally new elements' of *Capital* (1868d); we have seen that the labour/labour-power distinction is the linchpin of his theory of surplus-value.

Marx is justified in this claim to novelty for classical economy was no more immune to this confusion than its vulgar successor. Indeed, the latter is apparently far the more consistent of the two. Classical economy was predicated upon the labour theory of value, which (in its Ricardian form at least²⁴) held the value of commodities to be a function of the labour they contain. Problems arose as soon as it was asserted that what the labourer sells his employer is his labour as such. For on the face of it, one either had to take the value of labour as equivalent to that of its product, or one had to determine it by the production costs of the labourer himself, that is by wages. The first strategy precludes any explanation of profit, and hence implies that the law of value does not hold in a capitalist economy; the second saves the possibility of profit, but only at the cost of surreptitiously (and unjustifiably) turning the question of the price of labour into the very different question of the price of the labourer (see 1867a: 538). As we will see in Chapter 5, Smith took the first and Ricardo the second horn

of this dilemma. But the difficulties attendant upon either option fairly obviously undermine the theoretical keystone of the entire classical conception (see Engels, 1891a). For the vulgarians, on the other hand, no such dilemma arose. Having rejected the labour theory of value, they could quite happily continue to regard wages as the price of labour. Wages, in the trinity formula, comprise only one component of the total price of a good, the other components being interest and rent which, as we have seen, are conceived as arising from completely different sources.

Marx as we might expect explains the tenacity of the confusion by the fact that the nature of the wage as a payment for labour-power is not immediately evident 'on the surface of bourgeois society', whereas an apparent correlation between labour performed and wages paid is overwhelmingly so. Imaginary as the value and price of labour might be, therefore, they are not the fruit of mere 'poetic licence' (1867a: 537n):

These imaginary expressions arise . . . from the relations of production themselves. They are categories for the phenomenal forms of essential relations. That in their appearance things often represent themselves in inverted form is pretty well known in every science except Political Economy (ibid. 537).

In this case, Marx lists several relevant considerations.

Most generally, the form of the labour-power/wages exchange is one consistent with all transactions in the sphere of circulation (where, as Marx puts it, 'Freedom, Equality, Property and Bentham' reign undisturbed (ibid. 176)). The exchange is between property owners who, we assume, exchange equivalents; the capitalist will buy labour-power at its price of production. There is not a hint of exploitation here, and indeed no exploitation takes place here. Further, there is nothing in the form of the exchange which is *prima facie* irrational. On the surface, *all* value-relations link incommensurables, use-values to the value-form; the expression value of labour appears no different from and is no more self-evidently absurd than the expression value of cotton (ibid. 540). It becomes absurd only in the light of an analysis which reveals any such expression as in fact an equation of labour-times. On the face of it, therefore, the exchange is in no way a peculiar one.

It is likely to be seen as a sale and purchase specifically of labour, rather than of labour-power, because *inter alia* the labourer is paid

after his work is done and ostensibly for that work (ibid.); from his own point of view it is a definite kind of useful labour he has supplied and was contracted to supply (ibid.); and it is his labour and only his labour which yields him his wage (ibid. 541; of 1865a: 822). Even if for whatever reason the wage he receives changes it remains a payment for the same working-day or working-week (1867a: 541). Finally, the actual forms in which wages are paid, by the hour or by the piece, are such as to relate wages directly to work done (1867a, chs XX, XXI, *passim*). Nor is the capitalist any more likely to recognise what he is in fact paying for. We have seen various of the many circumstances which obscure the origins of his profit in unpaid labour, and I need not reiterate them here. To be sure, the capitalist will attempt to minimise his wage-bill; but this economy will appear no different from those he is equally constrained to practice with regard to his constant capital, his circulation time, and so on (1867a: 541). There is, in sum, little on the surface of bourgeois society to convince either the labourer or the capitalist that wages are not the price of labour, and more than enough to make them both think they are.

The consequence of this misconception, however, is clear:

The wage-form . . . extinguishes every trace of the division of the working-day into necessary labour and surplus-labour, into paid and unpaid labour. All labour appears as paid labour (ibid. 539).

Marx elaborates by way of some instructive comparisons (which well illustrate the empirical specificity of his explanations of ideology):

In the *corvée*, the labour of the worker for himself, and his compulsory labour for his lord, differ in space and time in the clearest possible way. In slave-labour, even that part of the working-day in which the slave is only replacing the value of his own means of existence, in which, therefore, in fact, he works for himself alone, appears as labour for his master. All the slave's labour appears as unpaid labour. In wage-labour, on the contrary, even surplus-labour, or unpaid labour, appears as paid. There the property relation conceals the labour of the slave for himself; here the money-relation conceals the unrequited labour of the wage-labourer (ibid. 539–40).

This false appearance distinguishes *wages labour* from other *historical* forms of labour (1865b: 51).

We should perhaps note in passing that thus to regard the wage as payment for the value of labour — an inherently indeterminable magnitude — in no way precludes bitter struggles being fought over 'a fair day's wage for a fair day's work'. But for Marx the latter is a contradiction in terms. Hence his 1865 comment on trades unions:

Instead of the *conservative* motto, 'A fair day's wages for a fair day's work!' they ought to inscribe on their banner the *revolutionary* watchword, 'Abolition of the wages system!' (ibid. 78).

Let us now turn to the implications of the trinity formula's labour — wages relation.

We have seen that Marx arrives at the thesis that it is labour-power, and not labour, which the worker sells the capitalist, by a consistent application of the labour theory of value, and that this thesis underpins his theory of surplus-value and *a fortiori* his explanation of the revenues of capitalists and landowners. We have also seen that his classical predecessors could maintain both the view that wages are the price of labour and the labour theory of value only at the cost of inconsistency. If, therefore, wages are to be regarded as the price of labour then the labour theory (and with it, if Marx is correct, all possibility of understanding the essential relations of capitalist production) must be abandoned. This is the road travelled by the trinity formula. If, its advocates reason, wages are a full reimbursement for the value labour adds to the product, then the rest of the product's value must derive from elsewhere and labour cannot be the sole source of value. From here it is no distance to the assertion that, just as wages are the proportional reward to labour, so the other revenues are rewards due to the other factors of production in proportion to their contributions to the product's value. As soon as we substitute the relation labour—wages for the relation *necessary* labour—wages (which is accurate for the conditions of capitalist production), therefore, we immediately reinforce the other two fetishistic relations of the trinity formula. Indeed Marx goes so far as to assert that the relation labour—wages is 'the basis for the other two':

Since wages here appear to be the specific product of labour, its

sole product (and they are indeed the sole product of labour *for* the wage-worker), the other parts of value — *rent* and *profit* (*interest*) — appear to flow just as necessarily from the other specific sources. And just as that part of the value of the product which consists of wages (is conceived) as the *specific* product of labour, so those parts of value which are made up of rent and profit must be regarded as specific results of agencies *for* which they exist and to which they accrue, that is, as offspring of the earth and of capital, respectively (1863c: 481, interpolation from editorial collation of MS).

Here, then, not only are essential relations destroyed as in the previous two cases, but the destruction is the cornerstone of the formula as a whole. It is accomplished by precisely the same kind of operation as that in which interest is linked to capital (construed as means of production) and rent to land. The specifically social characteristics of the alleged source of revenue are seen as congruent with and explained by the material attributes of all phenomena of that class. In this case, the capacity of *wage-labour*, that is of labour coupled to the means of production by the commodity-exchange of labour-power against variable capital, to yield a wage amounting to less than the full value of its product is equated with and explained by the role of *useful* labour in *all* production. The characteristics of wage-labour are thereby *ipso facto* extended to labour as such; we have seen a bizarre consequence of this already in the trinity formula's account of profit of enterprise as a 'wage' for the capitalist's 'labour'. In the process, of course, the obliteration of the *differentia specifica* of capitalist production, of the social relations which alone make it possible, is thoroughly consolidated. The formula now, in Marx's words,

presents a uniform and symmetrical incongruity . . . since wage-labour does not appear as a socially determined form of labour, but rather all labour appears by its nature as wage-labour (thus appearing to those in the grip of capitalist production relations), the definite specific social forms assumed by the material conditions of labour — the produced means of production and the land — with respect to wage-labour . . . directly coincide with the material existence of these conditions of labour or with the form possessed by them generally in the actual labour process, independent of its concrete historically determined social form, or indeed independent of *any* social form (1865a: 824).

I have tried to show, first, that for Marx each of the component relations of the trinity formula is very well supported phenomenally. Second, I have suggested that in addition the formula at first sight appears to offer a more coherent account of revenues and price than did its classical rivals. Of particular importance here is the fact that the difficulties in the latter apparently derive from the keystone of classical economy, the labour theory of value, which the trinity formula aggressively rejects. I say *apparently* derive from the labour theory because, as Marx shows, it is not this theory as such so much as its inconsistent application which actually creates the difficulties; but we should note that for Marx, the very *lacuna* which ultimately vitiates the classical conception ('price of labour') is itself firmly predicated upon an all-too-faithful grasp of the phenomenal forms of capitalist society (specifically, the wage-form). Be that as it may, the trinity formula can plausibly claim the same kind of advantages over its classical competitors as could Bailey's view of value over the Ricardian.

For Marx, as we have seen, this apparent coherence rests on an incoherent and ultimately fetishistic foundation. We have investigated this for each individual relation of the formula; in all three cases the coherence is achieved only by collapsing the social characteristics the elements of production take on within and because of the social relations of capitalist production into immanent properties of these elements in their natural form. We end up with a formula which rigorously correlates, in an allegedly causal relation, three factors of any production whatsoever and three socially and historically specific revenues, prices being explained by the summation of these revenues. The correlation is achieved only by falsely identifying *capital* with means of production, landed *property* with land, and *wage* labour with labour *tout court*. When properly conceived, Marx asserts,

the alleged sources of the annually available wealth belong to widely dissimilar spheres and are not at all analogous to one another. They have about the same relation to each other as lawyers' fees, red beets and music (1865a: 814).

||| The consequence of the fetishism is the complete obliteration of essential relations, which happen in this case to be relations of exploitation. As Marx comments, the formula therefore

renders a substantial service to apologetics. For (in the formula) land—rent, capital—interest, labour—wages . . . the different forms

of surplus-value and configurations of capitalist production do not confront one another as alienated forms, but as heterogeneous and independent forms, merely different from one another but *not antagonistic*. The different revenues are derived from quite different sources, one from land, the second from capital and the third from labour. They do not stand in any hostile connection to one another because they have no inner connection whatsoever. If they nevertheless work together in production, then it is a harmonious action, an expression of harmony, as, for example, the peasant, the ox, the plough and the land in agriculture, in the real labour process, work together *harmoniously* despite their dissimilarities (1863c: 503, interpolation from editorial collation of MS).

For the trinitarians all is for the best in the best of all possible worlds. The formula thus clearly 'corresponds to the interests of the ruling classes by proclaiming the physical necessity and eternal justification of their sources of revenue' (1865a: 830). But, just as with fetishistic theories of value, it is important to stress that Marx does not *explain* the trinity formula by its adherents' intention to produce such a justification. This is not to say that vulgar economists may not be 'hired prize-fighters', fired by 'the bad conscience and the evil intent of apologetic' (1873: 15); merely that such a motive does not suffice to explain the success of their ideologies. Rather, the 'eternal justification' flows from the alleged 'physical necessity', and this latter proposition, as we have seen Marx going to considerable lengths to show, is firmly grounded in the forms in which the phenomena of capitalist production present themselves in the experience of its participants.

It is, then, the fetishism of the trinity formula which explains its reactionary character and not the other way about. The converse holds for a theory which, like Marx's, grasps the social relations behind the appearances and therefore discloses their historical mutability. As Marx observes in his discussion of Richard Jones, a follower of Ricardo who went beyond his mentor to show the historicity of capitalism,

from the moment that the bourgeois mode of production and the conditions of production and distribution which correspond to it are recognised as *historical*, the delusion of regarding them as natural laws of production vanishes and the prospect opens up of a new society, (a new) economic social formation, to which

capitalism is only the transition (1863c: 429, interpolation from editorial collation of MS).

The phenomenalism, fetishism, denial of historicity, and conservatism of the ideologies considered in this chapter and the last are not fortuitously connected. Nor are the penetration beyond phenomenal forms to essential relations, the recovery of history, and the revolutionary conclusions of Marx's critique. Thus far we have observed that critique at work. In Part II we will go behind this set of appearances and ask how Marx's critique is itself made possible.

PART II

THE CRITIQUE OF THE ECONOMIC CATEGORIES

To bring a science by criticism to the point where it can be dialectically presented is an altogether different thing from applying an abstract ready-made system of logic to mere inklings of such a system.

Marx to Engels, 1 February 1858

4 PROLEGOMENA: SOME REFLECTIONS ON THE *GENERAL INTRODUCTION* OF 1857

Marx once promised a dialectics (see 1858b); he never wrote it. In its stead he bequeathed a legacy of fragments: scattered, often obscure, and sometimes apparently mutually incompatible observations on his own and his predecessors' methods, the most profound of them occurring in texts never revised for publication.¹ Undoubtedly the most influential of these has been the *General Introduction* of 1857 with its celebrated discussion of the method of political economy. I shall later be arguing that Marx's prescriptions in this discussion have to be approached with considerable care. The *General Introduction* is nevertheless as good a place to begin as any; not least, because its (neglected²) first section develops a series of arguments crucial to the interpretation of its more famous but less straightforward third.

1 Rational Abstractions

The *General Introduction* opens with the words: 'The object before us, to begin with, *material production*' (1857: 83). Marx goes on to spell out what he means by material production. 'Individuals producing in society — hence socially determined individual production — is, of course, the point of departure' (ibid.). The next two pages are devoted to polemic against (and analysis of the phenomenal bases of) 'the unimaginative conceits of the eighteenth-century Robinsonades' (ibid.), the isolated hunters and fishermen who furnish Smith and Ricardo with the starting-points of their economy. Elsewhere, Adolf Wagner gets similarly short shrift for the same *faux pas* (1880: 45f). 'Production by an isolated individual outside society . . . is as much an absurdity as is the development of language without individuals living *together* and talking to each other' (1857: 84). In short, and to reiterate a definition I have quoted once already, 'All production is appropriation of nature on the part of an individual *within and through a specific form of society*' (ibid. 87, italics mine). So, Marx asks, are we then constrained either to 'pursue the process of historic development through its different phases, or declare beforehand that we are dealing with a specific historic epoch such as, e.g. modern bourgeois production' (ibid. 85)?

He answers, for the time being, in the negative. For 'all epochs of production have certain common traits, common characteristics', and therefore

Production in general is an abstraction, but a rational abstraction in so far as it really brings out and fixes the common element and thus saves us repetition (ibid.).

There follows a warning which demands quotation at length:

Still, this *general* category, this common element sifted out by comparison, is itself segmented many times over and splits into different determinations. Some determinations belong to all epochs, others only to a few. (Some) determinations will be shared by the most modern epoch and the most ancient. No production will be thinkable without them; however, even though the most developed languages have laws and characteristics in common with the least developed, nevertheless, just those things which determine their development, i.e. the elements which are not general and common, must be separated out from the determinations valid for production as such, so that in their unity — which arises already from the identity of the subject, humanity, and of the object, nature — their essential difference is not forgotten. The whole profundity of those modern economists who demonstrate the eternity and harmoniousness of the existing social relations lies in this forgetting (ibid. interpolation by translator).

This passage amounts to an embryonic formulation of the distinction between historical and transhistorical categories so central to the analyses considered in Part I. I say embryonic, because Marx has yet to attain the rigour and sharpness of *Capital*. Here, as throughout this chapter, we must be mindful of the fact that the *General Introduction* marks only the first tentative steps along the road that was to lead, in the course of the next decade, to the *Grundrisse*, the 1859 *Critique*, and the four volumes of *Capital*.³ Its opening pages nevertheless clarify one essential feature of the distinction. In referring to production in general as an abstraction, Marx makes it quite clear that his common elements have no empirical existence independent of the particular social forms they assume within individual modes of production. And these forms are themselves defined by elements which are *not* 'general

and common'. Transhistorical categories hence refer to *attributes* of phenomena rather than phenomena as such; any real productive phenomenon will be a 'unity', as Marx calls it here, of *both* these sets of elements.

It follows that, in Marx's words, 'the so-called *general preconditions* of all production are nothing more than . . . *abstract moments with which no real historical stage of production can be grasped*' (ibid. 99, second italics mine). Historical particulars cannot be apprehended in transhistorical generalities. And further, Marx asserts, what can validly be asserted of production in general is extremely limited: 'this reduces itself in fact to a few very simple characteristics, which are hammered out into flat tautologies' (ibid. 86). Let us briefly explore them.

What Marx terms the *simple labour-process* (see 1867a, ch VII) comprises three 'elementary factors': '1, the personal activity of man, i.e., work itself, 2, the subject of that work, and 3, its instruments' (ibid. 178) — labour, raw materials, tools.⁴ Marx refers to the instruments and subjects of labour as *means of production* and qualifies labour itself as both purposive and productive⁵ (ibid. 181, 178). These factors combine in the labour process in such a way that 'man's activity, with the help of the instruments of labour, effects an alteration, designed from the commencement, in the material worked upon. The process disappears in the product; the latter is a use-value' (ibid. 180). This process must go on 'in all social formations and under all possible modes of production' (1865a: 820); it is 'the everlasting Nature-imposed condition of human existence, and therefore is independent of every social phase of that existence, or rather, is common to every such phase' (1867a: 184). Production is thus, first and foremost, a relation between people and nature.

But, second, and for Marx no less importantly,

In production, men not only act on nature but also on one another. They produce only by co-operating in a certain way and mutually exchanging their activities. In order to produce, they enter into definite connections and relations with one another *and only within* these social connections and relations does their action on nature, does production, take place (1847b: 28, italics mine).

I have stressed this sufficiently above. Here, we might additionally note that Marx's claim is not that production *causes* but that it *entails* social

relations. Marx terms these latter *the social relations of production*. I include under this concept, for reasons which I will expand upon shortly, *all* 'the social relations within which individuals produce' (ibid.) inasmuch as they are demonstrably entailed in any given mode of production, or 'way in which men produce their means of subsistence' (1846a: 31) as *The German Ideology* defines it. Finally, both the nature of the labour-process and the character of the production relations may influence how productive people's labour is. Both are therefore, in Marx's terminology, potential *social forces of production*. By the latter I understand *any* force through which the productiveness of labour is enhanced. These empirically open-ended definitions of forces and relations of production are unconventional and therefore call for further justification.⁶

(a) Production relations

Traditionally⁷ marxists have divided people's social relations into two distinct categories: those of society's economic structure or *base*, and those of its *superstructure*. The base is normally alleged to consist of relations technically entailed in the relevant variant of the labour process (forms of the technical division of labour,⁸ for instance) together with relations of *de facto* property in the means of production; the superstructure, of all other social relations, including particularly those of a legal, political or ideological character. Only the former are considered *bona fide* relations of production. The rationale for thus restricting the category is provided by the substantive claim that the character of the base determines that of the superstructure, a proposition conventionally interpreted in straightforward causal terms. Superstructural relations, by implication, are secondary rather than essential to production as such. This latter inference, incidentally, is not affected by Engels's oft-invoked qualification of the alleged determination as 'ultimate' (see his 1890b, c, 1894f). If the causal claim is to have any meaning at all, the capacity of the base to subsist independently of its superstructure must logically be presupposed.

Now, there can be no doubt either that the base/superstructure metaphor is Marx's own or that certain of his texts lend themselves to the interpretation I have just outlined. This is particularly true of his 1859 *Preface*, which was long considered *the* authoritative summary of the essentials of his doctrine.⁹ The issue of what exactly Marx did mean by his metaphor cannot therefore merely be brushed aside. Though the proposition cannot be defended here, I believe the base/superstructure

metaphor can best be seen as a popular way of expressing a distinction which is fundamental to Marx's work, namely the distinction between essential relations and their forms of manifestation. Essential relations can be said to comprise any society's 'economic structure', not by virtue of any inately 'economic' qualities they might possess but because of their entailment in the production process without which that society could not exist; but the superstructure, in this view, would consist not of a separate *body or kind* of relations but rather of the 'legal, political, religious, artistic or philosophic — in short, ideological *forms* in which men become conscious of' these essential relations themselves (1859a, italics mine). Understood thus the distinction would cease to be substantive or institutional, and 'determination' would take on the non-causal connotations explored briefly in Chapter 1. But be that as it may, there is certainly enough in Marx to warrant rejecting both the classical account of base and superstructure and the restricted category of production relations which it sanctions.

First, as I have argued at greater length elsewhere (1975a, 1978) Marx was insistent that

definite individuals who are productively active in a definite way enter into these definite social and political relations. *Empirical observation must in each separate instance bring out empirically, and without any mystification and speculation, the connection of the social and political structure with production* (1846a: 36, italics mine).

We shall see shortly that this is no isolated or merely rhetorical prescription; from his first embarrassing brush with 'material interests' in 1842, as a philosophically inclined and very green journalist,¹⁰ to his notes and letters of the 1880s,¹¹ Marx remained convinced of the necessity for eschewing speculative construction and starting from premises which in his own words 'can be verified in a purely empirical way' (ibid. 31). To do so, however, would clearly preclude his holding *any* general theory of 'the connection of the social and, political structure with production' akin to that of the traditional base/superstructure conception. At best, he might develop empirical generalisations applying strictly to cases studied. For any such theory must rest on a *a priori* or inductive generalisation, and the injunction I have quoted rules out the first by its demand that the connection be ascertained 'empirically' and the second by its stipulation that this must be done 'in each separate instance'. In the absence of such a general theory

however, we lose any rational grounds for restricting the category of production relations in the classical fashion; for *a priori* we have no more reason to expect any one kind of relation to be essential to production than any other. What relations are involved in specific forms of production, in short, is an empirical question; so their concept is best defined in an empirically open-ended manner.

Second, and perhaps more importantly, Marx's *own* substantive analyses frequently yield conclusions directly at odds with the postulates of the orthodox base/superstructure model. He often identifies as *conditions* of production, that is as internal to societies' economic structures, relations which should, on this model, be superstructural in the sense of being independent of and consequential upon a base capable of subsisting without them. In the *Formen*, for instance, he contends that 'communality of blood, language, customs' is 'the first presupposition' for 'the *real appropriation* through the labour process' (1858a: 472) and argues further that here, 'property therefore means belonging to a clan' (ibid. 492). Modern marxist anthropology has abundantly confirmed these insights (see, *inter alia*, Godelier, 1973; cf Sayer, 1977). The famous discussion of the *corvée* in *Capital* III argues that for this variety of surplus-labour to be compelled and appropriated (and thus for feudal production to take the form it does) 'other than economic pressure' is necessary: 'conditions of personal dependence are requisite, a lack of personal freedom . . . and being tied to the soil as its accessory, bondage in the true sense of the word' (1865a: 791). The presupposition of feudal labour-rent is therefore a 'direct relationship of lordship and servitude' (ibid. 790), that is an emphatically political relation.¹² In similar vein, speaking of the transition from feudalism to capitalism, the *Grundrisse* makes clear that for Marx 'the *governments*, e.g. of Henry VII, VIII etc. appear as conditions of the historic dissolution process and as makers for the conditions of existence of capital' (1858a: 507) — a thesis Marx develops in detail in Part VIII of *Capital* I, and which is also borne out by later marxist historical research.¹³ I have discussed these and other examples at greater length elsewhere (Sayer, 1975a; Corrigan *et al.* 1977, 1978a, ch 1) but the general point should be clear. These supposedly superstructural relations are, quite simply, 'social relations within which individuals produce' and without which they could *not* produce in these particular ways. We could of course continue to refuse them the designation relations of production — empirical evidence cannot compel us to use our categories in one way rather than another. But to do so would be perverse, groundless and (in so far as it would

suggest the substantive priority of the conceptually privileged relations) misleading.

(b) Productive forces

Many of the foregoing points apply *mutatis mutandis* to the concept of the social forces of production. Stalin's *Dialectical and Historical Materialism* ably expresses the traditional conception:

The *instruments of production* wherewith material values are produced, the *people* who operate the instruments of production and carry on the production of material values thanks to a certain *production experience* and *labour skill* — all these elements jointly constitute the *productive forces* of society (1938: 120).¹⁴

Once again, there are occasions on which Marx does use the concept thus: *Wage Labour and Capital*, for example, straightforwardly equates the forces with 'the material means of production' (1874b: 28). But this is not Marx's only usage. The most cursory perusal of his writings as a whole will indicate a range of usages broad enough to embrace what *Capital* refers to as 'all new developments of the universal labour of the human spirit and their social application through combined labour' (1865a: 104). In capitalism, for instance,

The *social* productive forces of labour, or the productive forces of directly social, *socialised* (i.e. collective) labour come into being through co-operation, division of labour within the workshop, the use of *machinery*, and in general the transformation of production by the conscious *use* of the sciences, of *mechanics*, *chemistry*, etc. for specific ends, *technology*, etc. and similarly, through the enormous increase of *scale* corresponding to such developments (for it is only socialised labour that is capable of applying the *general* products of human development, such as *mathematics*, to the immediate processes of production . . . (1866: 1024).

Implicit in this passage is a point of particular importance which Marx makes explicit elsewhere. Production relations may *themselves* be productive forces:

The production of life . . . appears as a double relationship:

on the one hand as a natural, on the other as a social relationship . . . It follows from this that a certain mode of production, or industrial stage, is always combined with a certain mode of co-operation, or social stage, and *this mode of co-operation is itself a 'productive force'* (1846a: 41, italics mine).

This is true in a double sense. First, social relations as such may be *sui generis* forces, as they are in the *Grundrisse's* account of 'the (primitive) community itself . . . as the first great force of production' (1858a: 495), or *Capital's* claim that State activity during the period of transition from feudalism to capitalism 'is itself an economic power' (1867a: 751). Second, social relations may impel and constitute indispensable conditions for the development and utilisation of particular forms of technology. Both cases are well illustrated in Marx's reconstruction of the genesis of capitalist production.

He distinguishes two moments in this process which he terms the 'formal' and the 'real' subordination of labour to capital respectively. This distinction is employed in *Capital I* and discussed at most length in its unutilised so-called 'Sixth Chapter' (1866: 1019–38). The *formal* subordination of labour to capital refers simply to the conversion of previously independent producers into wage-labourers. This enables their combination under the aegis of a single capitalist, and provides the social basis of Manufacture (as Marx calls the early period of capitalist production — see 1867a, ch XIV). The *real* subordination of labour to capital occurs only when the capitalist labour-process has developed to a point where it technologically requires such combination, that is with the advent of Modern Industry wherein the instruments of production are such that they can only be used co-operatively (see *ibid.* ch XV). These two stages are characterised by different forms of capitalist exploitation. In the former, *absolute* surplus-value or surplus-value derived from mere extension of the working-day prevails. In the latter, it is *relative* surplus-value or surplus-value obtained by shortening necessary labour-time relative to the length of the working-day by technical innovation which predominates (see *ibid.* ch XVI). There are two points in Marx's exposition which are particularly pertinent to our present argument.

First, Marx explicitly recognises that the simple combination of labourers brought about by their purely formal subordination to capital constitutes a 'new power, namely, the collective power of masses' (*ibid.* 326) in its own right:

The special productive power of the combined working-day is,

under all circumstances, the social productive power of labour, or the productive power of social labour. *This power is due to co-operation itself* (*ibid.* 329, italics mine).

Further, Marx repeatedly denounces the ascription of this productive power to capital (conceived as the ensemble of the means of production) as specifically fetishistic (see, *inter alia*, 1863a: 389–92). Second, he makes it quite clear that for him the formal precedes and is the condition for the real subordination of labour to capital:

the fact is that capital subsumes the labour process as it finds it . . .

Technologically speaking, the *labour process* goes on as before, with the proviso that it is now *subordinated* to capital . . .

If changes occur in these traditionally established *labour processes* after their takeover by capital, these are nothing but the gradual *consequences* of that subsumption (1866: 1021, 1026, 1021, last italics mine).

Capital elaborates. It is the competitive relation between capitals which forces innovation, and the labour/capital relation which allows its financing from accumulated surplus-value. 'The production of relative surplus-value revolutionises out and out the technical processes of labour'; but this

presupposes a specific mode, the capitalist mode of production, a mode which, along with its methods, means and conditions, arises and develops itself spontaneously on the foundation offered by the formal subjection of labour to capital (1867a: 510).

In fine, a social relation,

a greater number of labourers working together . . . under the mastership of one capitalist, constitutes, both historically and logically, the starting-point of capitalist production (*ibid.* 322).

At this juncture a related issue might usefully be touched upon. As is well known Marx explained transitions between one mode of production and another by conflicts between burgeoning forces and outmoded relations of production. Indeed, the 1859 *Preface* goes so far as to assert that 'no social order is ever destroyed before all the productive forces for which it is sufficient have been developed' (1859a). This

claim has proved an embarrassment to generations of all but the most vulgar of marxists, and a godsend to Marx's critics. For once we accept the traditional conception of productive forces, we have no option but to interpret the claim as a profession of a peculiarly rigid technological determinism which is manifestly irreconcilable both with the facts of history and Marx's own optimistic prognoses for revolution in such technologically 'backward' social formations as Tsarist Russia (see 1877a, 1881a, b). The problem disappears, however, as soon as we adopt the broader definition of productive forces proposed here. The analysis of transition I have just outlined makes it perfectly clear that in this case, at least — and the transition from feudalism to capitalism is the only one considered in any detail in Marx's work — the relevant contradiction lies not between technology and social relations *simpliciter* but between *one* set of emergent production relations, which both constitute a productive force in their own right and are capable of sustaining a superior technology, and *another*, 'within the framework of which they have operated hitherto' (1859a). The same holds *mutatis mutandis* for Marx's claim that the co-operative relations within the Russian peasant commune could potentially become 'the regenerating element of Russian society, and the factor giving it superiority over the countries enslaved by the capitalist system' (1881a). Finally, this approach allows us immediately to see the *internality* of the connection between this paradigm of transition and that other theme which is equally dominant in Marx's work, the insistence that, to quote the opening sentence of the *Manifesto*, 'The history of all hitherto existing society is the history of class struggles' (1848a: 40) — a connection with which commentators have sometimes had difficulty.¹⁵

To conclude. I am by no means the first to draw attention to the discrepancy between the substance of Marx's analysis of the emergence of capitalism from feudalism and traditional accounts of his views on transition. Other writers, however, have tended simply to reverse the traditional paradigm and assert the priority of relations over forces of production rather than challenge the orthodox conception of productive forces as such (see for example Althusser and Balibar, 1968: 233f; Anderson, 1974: 204f; Bettelheim, 1970: 86f). I believe this strategy to be inadequate for three main reasons. First, it overlooks Marx's explicit recognition, both in general and within particular analyses, of certain production relations as productive forces. Second, it may suggest, even if only tacitly, the separability of the technical from the social dimensions of production whereas in practice all technologies are internally related to the social relations within which they

are developed and employed. And third, and most generally, having recognised production itself as irreducibly both material and social, as does Marx, it makes no sense whatsoever to define the forces through which it is effected in a manner that excludes phenomena of either kind. We should proceed rather from Marx's acknowledgement that

Man himself is the basis of his material production, as of any other production that he carries on. All circumstances, therefore, which affect man, the *subject* of production, more or less modify all his functions and activities, and therefore too his functions and activities as the creator of material wealth . . . In this respect it can in fact be shown that *all* human relations and functions, however and in whatever form they may appear, influence material production and have a more or less decisive influence upon it (1863a: 288).¹⁶

For Marx, there are circumstances in which even *theory* 'becomes a material force as soon as it has gripped the masses' (1843c: 182).

I offer no apology for the length of the foregoing excursus; forces and relations of production are fundamental concepts in Marx and much hangs on how they are interpreted. But it is time that we returned to the broader issue of the nature and limitations of Marx's transhistorical categories as such.

Above, I showed that in themselves these are, for Marx, mere 'abstract moments with which no real historical stage of production can be grasped'. They are concepts of the attributes which define the classes of phenomena without which 'no production will be thinkable' rather than concepts of any individual phenomena as such. For reasons which will become clear shortly, it is worth adding that we cannot hope to deduce or otherwise derive historical from transhistorical categories *simpliciter* either, for to attempt to do so would involve us in the manifest absurdity of trying to infer what differentiates individual members of a class from the concept of precisely what they have in common. Subsequently, we have seen that so far as Marx is concerned there is in any case little that can validly be asserted of production in general. As he was later to remark of Adolf Wagner,

what lies in the background to (his) bombastic phrases is simply the immortal discovery that in all conditions man must eat,

drink, etc. (one can go no further: clothe himself, have knives and forks or beds and housing, for this is not the case *in all conditions*) (1880: 55).

To define Marx's transhistorical categories open-endedly is the only strategy consonant with this sentiment. It would be an exaggeration to say that all we can legitimately posit of production in general is a labour-process and a set of (empirically unspecified) social relations. We have, for instance, already seen Marx arguing an *a priori* thesis concerning the universal necessity for the proportional distribution of social labour. But the exaggeration would be both slight and thoroughly in accord with Marx's (and Engels's¹⁷) own contention that at this level of generality the only truths are virtual truisms.

I shall return to the question of what role transhistorical categories do play in Marx's methodology in the next chapter. For the moment, however, it is essential that we keep in mind what they can *not* do; for this bears directly on how we are to understand the theses of the third section of the *General Introduction*, to which we must now turn.

2 Obviously the Scientifically Correct Method?¹⁸

It is necessary first to outline the relevant arguments in some considerable detail. Marx begins by distinguishing two paths of analysis: the passage from the 'concrete' to the 'abstract', and the passage back, from the 'abstract' to the 'concrete' (1857: 100–2). 'It seems to be correct', he writes, 'to begin with the real and concrete', for example with the category, say, of the population. But

The population is an abstraction if I leave out, for example, the classes of which it is composed. These classes in turn are an empty phrase if I am not familiar with the elements on which they rest. E.g. wage labour, capital, etc. These latter in turn presuppose exchange, division of labour, prices, etc . . . Thus, if I were to begin with population, this would be a chaotic conception of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts, from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations.

From here,

the journey would have to be retraced until I had finally arrived at the population again, but this time not as the chaotic conception of a whole, but as a rich totality of many determinations and relations.

The history of political economy exhibits precisely this progression. The economists of the seventeenth century, for example,

always begin with the living whole, with population, nation, state, several states, etc; but they always conclude by discovering through analysis a small number of determinant, abstract, general relations such as division of labour, money, value, etc. As soon as these individual moments had been more or less firmly established and abstracted, there began the economic systems, which ascended from the simple relations, such as labour, division of labour, need, exchange value, to the level of the state, exchange between nations and the world market.

'The latter', Marx concludes, 'is obviously the scientifically correct method.'

There follows a warning against confusing, Hegelian-fashion, this 'way in which thought appropriates the concrete' with 'the process by which the concrete itself comes into being'. The concrete 'appears in the process of thinking . . . as a result, not as a point of departure'. But of course, the real world *itself* is not 'the product of thought . . . unfolding itself out of itself', and nor is its eventual conceptual reproduction 'a product of the concept which thinks or generates itself outside or above observation and conception'. The concrete is 'the point of departure in reality and hence also the point of departure for observation and conception', and the 'concrete in thought' a product of 'the working-up of observation and conception into concepts'. It is necessary to note this last point with some vigour, given the existence of various *a prioristic* readings of Marx's arguments in this text, upon which I shall comment further below. As Marx himself emphasises a few pages later,

In the succession of the economic categories, as in any other historical, social science, it must not be forgotten that their subject — here, modern bourgeois society — is always what is given, in the head as well as in reality, and that these categories therefore express the forms of being, the characteristics of existence . . . this holds for *science as well* (ibid. 106).

Marx next considers the relation between the sequence of categories in this analytic ascent from the 'simple and abstract' to the 'complex and concrete' and the order of their historical genesis. He first denies the possibility that the simple and abstract can be historically prior in any ultimate sense by pointing out, against Hegel, that no matter how simple a category may be it always presupposes some 'concrete substratum' (ibid. 102). The category of possession, for example, with which Hegel begins his *Philosophy of Right* on the grounds that possession is the simplest of juridical relations, supposes some 'more concrete juridical category' like family or clan (ibid.). But, Marx continues, there is perhaps a sense in which the question can be answered in the affirmative. Although any 'simple category' will assume the existence of some more concrete set of relations, it may well be the case that the relations supposed by the simpler categories antedate those denoted by more complex ones; this will occur, for instance, where the simpler relations are preserved as subordinate relations of the whole we are concerned to analyse. Marx instances the category of money, which is both analytically simpler than, and historically prior to, that of capital. In such cases, he concludes, 'the path of abstract thought, rising from the simple to the combined, would correspond to the real historical process' (ibid.).

Marx then raises a series of objections to any attempt to generalise this conclusion.¹⁹ First, there is not one and only one order of historical development valid for all social formations (cf 1877a). In Peru for instance 'the highest forms of economy, e.g., cooperation, a developed division of labour, etc., are found, even though there is no kind of money' (1857: 102). Second, even where the relations expressed in the simpler categories do precede those expressed in their more complex counterparts, the former may achieve their full development only as components of the latter. Marx exemplifies with reference to the apparently simple categories of money and labour.

Although money was often present in precapitalist societies its role was frequently a marginal one. In the ancient Slav communes for instance, money was used only for traffic between communities; within them its importance was negligible. Hence, 'it is simply wrong to place exchange at the centre of communal society as the original, constituent element' (ibid. 103). Much the same is true of the ancient world. Money became central in the Roman Empire only in the years of its dissolution; previously 'the foundation remained taxes and payments in kind' and money-relations developed to the full only in the army (ibid.). In fine, Marx argues,

This very simple category . . . makes a historic appearance in its full intensity only in the most developed conditions of society. By no means does it wade its way through all economic relations . . . Thus, although the simpler category may have existed historically before the more concrete, it can achieve its full (intensive and extensive) development precisely in a combined form of society, while the more concrete category was more fully developed in a less developed form of society (ibid.).

The category of labour constitutes an even more striking instantiation of this thesis. Labour, Marx writes, 'seems quite a simple category' and 'the conception of labour in this general form — as labour as such — is also immeasurably old' (ibid.). It is 'the abstract expression for the simplest and most ancient relation in which human beings — in whatever form of society — play the role of producers' (ibid. 104). As such it is 'the simplest abstraction . . . which modern economics places at the head of its discussions', a category 'valid in all forms of society' (ibid. 105). On the other hand, labour 'when it is economically conceived in this simplicity . . . is as modern a category as are the relations which create this simple abstraction' (ibid. 103). It 'achieves practical truth as an abstraction only as a category of the most modern society' (ibid. 105) — specifically the United States — for 'indifference towards specific labours corresponds to a form of society in which individuals can with ease transfer from one labour to another' and this is emphatically a modern development (ibid. 104). It is worth noting here that ten years later, in *Capital*, Marx was to write that it was precisely the non-existence of labour in this simplicity as a 'practical truth' in ancient Greek society, founded as it was upon slavery, which prevented Aristotle pushing his analysis of exchange-value to the correct conclusion (1867a: 59–60; cf 1877b: 251–2). Here, however, Marx, contenting himself with a statement of the paradox:

This example of labour shows strikingly how even the most abstract categories, despite their validity — precisely because of their abstractness — for all epochs, are nevertheless, in the specific character of this abstraction, themselves likewise a product of historic relations, and possess their full validity only for and within these relations (1857: 105).

There is an evident tension here, which for the moment we may simply register. Marx wants to claim transhistorical validity for the 'simple

abstractions' of political economy; but he is increasingly driven to recognise that 'in the specific character of this abstraction' these categories are in fact *historical* in their reference. They are the product of, and 'possess their full validity only for and within', particular sets of social relations. What he says in the next paragraph serves to compound rather than resolve the uncertainty:

Bourgeois society is the most developed and the most complex historic organisation of production. The categories which express its relations, the comprehension of its structure, thereby also allows insights into the structure and the relations of production of all the vanished social formations out of whose ruins and elements it built itself up, whose partly still unconquered remnants are carried along within it, whose mere nuances have developed explicit significance within it, etc. Human anatomy contains a key to the anatomy of the ape . . . The bourgeois economy thus supplies the key to the ancient, etc. (ibid.).

But, Marx hastens to add, this must not be taken to support the kind of implicitly teleological historiography (see ibid. 106) typical of the bourgeois economists 'who smudge over all historical differences and see bourgeois relations in all forms of society' (ibid. 105). To use our knowledge of ground-rent to illuminate tithes or tributes, for example, is not the same as identifying them. Moreover, although bourgeois society may well contain 'relations derived from earlier forms' these may survive within it 'only in an entirely stunted form, or even travestied' (ibid. 105-6). Hence,

Although it is true . . . that the categories of bourgeois economics possess a truth for all other forms of society, this is to be taken only with a grain of salt. They can contain them in a developed, or stunted, or caricatured form etc., but always with an essential difference (ibid. 106).

I will pursue these difficulties further in due course and show how Marx subsequently overcame them. His immediate concern, however, is with 'the order and sequence of the categories' (ibid.), and on this, he feels, his foregoing discussion does allow a clear answer. He introduces this in some famous remarks:

In all forms of society there is one specific kind of production

which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colours and modifies their particularity. It is a particular ether which determines the specific gravity of every being which has materialised within it (ibid. 106-7).

Capital, for instance, 'is the all-dominating economic power of bourgeois society', determining, say, the form that landed property assumes within it (ibid. 107). Hence 'it must form the starting-point as well as the finishing-point, and must be dealt with before landed property' (ibid.). Marx makes this structural rather than historical principle of categorial succession explicit:

It would be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modern bourgeois society, which is precisely the opposite of that which seems to be their natural order or which corresponds to historical development (ibid. 107).

The entire discussion concludes with a draft plan. Since its subsequent modifications are pertinent to my argument, I will reproduce it in full:

The order obviously has to be (1) the general, abstract determinants which obtain in more or less all forms of society, but in the above explained sense. (2) The categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage labour, landed property. Their interrelation. Town and country. The three great social classes. Exchange between them. Circulation. Credit system (private). (3) Concentration of bourgeois property in the form of the state. Viewed in relation to itself. The 'unproductive' classes. Taxes. State debt. Public credit. The population. The colonies. Emigration. (4) The international relation of production. International division of labour. International exchange. Export and import. Rate of exchange. (5) The world market and crises (ibid. 108).

A few months after completing the *General Introduction* Marx observed to Engels that 'to bring a science by criticism to the point where it can be dialectically presented is an altogether different thing from applying

an abstract ready-made system of logic to mere inklings of such a system' (1858c). Fifteen years later he was to extend the point with respect to misreadings of what he was doing in *Capital*:

Of course the method of presentation must differ in form from that of enquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connection. Only after this work is done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere *a priori* construction (1873).

In evaluating the *General Introduction*'s methodological prescriptions, the first thing we must establish is whether they concern Marx's 'method of enquiry', the 'bringing of a science by criticism to the point where it can be dialectically presented', or whether, on the contrary, they relate exclusively to this method of presentation itself. For in the first case, we need go no further than the *Introduction* to discover the essentials of Marx's method; in the second, to examine the *Introduction* is to do no more than write the prolegomena to such a study. If, as I shall argue, this text actually clarifies only the forms of exposition proper to a scientific analysis, it remains to show how what is to be expounded was arrived at in the first place and we must go beyond the 1857 *Introduction* for our answers.

So far as I am aware nobody has ever explicitly denied that Marx's reflections in the *Introduction* bear primarily on the presentation of his analysis. The text, after all, is overtly preoccupied with the sequence in which the categories are to be developed (whether from 'concrete' to 'abstract' or vice versa, and in what relation to the order of their historical genesis) and concludes with what is unmistakably a draft plan for a book. But, first, some commentators have acted as if we could simply generalise from Marx's method of presentation to his method of enquiry. The Althusserians, notwithstanding their occasional lip-service to the distinction, are the most influential modern perpetrators of this confusion.²⁰ In defiance of Marx's own recognition that 'the concrete . . . is the point of departure in reality and hence also the point of departure for observation and conception' they treat his project of ascending from the abstract to the concrete as a recipe for the *production* of scientific knowledge. Balibar's programme for generating the concepts of all real and possible modes of production, in

advance of empirical enquiry, by permutating a limited number of 'formal invariants', or Hindess and Hirst's notions of concept-formation in *Precapitalist Modes of Production* (which are not, in this respect, affected by their subsequent 'autocritiques') exemplify such a methodology; in both cases what I would term Marx's historical categories are seen as essentially *a priori* constructs, elaborated and validated without reference to the 'real and concrete'. And second (and in some ways more disturbingly), even where Marx's methods of enquiry and presentation have not been confused, there has in general been remarkably little discussion of the former in the secondary literature. It is therefore worth spending a little time showing what problems arise if we do try and draw from the *Introduction* a method of analysis, thus indicating the centrality to any adequate account of Marx's method of an independent investigation of the (different) protocols of his method of enquiry.

Marx commences the plan with which he closes his 1857 discussion with 'the general, abstract determinants which obtain in more or less all forms of society' — transhistorical categories, in our parlance. We might, then, take these as the 'simple abstractions', out of which we hope ultimately to generate a 'reproduction of the concrete by way of thought' (1857: 101). This is, incidentally, the Althusserians' intention. But this road is closed. For, as argued at length above, as class concepts such categories can neither grasp empirical particulars nor provide a point of departure for their deduction. To make the deduction we would have to introduce additional, 'concrete' premises. If 'abstract' means transhistorical, therefore, we can only develop historical categories by 'ascending' precisely from the 'real and concrete'.

But this would, in any case, be an unlikely reading of the text. The categories Marx actually lists as 'determinant, abstract, general relations' are either unambiguously historical (money, exchange-value, value), or historical in 'the specific character of' their reference (division of labour, labour, need). They are 'simple and abstract' only by comparison with other categories of the *bourgeois* economy. Here, I think, the dual opposition of simple and abstract/complex and concrete fairly evidently, if rather imprecisely, attempts to grasp what Marx is later to conceptualise via the single opposition of essential relations/phenomenal forms. But while to present an analysis as an ascent from essential relations to the forms in which they manifest themselves (as *Capital* by and large does) is a perfectly comprehensible methodic strategy, to attempt to produce scientific knowledge thus entails an obvious *petitio*. We would already be supposing our possession of exactly the scientifically

adequate historical concepts whose formation we are meant to be explaining.

This emerges most clearly if we consider how, on this interpretation of 'simple and abstract', we might go about producing the concepts of non-capitalist formations. Recall, first, that Marx explicitly concludes that the 'simple abstractions' of political economy may be totally inapplicable outside capitalism (money in Peru, labour, in 'the specific character' of its abstraction, in any precapitalist context), or applicable only at the margins of other societies ('it is simply wrong to place exchange at the centre of communal society . . .'). Where the bourgeois economy apparently does preserve the relations of previous systems, moreover, it 'can contain them in a developed, or stunted, or caricatured form etc., but *always* with an essential difference' (emphasis added). The universality of its categories must therefore 'be taken only with a grain of salt'. Second, Marx in the end opts for the 'rank and influence' of relations in *the society analysed* as his principle of categorical succession. We must consequently begin from the fundamental relations of the formation in question, and the 'simple categories' of the classical economists need not give us purchase on these. In this case then, it appears that in order to generate adequate categories of these relations by 'ascent from the abstract to the concrete' we would need already to possess such categories. The only way out of the *petitio* is to ask where these categories come from in the first place. Here, fortunately, Marx gives us explicit answer. Like the 'simple categories' of political economy themselves, they would have to be 'discovered through analysis' by 'abstraction' precisely from the 'real and concrete'.

Whether we interpret 'simple abstractions' transhistorically or historically, then, we are forced back to this first moment of analysis as the decisive locus of the formation of Marx's historical concepts. And on this, the *General Introduction* is silent; we will have to look elsewhere for the protocols governing the initial ascent from the concrete to the abstract. I shall attempt this in my next chapter. But first I want to say a little more about Marx's method of presentation. For though to do so cannot of itself yield up his method of enquiry, it can give us a clearer idea of what sort of work has to have been done before 'the actual movement' can be 'adequately described'. Here, developments after 1857 become very important.

3 Starting-Points and Methods of Presentation

When, in February 1859, Marx compiled a rather full index (1859c) to

his *Grundrisse* notebooks, he included all sections of the *General Introduction* bar the one we have just been discussing. Were this the sole indication that he might have had second thoughts about the latter's formulations, we would be justified in attaching little or no significance to the omission. But it is not. There are clear and consistent departures from the plan with which that section concluded, and these, I will argue, testify to important modifications of the methodological principles which underpinned that initial plan.

We can date this plan at around mid-September 1857. Unsurprisingly, the final shape of *Capital* was to differ markedly from this first vision. But few of the changes need concern us here, and we can pass over the much-debated issue of to what extent Marx abandoned the plans he drew up in the 1850s as opposed to simply failing to fulfil them.²¹ The alterations which interest me were early, and too systematic to be anything but deliberate. They affect only the first two items in his *Introduction* proposal, viz., '(1) the general, abstract determinants which obtain in more or less all forms of society' and '(2) the categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage labour, landed property . . .'

We can trace alterations in this plan as early as the second notebook of the *Grundrisse*, which dates from around November 1857. This contains two further draft plans, both of which omit the 'general, abstract determinants' and begin simply with capital (1858a: 264, 275f). By the February of the next year, in any event, Marx had decided on the plan for six works ('brochures') which he was publicly to present in the 1859 *Preface* (1859a). He announced these in a letter to Lassalle as '1) Capital (contains some introductory chapters). 2) Landed property. 3) Wage Labour. 4) The State. 5) International Trade. 6) World Market.' (1858d). Another letter to Lassalle, written in the following month, informs us that the first of these books would contain three sections: 1) value, 2) money, and 3) capital in general (cit. McLellan, 1971: 10). In April 1858 Marx wrote to Engels, enlarging upon this plan: the intention of producing a six-part opus is repeated, as is the proposal for a three-section first part, and a considerable amount of detail is given on the content of the first two sections on value and money (1858e). By this time, what was to become the familiar starting-point of the 1859 *Critique* and *Capital* was beginning to emerge. It is definitively enunciated on the last page of the last notebook of the *Grundrisse*, in a fragment dating from late May or early June 1858, which represents the beginning of an attempt systematically to rework the entire contents of Marx's 1857–8 manuscript. Headed '(1) Value',

and marked 'This section to be brought forward', the fragment opens with the words: 'The first category in which bourgeois wealth presents itself is that of the *commodity*' (1858a: 881).

There are, then, two clear departures from the order of presentation Marx outlined at the end of the *General Introduction*, and these take shape between October 1857 and June 1858, that is contemporaneously with the composition of the *Grundrisse*. First and foremost, Marx's original intention of starting from 'the general, abstract determinants which obtain in more or less all forms of society' is simply abandoned. The new starting-point is not in transhistorical generalities but in a historical particular. Marx makes this explicit in the 1859 *Preface* (which, he also tells us, he wrote to replace the 1857 *Introduction*):

A general introduction, which I had drafted, is omitted, since on further consideration it seems to me confusing to anticipate results which still have to be substantiated, and the reader who really wishes to follow me will have to decide to advance from the particular to the general (1859a).

Second, the particular with which Marx commences is no longer that 'all-dominating economic power of bourgeois society', capital. By February of 1858 he had decided to preface his exposition of 'capital in general' with 'some introductory chapters'. In the event those chapters amounted to a substantial self-contained publication (the 1859 *Critique*) and, later, its summary and improvement (see 1867d, g) in the first hundred or so pages of *Capital*. In both cases the first category to be analysed is that of the commodity, and its analysis does not even suppose the conditions of capitalist production. In no sense, then, does capital remain 'the starting-point as well as the finishing point'.

It is, I think, apposite at this point to note that though for Marx methods of enquiry and presentation had to be distinguished, they were far from unrelated. He criticises Ricardo, for instance, for 'the very peculiar and necessarily faulty architectonics of his work', for his 'method of presentation (in a formal sense)' (1863b: 166, 164), in the following terms:

the faulty architectonics of the theoretical part (the first six chapters (of Ricardo's *Principles*)) is not accidental, rather it is the result of Ricardo's method of investigation itself and of

the definite task which he set himself in his work. It expresses the scientific deficiencies of this method of investigation itself (ibid. 167).

It seems reasonable to infer that the changes in Marx's own method of presentation express clarifications in his method of investigation; particularly when we know that central to Ricardo's 'faulty architectonics' is precisely his supposition of the conditions of capitalist production in his initial exegesis of the category of value (see below, pp. 125f).

Earlier, I noted an uncertainty in the *General Introduction* concerning the reference of the 'simple abstractions' of political economy. Marx seemed to want to grant them transhistorical status ('human anatomy contains a key to the anatomy of the ape'); but he was increasingly driven to recognise that in 'the specific character' of their abstraction such categories were historical ('that the categories of bourgeois economics possess a truth for all other forms of society . . . is to be taken only with a grain of salt'). This ambivalence renders problematic the opposition of simple and abstract/concrete and complex around which the text is organised. For, while 'complex and concrete' categories are fairly evidently those of phenomenal forms, it remains unclear whether 'simple and abstract' categories are transhistorical categories or the concepts of essential relations. (Indeed, it is arguably just this confusion which enables the Althusserians to ascribe to Marx a privileged set of categories which play both roles simultaneously.) And this in turn raises a question as to exactly what is involved in an exegetical 'ascent from the abstract to the concrete': ascent from the transhistorical to the historical, or from the essential to the phenomenal? It is the resolution of this ambiguity, I believe, which explains the changes in Marx's plans detailed above.

The fragment '1) Value' to which I alluded there — which it would seem represents a first realisation of the proposals for a new starting-point advanced in Marx's letters to Lassalle and Engels of March and April 1858 — introduces this new starting-point in the following terms:

The first category in which bourgeois wealth presents itself is that of the *commodity*. The commodity itself appears as unity of two aspects. It is *use-value*, i.e. object of the satisfaction of any system whatever of human needs. This is its material side, which

the most diverse epochs of production may have in common, and whose examination therefore lies beyond political economy . . . What it is customary to say about it in general terms, for the sake of good form, is confined to commonplaces which had a historic value in the first beginnings of the science, when the social forms of bourgeois production had still laboriously to be peeled out of the material, and, at great effort, to be established as independent objects of study. In fact, however, the use-value of the commodity is a given presupposition — the material basis in which a specific economic relation presents itself. It is only this specific relation which stamps the use-value as a commodity (1858a: 881, third italics mine).

That this is not another false start is indicated by its substantial repetition at the beginning of the 1859 *Critique*, where Marx again tells us that 'use-value as such . . . lies outside the sphere of investigation of political economy' (1859b: 28). *Capital* further sharpens the distinction when it adds that the value-form of the product 'stamps (bourgeois) production as a particular species of social production, and thereby gives it its special historical character' (1867a: 80n).

It is instructive to compare these formulations with those of the *General Introduction*. Here, first, the grounds on which 'use-value as such'²² is excluded from the ambit of political economy are precisely its transhistoricality, that is, its belonging to that 'material side, which the most diverse epochs of production may have in common'. In language reminiscent of the first rather than the third section of his 1857 text Marx dismisses what can properly be said at this level of abstraction as 'commonplaces' of scientifically antediluvian value. And, second, that initial abstractive procedure which the *Introduction* somewhat loosely described as simply a passage from 'concrete' to 'abstract' is now precisely formulated as a labour in which 'the social forms of bourgeois production' are 'peeled out of the material and . . . established as independent objects of study' (italics mine), and political economy is unequivocally defined as the science of these social or 'determinate economic' forms (1859b: 28). Five years later Marx was to write that 'it is precisely these forms that are alone of importance when the question is the specific character of a mode of social production' (1863a: 296). Given the intimacy of the connection Marx drew between the form and the substance of his own exposition, it needs no further argument, I hope, to show why he abandoned his October 1857 proposal of commencing with 'the general, abstract determinants which

obtain in more or less all forms of society' and instead began with a particular.

This means that in so far as *Capital* can still be described as ascending from abstract to concrete (which I think it may) this ascent must be from essential to phenomenal rather than from universal to historical. The second change in Marx's original plan, the prefacing of his analysis of capital with that of the commodity, is merely the corollary of this first clarification (and incidentally provides further reason for believing that the latter indeed took place).

At the beginning of vol. III Marx himself summarises *Capital's* expository form as a progression from 'the phenomena which constitute the process of capitalist production as such . . . with no regard for any of the secondary effects of outside influences' (vol. I) through 'the process of circulation' (vol. II) to 'the concrete forms which grow out of the movements of capital as a whole' (vol. III) (1865a: 25). Hence,

The various forms of capital, as evolved in this book, thus approach step by step the form which they assume on the surface of society, in the action of different capitals upon one another, in competition, and in the ordinary consciousness of the agents of production themselves (ibid.).

The notion of fully recovering the concrete (phenomenal forms) only at the close of the analysis²³ is still here and, as noted in Part I, Marx in fact frequently abstracts, in the earlier stages of his exposition, from the effects of phenomena whose concepts have yet to be properly explicated.²⁴ But although Marx habitually proceeds via the analysis of phenomenal forms (deriving value, abstract labour, and the value-form, for instance, from the commodity-form, or surplus-value from the capital-form), the order in which these forms are introduced into his text is clearly a function of the hierarchy of relations underlying them. The hidden exegetical structure of *Capital* is that of a hierarchy of conditions of possibility. Thus the commodity is analysed before money, and money before capital, the first form in either pair being a condition of the second; the concept of value is developed before that of surplus-value, and that of surplus-value before those of its transmuted forms (profit, rent, interest) for the same reason. We might note, in passing, that although vol. I contains an abundance of historical illustration (and we have every reason to believe that had Marx completed them, so would vols II and III — see Engels, 1894b), the placing of this material too is governed by the rigours of this same hier-

archy of conditions: consider, for example, the positioning of Part VIII relative to the rest of vol. I, of chapters XX, XXXVI or XLVII of vol. III relative to the Parts which each terminates, or of vol. IV (*Theories of Surplus Value*), on 'the history of the theory',²⁵ relative to the structure of the work as a whole.

Thus *Capital* has the quasi-deductive form of an apparent 'a priori construction' noted by Marx in his 1873 *Afterword*; a form which, as he acknowledged both here and elsewhere, owed not a little to his re-reading, in 1858, of Hegel's *Logic* (see 1858b). It ascends via analysis of the social form whose presuppositions are the most fundamental of the necessary conditions of all commodity production, the commodity itself, to an eventual recovery of the forms in which the phenomena of its specifically capitalist variant present themselves in everyday experience and consciousness. For such a chain of deductive presentation, the commodity is the *only* conceivable starting-point. For the spontaneous division of social labour it presupposes is the *sine qua non* for the rest of capital's essential relations.

An analysis of the developments in Marx's method of presentation after 1857, then, provides ample confirmation of what I argued in general terms in the second section of this chapter. 'Ascent from abstract to concrete' is, it seems, 'obviously the scientifically correct method' of presentation alone. For manifestly, if this ascent is from essential relations to phenomenal forms, and is moreover organised on the basis of a strict hierarchy of conditions of possibility, these relations and conditions must have been unearthed in their entirety, and their 'inner connection' established, before such an ascent can commence. This is, of course, exactly what Marx himself says in his *Afterword*. It has been necessary to labour the point only because those few paragraphs in the *General Introduction* have been so thoroughly abused in recent commentary.

This much, at least, should by now be clear. Marx's historical categories, the ones in which he grasps 'real historical stages of production', are generated neither from 'simple abstractions' in general nor from transhistorical categories in particular. They are emphatically *a posteriori* constructs, arrived at precisely by abstraction from the 'real and concrete'. Marx has no mysteriously privileged starting-point. Like the rest of mankind, he starts from the material reality of 'what is given, in the head as well as in reality'; the phenomenal forms of our everyday experience. What differs, perhaps, is what he does with these forms.

For, as we have seen in Part I, he holds them to be far from transparent and demands that 'they be accounted for. If, then, Marx's science is founded upon any 'coupure', it must reside in the *method* of this accounting, of which his new conceptual lexicon is but the end-product. It is to this method of inquiry, therefore, that we will now turn.

5 TO BRING A SCIENCE BY CRITICISM . . .

In his letter to Ferdinand Lassalle of 22 February 1858, Marx described the work on which he was then engaged (the *Grundrisse*) as a 'critique of the economic categories' (1858d). Its twice-revised first part,¹ representing a tiny portion of the projected opus, was published in 1859 under the title *Zur Kritik der Politischen Oekonomie* (1859b). Marx drafted out the continuation between August 1861 and June 1863; this manuscript, which filled twenty-three notebooks and ran to 1472 pages, contained a full draft of all except the present Part I of vol. I of *Capital*, preliminary discussions of matter to be treated in vols II and III, and the whole of vol. IV, *Theories of Surplus Value*, to which Marx never subsequently returned.² It too bears the title *Zur Kritik der Politischen Oekonomie*. The latter, finally, is the subtitle of *Capital* itself, whose first volume appeared in 1867, ten years after Marx had begun work on his *Grundrisse*.

I hope to show that in persistently referring to his work³ as a *critique* Marx intended to suggest more than that he was engaging in criticism in the everyday sense of the word. A critique, rather, is a specific *form* of analysis. Something of its flavour is conveyed in the clarification preceding the study of a rather different set of categories, Immanuel Kant's *Critique of Pure Reason*:

I do not mean by this a criticism of books and systems; but a critical inquiry into the faculty of reason . . . in other words the solution of the question regarding the *possibility or impossibility* of metaphysics, and the determination of the *origin, as well as the extent and limits* of this science (Kant, 1781: 3, italics mine).

I am not about to insinuate that Marx was really a Kantian, though I do believe there is important work to be done on the relation between his and Kant's conceptions of analysis. But it is not irrelevant to recall the connotations of *Kritik* within the classical German philosophical tradition of which Marx was an heir, connotations of which he could hardly have been unaware. For were we to substitute the words 'economic categories' for 'faculty of reason' and 'Political Economy'

for 'Metaphysics' in the above quotation, we would, I suggest, come very close indeed to the questions Marx addresses to classical economics in *his* critique.

1 Science as Critique; an Analogy

To begin with, let me make clear that I am not claiming any direct influence of Kant upon Marx.⁴ There can be no doubt of Marx's familiarity with Kant's system, but there is, to my knowledge, no significant⁵ discussion of either Kant's first *Critique* or its companion *Prolegomena* (these being the works from which I am drawing my methodological parallels) anywhere in Marx. Since he was in general painstaking in the acknowledgement of his intellectual debts,⁶ we may, I think, reasonably conclude that Marx was not knowingly influenced by his idealist predecessor. As to any unrecognised influence (as e.g. Colletti hazards in his 1973, ch VIII) we can but speculate. The facts are that where, apart from in his earliest and indisputably 'pre-marxist' writings, Marx discusses Kant at all, it is not usually in a very flattering manner; but since his criticisms invariably pertain to the political and ethical dimensions of Kant's philosophy rather than to its methodology as such,⁷ this has little bearing on the thesis I intend developing here.

There is of course a virulent anti-Kantian strand in 'orthodox' marxism strong enough to make the coupling of Marx and Kant in any connection tantamount to the vilest revisionist heresy. But this derives from Engels rather than from Marx. *Anti-Dühring* (which Marx however read, approved of and contributed to⁸) and the *Dialectics of Nature* attack Kant's assertion of the unknowability of the *Ding an sich*, and the attack is extended, with the rise of various forms of neo-Kantianism, by Plekhanov and Lenin (see Engels, 1886a: 45, 241–2; 1894a: 71; Plekhanov, 1895, 1905; Lenin, 1908).⁹ But again, these criticisms do not bear directly on the question of method. And in any case, as Colletti's brilliant essay on the subject (1968) has amply shown, 'Engels's testament' was decisive in forming the philosophical orientation of the Second International, which the Lenin of 1908 for the most part accepted; and Colletti is not alone in suggesting important discrepancies between Marx's and the later Engels's conceptions of historical materialism (see above, ch. 1, n4 and 5). We cannot therefore treat Engels and his extrapolators as Marx's simple mouthpieces on all issues, and I do not in consequence take their philosophical legacy as sufficient reason for dismissing analogies between Marx and Kant out of hand, where Marx's own texts provide good grounds for drawing them.

It is evident, nonetheless, that any such analogies must be carefully circumscribed. Whether or not he subscribed to the form of materialism espoused by the later Engels, Marx was undeniably a materialist, and the first to stress that such a metaphysical commitment was not without its methodological implications (see, for example, 1868c). I will argue below that we can find, in Marx, a counterpart of Kant's transcendental analytic; but clearly a transcendental deduction of grounds of possibility was a very different enterprise for Marx than it had been for Kant. The most obvious sign of this is Marx's claims concerning the social origin of the logical categories. Marx's jubilant assertion that 'the logical categories are coming damn well out of "our intercourse" after all' (1868a) would have represented, to Kant, the denial of all that was critical (in all senses) to his 'Copernican Revolution', for the most fundamental tenet of the latter was the claim that, in Kant's own words, 'before objects are given to me, that is, *a priori*, I must presuppose in myself laws of the understanding which are expressed in conceptions *a priori*. To these conceptions, then, all the objects of experience must necessarily conform' (1781: 12). We have ample reason to be wary of any hasty or unexplained linking of the names of Marx and Kant. But this is not my intention.

I propose only to develop an *analogy* between the two, and it is an analogy, moreover, which has strict limits: it pertains exclusively to the *form* of their respective critiques. Within these limits, however, I offer no apology for my heresy. I believe the analogy to be an extremely useful one in so far as it helps focus attention, in a sharp and economical fashion, on crucial (and neglected) methodological features of Marx's enterprise. Caveats duly completed, let me now attempt to prove the point.

Marx frequently berated his classical predecessors for their failure, when considering value, to give anything approaching an adequate account of the value-*form* as such. In *Capital* I, for instance, he writes that

Political Economy has indeed analysed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question *why* labour is represented by the value of its product and labour-time by the magnitude of that value (1867a: 80, italics mine; cf, *inter alia*, *ibid.* 49n, 83n; 1858e; 1863b: 173; 1863c: 125, 131, 138–9).

The point does not only apply to the value-form as such; this lacuna typifies what Marx describes elsewhere as 'the crudity with which the economist generally considers distinctions of form, which really concern him only from their substantive side' (1865a: 323). And this failing is a fundamental one. For, as far as Marx is concerned, classical economy's failure to attend sufficiently to distinctions of form is intimately wedded to its ahistorical character. In this case,

Even Adam Smith and Ricardo, the best representatives of the school, treat the form of value as a thing of no importance, as having no connexion with the inherent nature of commodities. The reason for this is not solely because their attention is entirely absorbed in the analysis of the magnitude of value. It lies deeper. The value-form of the product of labour is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production, and thereby gives it its special historical character. If then we treat this mode of production as one eternally fixed by Nature for every state of society, we necessarily overlook that which is the differentia specifica of the value-form, and consequently of the commodity-form, and of its further developments, money-form, capital-form, &c (1867a: 80n).

Marx makes the converse explicit elsewhere. Because, he argues, Ricardo regards exchange-value as 'a merely transient form, and altogether as something merely formal in bourgeois or capitalist production' — i.e., precisely as 'having no connexion with the inherent nature of commodities' — this latter production is 'consequently for him not a specific definite mode of production, but simply *the* mode of production' (1863b: 405n, first italics mine).

The relationship Marx is establishing here is not a casual one; for him inattention to forms and failure to grasp phenomena historically mutually imply one another. We saw at the end of the last chapter that Marx defines social forms as the sole proper subject-matter of Political Economy, and accordingly sees the first task of the latter as that of 'peeling out' these 'determinate forms' from 'the material' and establishing them as 'independent objects of study'. Such forms are distinguished by those attributes the economic phenomena of particular modes of production possess which are not shared by their counterparts elsewhere. Otherwise put, the concepts of these attributes are not

contained in the concepts of the classes of which the relevant phenomena are members. They are not, therefore, explicable in terms of the exigencies of production in general; they are, rather, precisely what remains problematic after what can validly be explained thus has been set on one side. Now, if such are Marx's *explananda*, then his *explanans* cannot but be historical. For if the attributes which define social forms cannot be accounted for with reference to the conditions common to all productive activity, then their explanation can lie only in conditions specific to the mode or modes of production in which they occur. The twofold conclusion follows: to give an adequate explanation of social forms is necessarily to grasp them historically, while to grasp economic phenomena historically is necessarily to apprehend them in their specific social forms. If, then, social forms are the object of Marx's enquiry, their analysis must take the form of an excavation of the specifically historical conditions and relations which explain them. It is here, I believe, that my Kantian analogy is an appropriate one.

Marx's investigation proceeds from what experience shows to be the case to the conditions that must prevail if experience of that kind is to be possible. He reasons from the phenomenal to its grounds of possibility; from the forms in which economic phenomena present themselves 'on the surface of society' to the 'material ground-work, or set of conditions of existence' (1867a: 80), the network of essential relations peculiar to the modes of production in question, which explain *why* the phenomena should take such forms. It was exactly this kind of inference from phenomena to their presuppositions which Kant termed a 'transcendental analytic'. It is just such an analytic, I shall argue, which furnishes Marx with the principles on whose basis he eventually constructs scientifically adequate historical categories. At its close, he is able to reconceptualise the phenomenal forms from which he began in terms of the relations demonstrated to underly them, that is, precisely on the basis of the historical conditions of their existence.

And from here, the Kantian analogy may be taken one stage further. Marx's analytic, I believe, entails a clear dialectic, again in Kant's sense of the word. This dialectic consists in the establishment of the 'extent and limits' within which the categories through which these forms are ordinarily grasped can validly be applied, and therewith determination of the boundaries within which theories which assume the validity of these categories can legitimately purport to hold. This follows directly given Marx's understanding of consciousness as outlined in Chapter 1. If, with Marx, we assume 'correspondence' between the categories of

thought and the phenomenal forms they apprehend, then the conditions of validity of the former will strictly coincide with the conditions of existence of the latter. Both will be historical. Just how fundamental this dialectic is to Marx's overall enterprise should have been amply demonstrated by Part I.

Such, then, in very general terms, is what I believe to be involved in Marx's 'method of enquiry'. It is specifically a *critique* which enables him 'to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connection'. Like Kant's, Marx's critique has its 'analytic' and 'dialectic' moments. I will return to the latter in Chapter 6. For what remains of this chapter, I want to talk in more detail about the procedures of Marx's analytic.

2 Marx's Analytic

I have conceptualised this analytic as a process of reasoning from phenomenal forms to essential relations. Two sorts of question immediately arise: first, how does Marx initially identify the social forms which give him his starting-point; and second, how, having identified these forms, does he then establish which relations constitute their conditions? I will discuss these issues *seriatim*.

(a) 'Peeling out' forms: transhistorical categories reconsidered

I spent much of the last chapter arguing the impossibility of deriving historical from transhistorical categories or, therefore, of forming concepts of empirical modes of production by *a priori* permutation of the concepts of the elements of production in general. Since Marx's transhistorical categories were class concepts, such a project would amount to attempting to infer the differences between members of a class from the concept of what they have in common, a manifestly ludicrous proposition. At the same time I intimated that transhistorical categories nonetheless had an important role to play in the formation of Marx's historical categories. This role may now be clarified. Transhistorical categories, and the analysis of production in general in which they are grounded, are basic to the *identification* of the social forms which constitute Marx's *explananda*. For it is only this analysis which enables him first to isolate, in any given empirical context, some set of phenomena as pertaining to production at all, and second, to distinguish, within these phenomena, attributes which pertain to production as such from attributes which stem from the particular relations

of the mode of production of which these phenomena are manifestations. This is, obviously, an important function; for without this double identification, Marx's critique could not get off the ground at all. More generally, some such initial criterion of relevance would appear to be necessary to any empirical enterprise, since without one all phenomenal starting-points would be equally privileged and none would enjoy a secure rationale. In Marx's case, the latter is provided by the claim, explored in Chapter 4, that the attributes of productive phenomena specified in his transhistorical categories are attributes which define classes of phenomena without which 'no production will be thinkable'.

How this identification works is, logically at any rate,¹⁰ easily enough specified. In any given case relevant phenomena, that is, phenomena pertaining to production, are those which *prima facie*¹¹ display those attributes grasped by Marx's transhistorical categories. The commodity, for instance, has a *prima facie* relevance to the analysis of the modes of production in which it is found because it is visibly the product of a labour-process, and exhibits use-value. The same goes for all phenomena, in any particular instance, which appear to exhibit qualities that make them elements of the labour-process or the social relations necessary to its performance. Thus Marx identifies productive phenomena by virtue of their similarities with their counterparts elsewhere, on the basis of a prior set of claims about the necessary conditions of any production whatsoever. Having done that, he then abstracts from just these similarities. That the phenomena he has identified should possess such 'common traits, common characteristics' is sufficiently explained by the analysis of production in general itself. Henceforth, Marx's interest lies precisely in such attributes as the phenomena he has identified display as are *not* explained by this analysis or given in its transhistorical categories. These latter attributes, which define the phenomena as distinctive social forms, have yet to be accounted for, and provide the specific starting-point for his critique.

This starting-point, and the procedures by which it is arrived at, are admirably illustrated in Marx's comments on his own method in his *Marginal Notes* on Wagner; a text which also, incidentally, bears out much of what was argued in the previous chapter. Since these *Notes* are both understudied (notably by comparison with the 1857 *Introduction*) and of immense value as a retrospective commentary on what Marx actually did in *Capital* (they were written in 1879–80), I will take the liberty of extensive quotation.

Wagner, Marx contends, 'has not even noticed that my *analytic* method, which does not start from *Man* but from the economically given period of society, has nothing in common with the German-professorial concept-linking method' (1880: 51). Marx makes clear, in particular, that this method does not consist in the application of a preconstituted theory to phenomena, but in the derivation of adequate concepts from their analysis. He writes, for instance, that 'I . . . am concerned in my *investigation of value* with bourgeois relations, not with the application of the theory of *value* to a "social state" which I have never constructed'; 'according to Herr Wagner, *use-value* and *exchange-value* should be derived d'abord from the *concept of value*, not as with me from a *concrete entity the commodity* (*Konkretum der Ware*'); 'it is not I who divide 'value' into use-value and exchange-value as oppositions into which the abstraction "value" divides itself, but the *concrete social form* (*Gestalt*) of the labour product; a *commodity* is on the one hand use-value and on the other "value"; in fine, 'for me neither "value" nor "exchange-value" are subjects, but the *commodity*' (ibid. 44, 45, 51, 42). Since Marx goes to some lengths to establish the point, more in the same vein could be instanced. But one such passage in particular bears directly on our present argument:

De prime abord I do not start from 'concepts' and hence do not start from the 'concept' of value, and therefore do not have to 'divide' the latter in any way. What I start from is the simplest social form in which the labour product is represented in contemporary society, and this is the '*commodity*'. I analyse this, and indeed, first in *the form in which it appears*. Here I find that on the one hand it is in its natural form a *thing of use*, alias a *use-value*, on the other hand a *bearer of exchange-value*, and in this respect itself 'exchange-value'. Further analysis of the latter shows me that exchange-value is only a '*phenomenal form*', an independent mode of representation of the *value* contained in the commodity, and then I proceed to analyse the latter (ibid. 50).

Marx could hardly be more explicit. The starting-point of the analysis lies not in abstractions ('simple' or otherwise) but in a concrete social form, the commodity, as, moreover, it presents itself phenomenally. After identifying this phenomenon, Marx distinguishes that which pertains to its natural form, that is, that which it shares with products of labour *per se*, its use-value, from the quality which distinguishes it as a definite social form, its exchange-value. Use-value is then left

on one side. It is exchange-value which calls for further analysis. This is in turn identified as merely a phenomenal form of value, which itself has to be accounted for by still further *explanans*.

Hopefully by now the logic of Marx's identification of the social forms from which his analytic departs will be clear enough. But before we leave the topic, it is necessary to add a qualification to the foregoing account — a qualification which still further emphasises the extent to which Marx saw his critique as an empirically-grounded enterprise. Thus far, I have written as if the analysis of production in general and the transhistorical categories it furnishes, at least, were *a priori* constructs. And formally, I think, it is reasonable to say that one has already to have established what pertains to production in general before one can either identify phenomena as productive or ascertain which of their attributes are not universal. In this sense, the analysis of production in general is logically prior to that of its particular modes. But to leave the matter there would be to oversimplify.

Marx himself clearly regarded transhistorical categories too as *a posteriori* in status. For him, what pertained to production in general was by no means self-evident; it had had to be 'sifted out by comparison' (1857: 85) over long centuries. Examples of such comparative analysis, which I will be considering in another connection below, abound in his work. Further, notwithstanding their transhistorical reference, Marx held that for the *production* of such categories, definite historical and material conditions were required. Not only does he assert this in the ambivalent 1857 *Introduction* (ibid. 104–5), it can equally be inferred from his later remarks on the limitations of ancient Greek economics (1867a: 59–60; 1877b: 251–2). There is therefore a wealth of method, less amenable to formalised description, yet to be garnered from this initial 'sifting out by comparison' of the genuinely transhistorical from everyday categories. But this, I think, can legitimately be treated as belonging to the 'historic presuppositions' of Marx's science and will therefore not be considered further here.

(b) From phenomenal forms to essential relations

Having thus identified his *explananda*, Marx reasons towards his *explanans*, towards the essential relations which explain why the phenomena that he has isolated should take the particular forms they do. In what follows, I shall be especially concerned with the *nature* of

this reasoning. My aim will be twofold: first, to establish that it indeed is, as I have argued it has to be, genuinely *a posteriori*; and second, to explicate in some detail the largely implicit rules which govern it and criteria to which its inferences appeal for justification. Here, a preliminary word or two is called for.

What has so far been established in Part II of this book should make it apparent that the logic of Marx's analytic cannot be deductive in form, for there are, for him, no transhistorical 'covering laws' from which essential relations underlying particular forms could straightforwardly be inferred.¹² Additionally, however, the argument of Part I makes clear that *a posteriori* reasoning, in Marx, is not *inductive* in form either. By induction, I mean the inference of general laws from observed empirical regularities *simpliciter*. For Marx, as we have seen, phenomenal forms could be misleading, and their manifest visible correlations spurious.¹³ Under capitalist conditions, for instance, ground-rent varies, *ceteris paribus*, with variations in natural conditions of production like soil fertility. But it would be utterly wrong, in Marx's eyes, simply to induce the 'law', from multiple instantiations of this constant conjunction, that variations in rent were in any sense *explained* by variations in natural conditions of production. Rather, for him, such regularities entered into the *explananda*. And this of course bespeaks a very different conception of explanation to the Humean expiricist one, within which induction from the particular to the general would be the end of the matter.

Marx saw such empirical correlations as needing to be explained, and for him to explain them meant above all to unearth the *mechanisms* through which they are brought about, and behind them their *conditions*. Explanation thus ultimately proceeds from the properties of these latter entities and, unlike in the Humean tradition, causal propositions are understood as referring to these properties. To this extent (as others have recently noted¹⁴) Marx held what modern philosophers of science term a *realist* conception of explanation. This means that the 'logic' of Marx's analytic is essentially a logic of hypothesis formation, for what he basically does is to *posit* mechanisms and conditions which would, if they existed, respectively explain how and why the phenomena we observe come to assume the forms they do. In attempting to explicate this logic, we need therefore to be centrally concerned with the grounds Marx has for believing that the mechanisms and conditions he postulates are in fact those underlying the phenomena at issue. And further, given that this 'material groundwork' is very often *not* phenomenally visible (value, abstract labour, for example), we need to be able

to show how the claim that Marx nonetheless reasons *a posteriori* may still be given a meaningful content. The American philosopher of science, N. R. Hanson, has worked extensively on such logics of hypothesis formation, and it is from his ideas that we may now proceed.¹⁵

Hanson takes issue with the hypothetico-deductive (hereafter H-D) model of scientific enquiry over what he sees as its failure to provide an adequate account of what he provocatively calls 'the logic of scientific discovery', by which he means science's process of hypothesis and theory formation. The orthodox H-D schema, he contends, 'is helpful only when discussing the argument of a finished research report'; it may be adequate as a description of what is involved in 'the pedestrian business of deducing observation statements from hypotheses' (by means of which the latter may be tested), but it begs all the important questions. For 'by the time a law gets fixed into an H-D system, the *original* scientific thinking is over' (Hanson, 1958a: 71; 1961: 79). This original thinking is precisely that through which explanatory hypotheses and theories are *produced*. And this, Hanson argues, is capable of rational description.

Two features of the description Hanson actually offers are of particular interest to us. First, he insists that all important scientific thinking is *a posteriori*:

Theories put phenomena into systems. They are built up 'in reverse' — retroductively. A theory is a cluster of conclusions in search of a premiss. From the observed properties of phenomena the physicist reasons his way towards a keystone idea from which the properties are explicable as a matter of course. The physicist seeks not a set of possible objects, but a set of possible explanations (1958a: 90).

Second, he argues that *pace* the H-D school, this reasoning is not something only psychology or sociology can reconstruct. It has a *logic*. Inference from *explananda* to a putative *explanans* proceeds according to definite and formulable rules, within which the hunch, the insight, the flash of Archimedean inspiration have to operate.

Following Peirce (and Aristotle, who codified it as a third form of logical inference) Hanson calls this process of reasoning *abduction* or *retroduction*. He schematises it as follows:

1. Some surprising, astonishing phenomena $P_1, P_2, P_3 \dots$ are encountered.
2. But $P_1, P_2, P_3 \dots$ would not be surprising were a hypothesis of H 's type to obtain. They would follow as a matter of course from something like H and would be explained by it.
3. Therefore there is good reason for elaborating a hypothesis of the type of H ; for proposing it as a possible hypothesis from whose assumption $P_1, P_2, P_3 \dots$ might be explained (1961: 81–2; cf 1958a: 86).

That H , if true, would explain $P_1, P_2, P_3 \dots$ is taken as reason to think that H (or something like it) *might* be true, and hence as sufficient ground for elaborating a hypothesis of H 's type. At this point it is worth clarifying, perhaps, that for Hanson 'the astonishment may well consist in the fact that P is at variance with existing theories . . .' (1961: 81n). We have Kuhn to thank for an awareness of the importance of anomaly to the development of scientific theory (see his 1962); and with Marx, as we shall see below in connection with his criticisms of Ricardo, anomalous phenomena are more often than not betrayed by lacunae in existing *discourses*. Without this qualification, Hanson's formulations are apt to appear a good deal more crassly empiricist than they need to.

But to return to the retroductive inference itself. In form, it is manifestly not a deduction, since H is in no sense contained in $P_1, P_2, P_3 \dots$; and nor is it an induction, since H will not emerge from any number of repetitions of $P_1, P_2, P_3 \dots$ *simpliciter*. H is not an empirical generalisation but a putative *explanans*; in Peirce's words, 'abduction amounts to . . . observing a fact and then professing to say what . . . it was that gave rise to the fact' (cit. Hanson, 1958a: 89). There is thus no logical necessity connecting P and H . Hanson insists nonetheless, again quoting Peirce, that retroduction is still a form of logical inference:

It must be remembered that retroduction, although it is very little hampered by logical rules, nevertheless, is logical inference, asserting its conclusions only problematically, or conjecturally, it is true, but nevertheless having a perfectly definite logical form (cit. Hanson, 1961: 82n).

One may cavil at this particular judgement; if logical inferences are all and only those inferences which are 'intuitively' valid, it is difficult to accept. But what *is* beyond doubt is that there are clear *criteria* governing

what can count as an acceptable putative *explanans*, whether or not we choose to dignify its retroductive inference with the tag of 'logical'.

Hanson discusses two such criteria, which I will term criteria of *exhaustiveness* and *independence*. The first states, quite simply, that 'the hypothesis cannot be admitted, even as a tentative conjecture, unless it would account for the phenomena posing the difficulty'; the second that 'if H is meant to explain P , then H cannot itself rest on the features in P which required explanation' (1958a: 86, 88). Hanson instances the hypothesis that the colour and odour of chlorine is explained by the presence within it of atoms, each of which has the colour and odour in question, as one which would be debarred on this second criterion. For the sake of completeness, a further criterion of *consistency* must also be advanced. This requires simply that none of the component propositions of an *explanans* contradict one another.

Now, neither Hanson nor I are arguing that retroduction can yield certainty or that these criteria alone suffice to guarantee the truth of those hypotheses that satisfy them. Clearly, for any H which is retroductively valid, there may be $Hs_1 \dots n$ which are equally and similarly valid. More than one hypothesis may be capable of furnishing a possible explanation of the phenomena under analysis which is consistent and exhaustive, and does not beg the question. In such cases the history of science indicates that as a matter of fact choices have been made on grounds which included, amongst others, the metaphysical and the aesthetic, though we would hardly wish to build these into *requirements* of scientific adequacy. Were we to want to make such choices on empirical grounds, we would have to refer to phenomena independent of those which constituted our original *explananda*. I will return to this question below. For the moment, however, the issue is not one of the provision of criteria of *truth*, and to see it thus would be totally to misunderstand Hanson's project. His aim is rather to offer an adequate philosophical description of what he sees as an absolutely fundamental aspect of scientific *procedure*: initial reasoning from phenomenal *explananda* to provisional *explanans*. I have argued that within the framework of his critique, Marx must reason thus. The retroductive inference, as set out by Hanson, merely shows that in principle he can, and if he does, then it is fair to say that his theories are constructed on the basis of clear and formulable criteria. It remains to be shown that Marx indeed did arrive at his *explanans* by way of retroduction.

The best evidence for this is his repeated appeal, throughout his work, to precisely these latter criteria in his exposition of his own theory and criticism of those of his predecessors.

It is not entirely beside the point to begin by noting that, as his Paris Reading Notes¹⁶ on Political Economy make clear, Marx's first response to the labour theory of value was to reject it. We need not enter into details here (see Mandel, 1967, ch 3); I wish only to record that, just as in the case of his break with philosophical theories of the State (in respect of which we have the benefit of Marx's own testimony¹⁷) his grounds for dismissing the labour theory lay in its phenomenological inadequacy. The Ricardian theory of value did not succeed in rendering comprehensible the observed phenomena: it infringed what I have termed the criterion of exhaustiveness. A passage from Marx's 1844 comments on James Mill's *Elements of Political Economy* illustrates the point well:

Mill commits the mistake — like the school of Ricardo in general — of stating the *abstract law* without the change or continual supersession of this law through which alone it comes into being. If it is a *constant law* that, for example, the cost of production in the last instance — or rather when demand and supply are in equilibrium which occurs sporadically, fortuitously — determines the price (value), it is just as much a *constant law* that they are not in equilibrium, and that therefore value and cost of production stand in no necessary relationship. Indeed, there is always only a momentary equilibrium of demand and supply, owing to the disproportion between cost of production and exchange-value, just as this fluctuation and this disproportion likewise again follow the momentary state of equilibrium. This *real* movement, of which that law is only an abstract, fortuitous and one-sided factor, is made by recent political economy into something accidental and inessential. Why? Because in the acute and precise formulas to which they reduce political economy, the basic formula, if they wished to express that movement abstractly, would have to be: In political economy, law is determined by its opposite, absence of law. The true law of political economy is *chance*, from whose movement we, the scientific men, isolate certain factors arbitrarily in the form of laws (1844d: 211).

Marx was soon to move beyond this denial of the (abstract) law in the name of the (real) phenomena. By the time he and Engels wrote *The German Ideology*, certainly, Marx had become an adherent of the labour theory of value. Mandel suggests that Marx's first encounter with the

works of some of Ricardo's socialist followers during his visit to Manchester in July and August of 1845 was decisive in his change of attitude. It is, nevertheless, worth citing what are from one point of view incontrovertible juvenilia on this occasion.¹⁸ For if Marx's initial response to the Ricardian theory of value was soon superseded, the dissatisfaction that had occasioned that response most definitely was not. This is abundantly clear from the methodological criticisms which punctuate *Capital*, and in particular its final volume, *Theories of Surplus Value*. There is an unmistakable link between Marx's criticisms of 1844 and 1862–3, notwithstanding the manifest differences of conclusion. By 1862, to be sure, the discrepancy of law and phenomena is taken as grounds for perfecting rather than rejecting the labour theory; now, Marx is arguing that Ricardo's 'real difficulties . . . arise not out of the determination of value'. But note where they *do* arise: out of 'Ricardo's inadequate elaboration of his ideas on this basis, and from his arbitrary attempt to make concrete relations directly fit the simple relation of value' (1863c: 123–4, italics mine). For Marx it remains the case that a putative *explanans* must, minimally, render what is phenomenally evident explicable.

Much of the substance of Marx's mature criticisms of the methodology of his classical predecessors is sharply focused in the following, difficult, remark:

Adam Smith . . . first correctly interprets value and the relation existing between profits, wages, etc. as component parts of this value, and then he proceeds the other way round, regards the prices of wages, profits and rent as antecedent factors and seeks to determine them independently, in order then to compose the *price of the commodity* out of them. The meaning of this change of approach is that first he grasps the problem in its *inner relationships*, and then in the *reverse form*, as it appears in competition. These two concepts of his run counter to one another in his work, naively, without his being aware of the contradiction. Ricardo, on the other hand, consciously *abstracts* from the form of competition, from the appearance of competition, in order to comprehend the *laws as such*. On the one hand he must be reproached for not going far enough, for not carrying his abstraction to completion, for instance, when he analyses the *value* of the commodity, he at once allows himself to be influenced by consideration of all kinds of concrete conditions. On the other hand one must reproach him for regarding the phenomenal form as

immediate and direct proof or exposition of the general laws, and for failing to *interpret* it. In regard to the first, his abstraction is too incomplete; in regard to the second, it is formal abstraction which in itself is wrong (1863b: 106).

The problem here, as in the 1844 text I have cited, is that of relations between observed phenomena and the laws alleged to explain them. Adam Smith, according to Marx, simply provides two parallel and in all essentials contradictory accounts: one, which Marx usually calls the 'esoteric', which more or less correctly describes the inner relationships of capitalist production, and another, which he refers to as 'exoteric', which is grounded on its phenomenal forms alone. 'With Smith both these methods of approach not only run merrily alongside one another, but also intermingle and constantly contradict one another' (ibid. 165). Marx explains this in terms of the nature of Smith's project, which he regards as a historically essential step in the evolution of a scientific Political Economy (see ibid. ch X, section 2).

With Ricardo, on the other hand, this duality disappears. The opening chapters of his *Principles* 'provide with concise brevity a critique of the old, diffuse and meandering political economy, present the whole bourgeois system of economy as subject to one fundamental law, and extract the quintessence out of the divergency and diversity of the various phenomena' (ibid. 169):

But at last Ricardo steps in and calls to science: Halt! The basis, the starting-point for the physiology of the bourgeois system — for the understanding of its internal organic coherence and life-process — is the determination of *value by labour-time*. Ricardo starts with this and forces science to get out of the rut, to render an account of the extent to which the other categories — the relations of production and commerce — evolved and described by it, correspond to or contradict this basis, this starting-point; to elucidate how far a science which in fact only reflects and reproduces the manifest forms of the process, and therefore how far these manifestations themselves, correspond to the basis on which the inner coherence, the actual physiology of bourgeois society rests or the basis which forms its starting-point; and in general, to examine how matters stand with the contradiction between the apparent and the actual movements of the system. This then is Ricardo's great historical significance for science (ibid. 166).

Ricardo, in short, aims at 'a consistent and comprehensive theoretical view of the abstract, general foundations of the bourgeois system' (1863a: 88). But he makes some serious errors in its pursuit, of which we shall shortly consider some examples.

These errors, according to Marx, arise out of deficiencies in Ricardo's 'method of investigation' itself (for reference, see above, pp 98–9). His 'one-sidedness', Marx argues, 'arises from the fact that he wants to show that the various economic categories or relationships *do not contradict the theory of value*, instead of on the contrary, *developing* them together with their apparent contradictions out of this basis'; a 'stratagem which 'leads to erroneous results because it omits some essential links and *directly* seeks to prove the congruity of the economic categories with one another' (1863b: 150, 164–5). Marx variously stigmatises this deficiency of method as 'formal', 'forced', 'forcible' or 'violent' abstraction (1863b: 106, 437, 270; 1867a: 307; and *passim*).

The latter is not a particularly easy notion, but it is crucial to Marx's critique. It conveys an idea of precipitate abstraction from manifest phenomena to their alleged essences, without the mechanisms by means of which the latter cause the former to assume the forms they do being adequately specified; or, to use a different terminology, an idea of immediate identification of phenomena as supposed instantiations of general laws, when in fact these laws operate only in mediate fashion through a series of intervening links which the analysis ought to specify. The consequence of such abstractive procedures is that some *prima facie* contradiction between law and phenomenon remains; otherwise put, there is still some empirical residuum which resists explanation on the postulated *explanans*. This residuum may be dealt with variously: it may simply be dismissed as secondary, 'inessential', and generally of no-consequence; it may be explained by some notion of exceptions to the (generally valid) law, to be accounted for by the operation of independent and counteracting causes; or one might, like the later Ricardians, attempt to show, by more or less devious arguments, that the contradiction is really only an apparent one (see 1863a: 89; 1863c, ch XX). For Marx none of these *ad hoc* solutions is acceptable; the problem lies in the explication of laws by formal abstraction in the first place.

Althusser¹⁹ has made some pertinent comments on abstractive procedures of this sort (though I believe he is quite wrong to generalise his point to the use of essence/appearance distinctions *per se*). Where abstraction is violent, the distinction becomes inscribed, as it were,

in the real itself. Aspects of the phenomena themselves are declared 'inessential', apparently by mere fiat. This was, we might recall, exactly Marx's complaint in his 1844 Notes on James Mill. To overcome this, for Marx, meant precisely to eliminate any contradiction between the postulated laws and their supposed instantiations, by developing the analysis to the point where no phenomenal residuum defying explanation on the proposed *explanans* remained. This in turn leads directly to the other criticism Marx made of Ricardo in the quotation with which I began this discussion, namely, his failure to carry his abstraction far enough. The charge is reiterated elsewhere:

Ricardo commits all these blunders, because he attempts to carry through his identification of the rate of surplus-value with the rate of profit by means of forced abstractions. The vulgar mob has therefore concluded that theoretical truths are abstractions which are at variance with reality, instead of seeing, on the contrary, that Ricardo does not carry true abstract thinking far enough and is therefore driven into false abstraction (1863b: 437; cf 1863c: 500f).

'True abstract thinking', we must infer, entails elaborating the mechanisms linking laws and phenomena in such a way that their apparent divergence is consistently explained. This, however, requires further abstraction, since it involves *not* regarding the phenomena as 'immediate and direct proof or exposition' of the laws which provide their ultimate *explanans*. Abstraction stops when, and only when, the residuum resisting explanation has been thoroughly expunged; precisely when, in other words, the criterion of exhaustiveness has been satisfied.

Let me now illustrate these points. My examples will be taken from Ricardo. But since Marx locates the source of many of Ricardo's errors in his inheritance from Adam Smith, and certain of Marx's comments on Smith in any case bear directly on our present argument, it is worth first saying a little about his analysis of the contradictions in Smith's own work.

Towards the end of his chapter in *Theories of Surplus Value* on Adam Smith (1863a, ch III) Marx summarises his conclusions thus:

It is necessary . . . to call attention to this peculiar train of thought in Adam Smith's book: first the value of the commodity

is examined, and in some passages correctly determined — so correctly determined that he traces out in general form the origin of surplus-value and of its specific forms, hence deriving wages and profit from this value. But then he takes the opposite course, and seeks on the contrary to deduce the value of commodities (from which he has deduced wages and profits) by adding together the natural prices of wages, profit and rent. It is this latter circumstance that is responsible for the fact that he nowhere correctly explains the influence of oscillations of wages, profit, etc., on the price of commodities — since he lacks the basis (for such an explanation) (1863a: 97, interpolation from editorial collation of MS).

Smith's 'esoteric' analysis of value is substantially the correct one; he determines value by the labour-time requisite for the production of commodities, that is, by the labour they contain. And from here, in places, he develops rudiments of what for Marx is a similarly correct theory of surplus-value; he sees profit as originating in surplus-labour and views rent and interest as deductions from profit. But side by side with this runs the 'exoteric' view, which considers the value of a commodity to be *constituted* by the summation of wages, profit and rent; in Smith's own words, 'wages, profit and rent, are the three original *sources* of all revenue, as well as of all exchangeable value' (1776: 155, italics mine). This latter is wrong, according to Marx, on two main counts. First, the value of a commodity is made up of $c + v + s$, whereas the sum of revenues is given by v (wages) + s (profit, rent and interest) alone; Smith, because of a failure to distinguish the value *produced* in a given period and the value *of* that product, a failure which rests, Marx considers, on a confusion of concrete and abstract labour, leaves out of account the value transferred to the product in the productive consumption of constant capital (see above, ch 2 n28 for fuller discussion and documentation). Second, rent, profit and wages are not in any case sources but mere *post festum* divisions of value. Their magnitude is limited by the magnitude of value, as determined by the labour materialised or contained in a commodity, not the other way about (see 1863a, ch III, sections 6 and 7).

Smith's adoption of this 'exoteric' conception of value is facilitated by what Marx considers to be²⁰ a prior confusion in his work between the labour a commodity *contains*, and the labour it *commands*, that is to say, the number of hours that would have to be worked in order to *purchase* rather than produce it. It was Smith's (correct) observation

that these two did not coincide in capitalist production that led him to restrict his 'esoteric' theory of value to 'that early and rude state of society which precedes the accumulation of stock and the appropriation of land' (1776: 150), that is, to petty commodity production. He reasoned as follows.

Under conditions of simple commodity production, in which both the conditions of production and the product belong to the direct producer, the labour a commodity contains and the labour it commands will ordinarily be identical. An independent commodity producer will normally work the same number of hours to produce the good he sells as are contained in the good he buys. Here, then, value is directly a function of socially necessary labour-time; the law of value, as Ricardo and Marx were to understand it, will hold. But in a capitalist economy the producer must visibly work longer in order to buy a good than the time it takes to produce it. Commodities hence command more labour than they contain, and their 'natural price' or value appears to be determined by the former rather than the latter. Therefore, Smith concluded, there must, in this case, be determinants of value over and above contained labour. It was to account for these latter that he developed his 'exoteric' theory of value as the summation of revenues.

The error in this argument, both for Ricardo (see his 1821, ch I, section 1) — whose critique, as we shall see below, is however inconsistent — and Marx, is easily stated. Commodities continue to exchange at their values (discounting, for the moment, the transformation of values into prices of production) under capitalist conditions, that is, they exchange in the ratios of the amount of labour they contain. But not all of that labour is *paid*. The labour is paid only for his *necessary* labour, not his surplus-labour; to put it slightly differently, he receives less value for every hour he works than that he produces in the same hour. Ricardo formulated this imprecisely owing to his retention of the category 'value of labour', Marx was to give it a consistent basis with his distinction between labour and labour-power. I will discuss this below. But the consequence is the same within either theory. In capitalism, commodities can command more labour than that necessary to their production, not because the law of value ceases to apply, but because the producer does not receive a full equivalent for the value created in the consumption of his labour-power. The discrepancy arises out of the appropriation, without recompense, of the product of surplus-labour; it is a precise index of exploitation. But notwithstanding this, the labourer will still buy the product *at* its value; and profit and rent are neither sources of nor additions to this value but merely parts into which it is subsequently resolved.

Before we pass on to Ricardo himself, it is worth noting two respects in which Marx holds Smith to be Ricardo's superior, *despite* these confusions. Both are methodological. First, Marx praises Smith because he 'quite correctly takes as his starting-point the commodity and the exchange of commodities' (1863a: 72). This is particularly noteworthy inasmuch as the praise is offered in spite of Marx's recognition, in the same paragraph, that it is from doing just this that Smith's errors stem; for as we have seen, it was the equivalence of the labour contained in and commanded by the commodity in simple commodity production which misled him into taking the absence of this equivalence under capitalist conditions as proof of the obsolescence of the law of value. Ricardo, by contrast, is lambasted for supposing 'all the conditions arising from the more developed capitalist relations of production' (1863b: 208) in *his* exposition:

in this first chapter (of his *Principles*) not only are *commodities* assumed to exist — and when considering value as such, nothing further is required — but also wages, capital, profit, the general rate of profit, and even . . . the various forms of capital as they arise from the process of circulation, and also the difference between 'natural and market-price' (ibid. 168).

This constitutes, as we shall shortly see, a paradigm instance of Ricardo's incomplete abstraction. Marx comments that 'though Ricardo is accused of being too abstract, one would be justified of 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 the result of competition' (ibid. 191).

Second, and relatedly, Marx more than once stresses that

(Smith's) merit is that he emphasises — and it obviously perplexes him — that with the *accumulation of capital* and the *appearance of property in land* — that is, when the conditions of labour assume an independent existence over against labour itself — something new occurs, apparently (and actually, in the result²¹) the law of value changes into its opposite. It is his theoretical strength that he feels and stresses this contradiction, just as it is his theoretical weakness that it shakes his confidence in the general law . . . Ricardo is ahead of Adam Smith in that these apparent contradictions — in their result real contradictions — do not confuse him. But he is behind Adam Smith in that he does not even suspect that this presents a problem, and therefore

the *specific* development which the law of value undergoes with the formation of capital does not for a moment puzzle him or even attract his attention (1863a: 87–8; cf 81–2).

Marx is, of course, as ever highlighting phenomenal peculiarities which express the (historical) distinctiveness of the relations behind them. But he is also once more drawing attention to the formality of Ricardo's abstraction. While Ricardo is praised for clinging to the law of value, he is rebuked for simply dismissing the *prima facie* contradictions that confuse Smith; for it is precisely they that hold the key to the '*specific* development which the law of value undergoes with the formation of capital'. And in this context, it is Smith's sensitivity to the phenomenal which attracts Marx's plaudits, and he describes this sensitivity, moreover, as a '*theoretical* strength'. Even the 'exoteric' Adam Smith, we must conclude, is theoretically superior to Ricardo in so far as his *explanans* aims at exhaustiveness.

Let us now turn to Ricardo himself. He asserted the applicability of the law of value to capitalist production, and he did so by way of a direct attack on Smith's confusion:

If the reward of the labourer were always in proportion to what he produced, the quantity of labour bestowed on an object, and the quantity of labour which that object would purchase, would be equal, and either might accurately measure the variations of other things; but they are not equal; the first is under many circumstances an invariable standard, indicating correctly the variations of other things; the latter is subject to as many fluctuations as the commodities compared with it (Ricardo, 1821: 58).

The distinction is enshrined in the statement of the law of value with which the *Principles* opens:

The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation which is paid for that labour (ibid. 55).

So far, so good. Except in so far as he retains the category 'value of labour' Ricardo's errors do not, for Marx, lie at this level but rather in

'his arbitrary attempt to make concrete relations directly fit the simple relation of value'.

Two such instances, which are closely related, will be considered here: Ricardo's identifications of value with 'natural price' or price of production, and of surplus-value with profit. With regard to the first, a terminological point must be mentioned. In *Theories of Surplus Value* Marx habitually uses the term 'cost-price' *not* in the sense I defined it in Chapter 3 (which is that of its usage in *Capital* III) but as a synonym for what, in *Capital* III, he was to call price of production.²² In what follows, I will use the terminology of *Capital*.

By 'natural price' the classical economists understood that price a commodity would fetch when supply and demand were in equilibrium. This natural price, they held, was the axis around which day-to-day market prices oscillated. Now, for both Smith and Ricardo natural price was a monetary expression of *value*, however value itself was conceived. Marx, however, denied that this was the case in a capitalist economy. His reasons have been more fully explicated in Chapter 3. But briefly, if commodities exchanged at their values under capitalist conditions then supposing a uniform rate of exploitation (s/v), the rates of profit ($s/(c + v)$) on capitals equal in other respects would vary with their organic compositions (c/v). But this is clearly not what happens. *Ceteris paribus* the profit a capital makes is a function of its size, irrespective of composition; there is a general rate of profit. How this latter is established is easily enough explained: capitals will tend to migrate in search of maximum profit-rates, and this will result in discrepancies of supply and demand and a consequent deviation of prices from values. Hence, *pace* Ricardo, neither value and price of production, nor surplus-value and profit coincide in a capitalist economy except for capitals of average composition. In all other cases, first, the 'natural price' will be what *Capital* calls price of production, that is, cost-price plus average profit, and this will diverge from value in the same ratio as the composition of the capital in question deviates from the average. Second, and in consequence, the profits most capitals yield will differ correspondingly from the amounts of surplus-value they actually appropriate. Under capitalist conditions, therefore, the law of value operates only in an extremely complex and mediated fashion. Again, however, it is important to be clear that these deviations of prices from values and profit from surplus-value in no way constitute *exceptions to* or *invalidate* the law of value itself. They are squarely explained by its '*specific* development' under capitalist conditions. I showed this in Chapter 3 (pp 52–3). This point is crucial when we compare the very different structure of Ricardo's theory.

Ricardo does not deny that, as Marx (significantly) puts it, 'observation of competition — the phenomena of production — shows that capitals of equal size yield an equal amount of profit on the average, or that, given the average rate of profit . . . the amount of profit depends on the amount of capital advanced' (1863c: 69). On the contrary. In his exposition of value he already supposes the existence of an average rate of profit, which is something Marx strongly reproaches him for. He then attempts to claim that natural price, which he regards as synonymous with value, contains profit, which he does not distinguish from surplus-value. There is an obvious *prima facie* contradiction here; and Ricardo, though he does not explicitly formulate it, is aware of some difficulty. He is consequently led to postulate various mechanisms which counteract the law of value, and thus explain the 'exceptions' to it; effectively, independent determinants of value. These are, firstly, difference in the proportions of fixed and circulating components between different capitals, and second, differences in their periods of turnover (see Ricardo, 1821, ch I, sections 4 and 5). How these mechanisms are meant to operate is *not* explained by the law of value itself. The result is a considerable weakening of the explanatory pretensions of the latter; in effect, it becomes little more than a statistical generalisation. Opponents were quick to seize on this:

Because Ricardo, instead of deriving the differences between cost-prices (that is prices of production) and values from the determination of value itself, admits that 'values' . . . are determined by influences that are independent of labour-time, and that the law of value is sporadically invalidated by these influences, this was used by his opponents, such as Malthus, in order to attack his whole theory of value. Malthus correctly remarks that the differences between the organic component parts of capital and the turnover periods of capitals in the different branches of production develop simultaneously with the progress of production, so that one would arrive at Adam Smith's standpoint, that the determination of value by labour-time was no longer applicable to 'civilised' times (1863b: 191).

Additionally, we might finally note, Ricardo's initial identification of values and prices of production has repercussions elsewhere in his system. His denial of the existence of absolute rent, for instance, stems directly from this; having made the identification he could not conceive of a rent arising out of the discrepancy between the two, as Marx's

absolute rent does. The only rent consistent with his assumption was differential rent, since this is made up of the difference between price of production and market-price rather than price of production and value (see 1863b: 129–30, 163). But to argue thus is manifestly to gainsay the phenomena of capitalist production; for empirically, it is simply not the case that the worst land that has to be cultivated to meet a given level of demand bears no rent, as Ricardo's theory requires.

Marx summarises his conclusions thus:

Instead of *postulating* this *general rate of profit*, Ricardo should rather have examined in how far its *existence* is in fact consistent with the determination of value by labour-time, and he would have found that instead of being consistent with it, *prima facie* it *contradicts* it, and that its existence would have to be explained through a number of intermediary stages, a procedure which is 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 (1863b: 174).

The appeal to the criterion of exhaustiveness is clear; the nature of the *explanans* (specification of 'intermediary stages') is governed by the need fully to account for the *explanandum* (the existence of a general rate of profit). This demands further, 'non-violent' abstraction. Compare how Marx himself introduces the same problem in *Capital* III:

We have thus demonstrated that different lines of industry have different rates of profit, which correspond to differences in the organic compositions of their capitals (*ceteris paribus*) . . . These statements hold good on the assumption which has been the basis of all our analyses so far, namely that the commodities are sold at their values. There is no doubt, on the other hand, that aside from unessential, incidental and mutually compensating distinctions, differences in the average rate of profit in the various branches of industry do not exist in reality, and could not exist without abolishing the entire system of capitalist production. It would seem, therefore, that here the theory of value is incompatible with the real process, incompatible with the real phenomena of production, and that for this reason any attempt to understand these phenomena should be given up (1865a: 153).

Marx does not, of course, 'give up' so easily; he has come a long way since 1844. But there remains one undeniable point of continuity; his insistence that the process of abstraction be governed by the phenomena it purports to explain.

Illustration of Marx's employment of the criterion of independence will prove briefer, since much of the necessary exposition has already been provided in the course of the foregoing discussion. We may consider the paradigm example, 'the difficulty over which the best economists came to grief' (Engels, 1891a: 12), the notorious 'value of labour'. I will show that no such category can figure in the *explanans*, for Marx, because it rests on precisely those features of the *explananda* which need to be explained. Here, additionally, we will see further evidence of Marx's abiding concern for consistency (though by now, I would hope, no special demonstration of this should be necessary).

Smith, we have seen, defines the value of a commodity by the labour that it can command. This, Marx points out, is tantamount to defining the value of its product by the value of labour, since it is the same thing to speak of the labour a commodity commands and the commodities that can be purchased with that same amount of living labour (see 1863a: 70–1). In simple commodity production the labour a commodity commands and that it contains will be equivalent to the 'value of labour', as measured by the commodities the labour in question will purchase. For reasons we have investigated this does not hold true for capitalist production; here, commodities command more labour than they contain; the 'value of labour', thus understood, is smaller than that of its product as measured by contained labour. As we have seen, it was to account for this discrepancy that Smith developed his 'exoteric' theory of value as the summation of revenues. This theory, Marx argues, is predicated on a *petitio principii*.

If it is asserted that the value of a good can be measured by the amount of labour it commands or the value of labour, then the question 'what determines the value of labour itself?' must immediately follow. Clearly we cannot reply 'the value of the goods it purchases' since it is precisely this that we have invoked the value of labour to explain. To attempt this would be, as Marx puts it, to make 'value . . . the measuring rod and the basis for the explanation of value — so we have a vicious circle' (1863a: 71). Yet in Marx's view this is exactly what Smith's 'exoteric' theory of value ends up by doing. The theory states that value is constituted by the summation of three independent sources, profit, rent and wages. To know its determinants therefore, we need to know

the determinants of the three revenues. But this means that we need to know, *inter alia*, how the value of labour — wages — is constituted. And here we are catapulted straight back into that vicious circle:

When Adam Smith is examining the 'natural rate' of wages or the 'natural price' of wages, what guides his investigation? The natural price of the means of subsistence required for the reproduction of labour-power. But by what does he determine the natural price of these means of subsistence? In so far as he determines it at all, he comes back to the correct determination of value, namely, the labour-time required for the production of these means of subsistence. But when he abandons this correct course, he falls into a vicious circle. By what is the natural price of the means of subsistence determined, which determine the natural price of wages? By the natural price of 'wages', of 'profit', of 'rent', which constitute the natural price of those means of subsistence as of all commodities. And so *ad infinitum* (ibid. 96).

The argument is hopelessly circular.

Ricardo does not beg the question quite so spectacularly as Adam Smith. Indéed, he comes within a hair's breadth of Marx's answer to it. With him, as *Capital* phrases it, 'Classical Political Economy nearly touches the true relation of things, without, however, consciously formulating it' (1867a: 542). What Ricardo (like the 'esoteric' Smith) did was to determine the 'value of labour' by the costs of production of the labourer himself, that is, by the labour-time necessary to produce his means of subsistence. And this question, Marx writes, 'unconsciously substituted itself in Political Economy for the original one; for the search after the cost of production of labour as such turned in a circle and never left the spot' (ibid. 538). But this substitution, as Bailey and others were to remark (see ibid. 535n; 1863b: 401), remained surreptitious and unexplicated. 'Classical economy never arrived at a consciousness of the results of its own analysis' (1867a: 538), and in consequence left important problems unresolved.

Having noted that Ricardo determines the value of labour by the labour-time necessary to produce the means of subsistence, Marx immediately asks:

But why? By what law is the *value of labour* determined in this way?

Ricardo has in fact no answer, other than that the law of supply and demand reduces the average price of labour to the means of subsistence that are necessary (physically or socially necessary in a given society) for the maintenance of the labourer. He determines *value* here, in one of the basic propositions of the whole system, by *demand and supply* — as Say notes with malicious pleasure (1863b: 400; cf 397–8).

Ricardo's first problem is one of consistency. For him, as for Marx, supply and demand cannot explain natural price but only the deviations of market-prices above or below it. Natural price is *defined* as that price a commodity will fetch when its supply and demand are in equilibrium, and whose effects, *ex hypothesi*, will cancel one another out. The problem of determining value is precisely to show why, when the fluctuations of supply and demand are thus discounted, commodities should exchange at *these* natural prices and no others. Hence, Ricardo's recourse to supply and demand to determine the 'value of labour' is manifestly inconsistent with his strictures on the determination of value in general. And given that the discrepancy between the 'value of labour' and the value of its product is fundamental to his overall system, the lacuna is an extremely damaging one.

From here Marx pursues his criticisms further, charging Ricardo with specifically Smithian errors. The main points in his (somewhat complex) argument are as follows (for elaboration, see 1863b: 399f).

Adam Smith had observed that in a capitalist economy, whatever the value of the labourer's means of subsistence — of which he took corn as the exemplar — as measured by the labour they contain, 'labour has . . . a permanent relative value as compared with corn' (Marx, 1863b: 402, italics omitted). By this he meant that although wage-rates indeed rise and fall with the labour-time required to produce the means of subsistence, the labour *commanded* by the latter is a constant quantity. Other things being equal the labourer will have to work the same number of hours to purchase these means, whatever their value as measured by labour-time; as Marx puts it, 'the same quantity of labour always commands the same *use-value*, or rather the same use-value always commands *the same quantity of labour*' (ibid.). In Marx's theory too, of course, this same relation will obtain. The value of labour-power is a function of the labour-time necessary to produce the means of subsistence. Wages, therefore, will rise and fall with changes in this labour-time. But (in the absence of alterations in the social definition of what is to count as subsistence²³) neither the length of the

working day as such nor the volume of these means themselves will be affected by these changes. What will alter will rather be the *division* of the working day into necessary and surplus labour-time, and with it the proportional *distribution* of its (enlarged or diminished) product among capitalists and workers.

This constancy of the quantity of labour commanded by the means of subsistence, irrespective of how much labour they contain, was, so Marx asserts, a further 'hidden reason' why Smith held value to be a function of the former rather than the latter under capitalist conditions (1863b: 401). Ricardo did not. But according to Marx, the 'dextrous turn' (Bailey, cit. ibid.) which enabled him to accomplish the substitution of questions noted in *Capital* rests on his covert acceptance, at this (and only this) point in his theory, of Smith's conceptions. Briefly, what alone sanctions Ricardo's treatment of 'value of labour' as equivalent to the value of the means of subsistence is precisely Smith's postulate of the constant relation between the quantity of these means and the hours that have to be worked in order to pay for them.²⁴ Why such a fixed relation should exist is nowhere explicated; all Ricardo tells us is that supply and demand ensure that this should be the case, and this, as we have seen, is inconsistent with his general premises. So, Marx argues, Ricardo implicitly falls back into Smith's theory that value is determined by the labour commodities command, with all its circularities, at this one crucial point in his reasoning. The tacit *petitio* is however quickly covered over, because having once arrived at his substitution of questions, Ricardo independently and correctly determines the value of the means of subsistence by the labour they contain, and in turn concludes, rightly, that the 'value of labour' is a variable quantity. But the basis for these conclusions remains a suspect one:

Adam Smith errs when he concludes from the fact that a definite quantity of labour is exchangeable for a definite quantity of use-value, that this *definite quantity of labour* is the measure of value and that it always has *the same value*, whereas the same quantity of use-value can represent very different exchange-values.²⁵ But Ricardo errs twice over; firstly because he does not understand the problem which causes Adam Smith's errors; secondly because disregarding the law of value of commodities and taking refuge in the law of supply and demand, he himself determines the *value of labour*, not by the quantity of labour expended in the production of *labour-power*, but by the quantity expended

in the production of the wages which the labourer receives. Thus in fact he says: The value of labour is determined by the value of the money which is paid for it! And what determines this? What determines the amount of money which is paid for it? The quantity of use-value that a given amount of labour commands or the quantity of labour that a definite quantity of use-value commands. And thereby he falls *literally* into the very inconsistency which he himself condemned in Adam Smith (1863b: 403).

It might be felt that Marx's latter argument is oversubtle; it is the case, after all, that Ricardo's thesis would be correct were he to talk of the value of labour-power instead of labour. But for Marx, the point is not merely one of terminology. In the form in which Ricardo left it, his system was internally inconsistent and depended, at critical points, upon *explanans* which rested precisely on features they should have been explaining. Marx's terminological rectification overcomes both problems. For once we substitute labour-power for the ambiguous 'labour', it is clear that since labour-power is inseparable from the person of the labourer, there is no subterfuge involved in determining its value by the labour contained in the means of subsistence. This then gives us a single measure of value, socially necessary labour-time, which both satisfies the criterion of independence and can consistently be applied to all commodity-exchanges, including that between wages and labour-power. From here, we can begin to think in terms of building a viable political economy of capitalism as a whole.

I initially advanced Hanson's retroductive scheme because of its *prima facie* relevance to Marx. Retroduction was a form of inference from *explananda* to *explanans* which, despite its lack of logical necessity, was undeniably governed by clear and stringent criteria of adequacy. Previously I had argued that Marx's analytic had to take something like this form; he could neither deduce essential relations, because of the problems considered in Chapter 4, nor establish them inductively, because of the deceptiveness of the phenomenal realm which formed the theme of Part I. By now, I hope, we have more than a *prima facie* reason to believe that Marx does reason retroductively. He *posits* these relations, and the criteria which sanction his taking them for an *explanans* are precisely those which mark out the retroductive inference as Hanson outlines it. Hence, although this analytic is not empiricist in

any conventional sense of the term,²⁶ it is squarely grounded in the empirical. Phenomenal forms are its starting-point, and exercise, through these criteria, a constant constraint on legitimate theorising; for Marx, as for Hanson, 'P controls H, not vice versa. The reasoning is from data to hypotheses and theories, not the reverse' (Hanson, 1958a: 88). *Capital*, in short, amply vindicates *The German Ideology's* claim that Marx's premises are 'real premises from which abstraction can only be made in the imagination', premises which 'can thus be verified in a purely empirical way' (1846a: 31). Before I turn finally to the 'dialectic' which this analytic grounds, I want to elaborate on this latter claim by looking briefly at how Marx's retroduced *explanans* might conceivably be tested.

3 A Note on Testing

By this stage of his critique Marx will have identified a body of phenomena as pertaining to production, isolated such attributes as differentiate these phenomena as determinate social forms, and produced a theory purporting to explain these latter in terms of the mechanisms which produce them and the conditions and relations on which these mechanisms themselves depend. This theory, if successful, will consistently, and without *petitio* or remainder, account for the totality of forms under analysis. To have come as near to this as *Capital* did must by any standards be judged a remarkable achievement with few parallels in social science. We might nonetheless want to ask what would count as *independent* evidence for or against such a theory, for two main reasons.²⁷

First, retroduction, irrespective of how fundamental it might be to creative thinking in science, is evidently a weak form of inference. Its conclusion (*H*) is in no sense necessarily implied in its premises (*P*); indeed, on these grounds Hanson's description of it as specifically logical, as opposed to, say, rational inference might reasonably be challenged. For any *H* there always might be, formally speaking at least, *Hs*₁ . . . *n* equally able to satisfy retroductive criteria, and so meeting the latter does not guarantee truth. The only reason we have for believing *H* to be true is that *if* true, it *would* explain *P*. We should not, I think, make a fetish out of this. Empirically, I suggest, it is extremely unlikely that the stringent application of merely retroductive criteria of adequacy to theories purporting to explain the variety of phenomena treated in *Capital* would leave many of them unscathed. We would not have to decide between an infinity of competing theories;

arguably it is precisely this restriction that retrodution ensures. But this should not be taken as grounds for denying the desirability of independent evidence.

Second, a notable feature of Marx's analysis is its dependence on the postulation of hypothetical entities, or qualities of empirical entities, which are *not* susceptible to direct observation. Value, and abstract labour – not to mention surplus-value – are paradigm cases. Further, not only does Marx posit such unobservables; *that* they are unobservable is itself often crucial to the explanation, as was evident throughout Part I (as is their distinction from what *can* be observed, as we just saw in respect of Marx's criticisms of Ricardo). Now, we should be absolutely clear that the postulation of unobservables is not *per se* objectionable. It could only be ruled out on the *a priori* metaphysical ground, itself above empirical demonstration, that the real is all and only that which can be humanly perceived. But we might nevertheless be suspicious where the *sole* reason we had for believing in the existence of such unobservables was their capacity to save the phenomena from which the analysis commenced. In this case, critics might opine, the postulated entities and qualities would bear more than a passing resemblance to the equants, epicycles and eccentrics of Ptolemaic astronomy. This was Bailey's complaint against Ricardo; it was later to be Bohm-Bawerk's central criticism of Marx. One does not have to be a militant positivist to see the desirability of independent evidence here.

In this latter case, the notion of evidence is clearly problematic. For by definition, where entities which cannot be observed are postulated there can be no direct empirical evidence of their existence, and hence no conclusive empirical demonstration of the truth or falsity of propositions which assert it. We may nonetheless seek indirectly to test the latter, by means of evidence of phenomenal kind other than that which constituted our original *explananda*, which would, for reasons we can specify before its observation, *have a bearing* on their truth or falsity. In this sense, I believe, Marx's *explanans* are independently and empirically testable by two main methods. The first, comparison, was frequently (though not systematically) invoked by Marx himself. The second, prediction, was not I think explicitly conceived by him as a method of testing his hypotheses (which is not to say Marx did not predict), but is in no way alien to the spirit of his work.

(a) Comparison

We can distinguish two sorts of propositions in Marx's *explanans*:

statements about the *mechanisms* which cause the phenomena to assume the forms in which we observe them, and statements about the *conditions* which explain why such mechanisms should operate in the first place. These conditions will consist of historically specific sets of essential relations, variant forms of the 'relations, in which the agents of . . . production stand with respect to Nature and to one another' (1865a: 818) identified in Chapter 4 as presuppositions of any production whatsoever. 'Essential' here, as asserted in Chapter 1, thus has no mystical or philosophically essentialist connotations; particular relations are deemed essential if and in so far as they are held to constitute conditions for the existence of the forms under analysis. What licenses the claim that these relations indeed are essential is the claim to have discovered the (often invisible) mechanisms which connect them to these forms. But for Marx essential relations *themselves* are invariably visible, even though the mechanisms which reveal them to be such may frequently not be. Thus, for instance, the spontaneous and unregulated division of labour which Marx asserts to be the necessary condition of the commodity-form is as observable as that form itself; what is obscure is the way in which private labour is expressed as social via that form, and so long as this latter is not explicated, *that* private labour is the presupposition of commodity production is not apparent. Now, it is the observability of both the forms under analysis and the relations held ultimately to explain them which opens the possibility of testing by more or less systematic comparison. For, simply, were we to encounter the forms without the relations or vice versa in other empirical contexts, our theory would become suspect; it would either have to be abandoned, or developed in such a way that the discrepancy could be (consistently) accounted for.²⁸ Conversely, the covariant presence or absence of these forms and relations in all other contexts investigated could reasonably be taken as independently supporting our claims about mechanisms, since it is only the latter which explain why the two should invariably be coupled. Of course, such evidence is not conclusive; as explained above, once unobservables are postulated no empirical evidence could be. But it is evidence nonetheless.

It cannot, I think, seriously be argued that Marx used comparative data to test his theory of capitalism in any rigorous sense. Any distinction between the procedures for constructing and testing theories would probably have meant little to him; his concern was to develop his theory, and this involved constant testing against the phenomena, as I have tried to make clear. It did not however involve systematic testing against phenomena *independent* of his immediate *explananda*.

On the other hand, Marx frequently engaged in comparative research in order to *clarify* his claims for the distinctiveness of capitalist relations.

It was, for instance, immediately after arriving at what is perhaps his most profound description of the dynamics of the capital/labour relation, in the *Grundrisse* (1858a: 450f), that Marx, having isolated its presuppositions, launched into his lengthy comparative excursus on 'forms which preceded capitalist production' (ibid. 471f). We can find similar sketches of the relations which underpin the latter, and explanations of the differences in the phenomenal forms which arise on their basis, in *Capital* III, most notably in the chapters on pre-capitalist forms of merchants' capital, interest and rent (1865a, chs XX, XXXVI and XLVII respectively). These are not merely notes on the origins of capitalist production; indeed, as elements of a *history* they must be judged inadequate. Such investigations are better regarded as exercises in comparative analysis, attempts to outline, however briefly, distinctive sets of essential relations in terms of which manifest differences between the social forms of individual modes of production might be explained. Such material is drawn on in *Capital* I and the 1859 *Critique*, which Marx himself of course prepared for press: I have exemplified above vis-a-vis his presentation of his analyses of the value and wage forms (pp 21–2, 69–70). We might note, finally, that where relevant Marx went to considerable pains to collect such comparative data. If Engels is to be believed, one of the many factors which conspired to prevent Marx completing vols II and III of *Capital* was his lengthy enquiry into 'the variety of forms both of landownership and of exploitation of agricultural producers in Russia', which country 'was to play the same role in the part dealing with ground-rent that England played in book I in connection with industrial wage-labour' (Engels, 1894b: 7). To this end Marx began to learn Russian in 1869 (see 1871e) and procured large numbers of Russian books, journals, statistics and so on direct from St Petersburg in the years that followed (see Fedoseyev, 376–7). Some of the conclusions Marx drew from these studies can be seen in his letters to the editorial board of *Otechestvenniye Zapiski* (1877a) and Vera Zasulich (1881a, b). These texts exhibit exactly the hostility to both speculative *a priorism* and spurious inductive generalisation, and insistence on reasoning from phenomena, which I have tried to highlight throughout as fundamental to Marx's science. So too does his deep interest in the anthropological researches of Morgan, Kovaleski, Phear, Maine, and so on during the final years of his life (see 1879a, b; Krader, 1973, 1975). I could continue, but to do is needless. Marx

would not, on this evidence, have been in any way hostile to the notion of testing his conclusions by comparative analysis; he drew upon comparative data frequently enough in his attempt to formulate them.

(b) Prediction

Let me begin (as most of Marx's critics conveniently do not) by making a distinction between what I shall term *prognoses* and predictions *strictu sensu*. By common consent Marx was fairly free with the former. With the latter, however, he was a paradigm of caution.

By a prognosis I mean a hypothesis as to the likely course of future events which, although well-grounded in our analysis of the conditions and mechanisms underpinning present phenomena, cannot be generated out of this analysis by simple deduction. An example might be Marx's prognosis concerning the revolutionary overthrow of capitalism, as classically stated in the famous passage in the penultimate²⁹ chapter of *Capital* which concludes with the declaration: 'The knell of capitalist private property sounds. The expropriators are expropriated!' (1867a: 763). Marx clearly had reason to think that in view of his analysis of the contradictions of capitalist production, this was a likely outcome of its development. He also had political cause to make this conclusion explicit, and was not above employing a rhetoric of inevitability. But he never, to my knowledge, made any serious attempt to *prove* the necessity of the triumph of socialism, and he would not have succeeded if he had (as he probably well knew). No such prognoses can be used to test a theory; if they are not logically entailed by it, their non-fulfilment clearly cannot invalidate it.

By a *prediction*, on the other hand, I mean something very much more precise.³⁰ A prediction is a deduction of what will *necessarily* follow if (1) certain laws, $L_1 \dots L_n$, themselves deducible from the theory, T , obtain, and (2) requisite antecedent conditions, $C_1 \dots C_n$, are satisfied. Let us call the prediction E . The form of its inference is syllogistic. If, therefore, E is shown to be false (or in other words the prediction does not materialise) then one or more of the premises from which it was deduced must also be false. Either $C_1 \dots C_n$ were not secured or some part of $L_1 \dots L_n$ is erroneous. In the latter case, since $L_1 \dots L_n$ is entailed in T , T itself must either be rejected or developed in such a way that it can consistently account for E .

This schema is a conventional enough one, and can clearly be applied to Marx inasmuch as lawlike statements occur in his *explanans*.³¹ I do not, I stress, in any way mean to suggest that an argument fitting

this form would *ipso facto* qualify as an *explanation* for Marx; I have argued that Marx's notion of explanation is what we would nowadays call a realist one, and for a realist that a phenomenon can be subsumed under a covering law is neither necessary nor sufficient to its explanation.³² My point is simply that since Marx's explanations do involve laws, they are capable of generating predictions, and if they can generate predictions, they can also be tested by them.

One point of clarification, however, is called for. The difficulties of predicting *actual* future events in social science are notorious (and objections to attempts to do so generally well-founded). I need not rehearse these difficulties here. But Marx himself was evidently well aware of them, and correspondingly circumspect in such substantial predictions as he did offer. These latter as a rule relate exclusively to long-run trends rather than precisely locatable events. There are various reasons for this. Principal among them are first, the existence of counter-tendencies which are also derivable from the theory and second, the frequent empirical dependence of the relevant variables on others whose values are *not* predictable, even though their effects are explicable within the theory. Thus, for instance, Marx hazards a falling rate of profit with the development of capitalist production. But in expounding this prediction he lists no less than six counteracting influences (see 1865a, ch XIV), all of which follow equally from the laws of capitalist production; and further, and for reasons which his theory can perfectly adequately explain, we would expect intrinsically unpredictable factors, such as, say, bad harvests, new inventions, or changes in the militancy of the working class, to have significant effects on the rate of profit at any given point in time. We would therefore be foolish to attempt any detailed predictions as to, say, the profitability of British capital five years hence. And in general, the degree of certainty we can attach to such substantial predictions as we can make will be inversely related to their spatio-temporal specificity. It might, therefore, be objected that the possibility of testing Marx's analyses by prediction is a mere chimera, since the only substantial predictions we are prepared to offer are pitched at such a level of generality that they are effectively *not* subject to empirical checks.

To argue thus, I believe, would be completely to misunderstand how it is that *E* can function as a test of *T*. It is not our ability to *foresee* *E* that is important; the temporal issue is irrelevant. The capacity of *E* to act as independent evidence for or against *T* is a function not of the time at which the prediction was made, but of the *logical* relation of *E*

to $C_1 \dots n$ and $L_1 \dots n$, and $L_1 \dots n$ to *T*, within the deductive-nomological schema. If, in other words, the occurrence or non-occurrence of *E* under conditions $C_1 \dots n$ would have had a bearing on the validity of *T* if it had, as a matter of fact, been predicted, then it cannot but continue to do so whether such a prediction was in fact made or not. It follows that in any given instance it is open to us to reproduce empirical conditions on our schema *post festum*, as its $C_1 \dots n$, in order to ascertain whether the empirical resultant *would have been* predictable. The logical relations of *explanans* and *explananda*, and thus *E*'s evidential status, remain unchanged. As modern positivists are fond of insisting, prediction and what Reichenbach (cit. Hempel and Oppenheim, 1948: 57n) has termed 'postdiction' have identical logical form. The indisputable practical difficulties attending prediction in the social context, in short, do not have the consequence that there is nothing that can count as independent evidence for retroduced theories. They merely mean that such evidence cannot be manufactured at will.

I have argued, then, that we can adduce empirical evidence independent of that contained in Marx's original *explananda* by means of which his claims to have identified the mechanisms and conditions behind the latter might be tested. Such evidence is not conclusive; it cannot be, once unobservables are postulated as a part of the *explanans*. If we require all the propositions in a scientific explanation to be open to empirical refutation we must conclude that Marx was no scientist. If, on the other hand, we demand merely that it must be possible to provide independent empirical evidence which bears on its truth or falsity, then we may reasonably regard *Capital* as a paradigm of scientific research. But my concern here is hardly with criteria of scientificity as such; I have sought rather to reconstruct the procedures of what *Marx* practised as science. Whether or not the appellation is merited is an issue I gladly leave to others to debate.

6 . . . TO A POINT WHERE IT CAN BE DIALECTICALLY PRESENTED

The relation of Marx's 'dialectic' to Hegel's has been much debated. In Chapter 4, following Lenin (1916) and others (Rosdolsky, 1968; Nicolaus, 1973), I noted that *Capital* has what is in many ways a 'Hegelian' mode of presentation. I was at pains to emphasise, however, that Marx's apparent *à priori* 'deduction' of the categories of the bourgeois economy was in reality neither a deduction nor *a priori*. *Capital's* exposition is organised as an ascent, albeit by way of analysis of phenomenal forms, from the essential relations of capitalism to the diverse concrete forms in which they manifest themselves 'on the surface of society'; its underlying structure is that of a hierarchy of conditions of possibility. These latter conditions must therefore have been discovered *in toto* before such an exposition can commence. In Chapter 5 I undertook to reconstruct the procedures of this initial process of discovery, Marx's 'method of enquiry'. This reconstruction, I hope, will have made plain both the complementarity and the radical differences between Marx's methods of enquiry and presentation. Beyond that, I have nothing more to add regarding Marx's method of presentation or its similarity to Hegel's. My concern in this last chapter lies with a dialectic of Marx's which has received a good deal less critical attention. I refer to that 'Kantian' dialectic of 'origins . . . extent and limits' to which alluded above.

1 Economic Categories and their Historicity

(a) *The construction of historical categories*

For Marx, as indicated at the start of this book, economic categories 'correspond' to the forms they designate, and thus to the relations of which these forms are the phenomenal manifestations; they are 'only the theoretical expressions, the abstractions of the social relations of production' (1847a: 109; cf 1846b: 189). *How* this correspondence is construed, whether, say, within a traditional materialist 'reflection' theory of knowledge, or whether, as I have attempted, via some notion of internal relations, is beside the point here; what matters is simply

that Marx assumes it. The implication, which he states, is that 'these ideas, these categories, are as little eternal as the relations they express. They are *historical and transitory products*' (1847a: 110). Marx means two things by this. First, definite historical conditions are supposed for their *production*. And second, they are only *valid* within definite historical boundaries. What I have termed Marx's transhistorical categories do not, incidentally, constitute an exception on either count. We have seen that he insists on historical conditions for their arising (above, p. 113). As regards their validity it is not a question of their having no historical boundaries, but rather that their boundaries are coterminous with those of the history of material production as such. They can be applied across modes of production not because they correspond any the less to production relations, but because their correspondence is to those features that all such relations have in common.

However, *that* economic categories are historical in this double sense is not, for Marx, something that is phenomenally evident. We could not, for instance, conclude that exchange-value is a merely historical attribute of the product of labour from simple *observation* of the phenomena of capitalist production. *Capital* generalises the point:

Man's reflections on the forms of social life, and consequently, also, his scientific analysis of those forms, take a course directly opposite to that of their actual historical development. He begins, post festum, with the results of the process of development ready to hand before him. The characters that stamp products as commodities, and whose establishment is a necessary preliminary to the circulation of commodities, have already acquired the stability of natural, self-understood forms of social life, before man seeks to decipher, not their historical character, for in his eyes they are immutable, but their meaning (1867a: 75).

The categories which grasp these 'characters' are 'forms of thought expressing with social validity the conditions and relations of a definite, historically determined mode of production' (ibid. 76). They are, as I put it in Part I, adequate for practical purposes. But the historicity of what they express is by no means apparent in the categories themselves. It requires analysis.

The two stages of Marx's analytic as distinguished above, isolation of the attributes which distinguish social forms and retrodution of their conditions, can (and should) equally well be conceptualised as

successive moments in the definition of the *historicity* of the phenomena under analysis and the categories through which they are spontaneously grasped. Both operations involve going beyond what is phenomenally evident. In the first stage, Marx merely shows *that* the relevant phenomena are historical, without as yet having established what their boundaries are. But even this, we should note, involves a break with the immediately apparent; Marx has *already* (but see above, p. 113) to have analysed what genuinely pertains to production in general before he can demonstrate this. The second stage of his analytic extends the break further; Marx now retrodutes the (often invisible) mechanisms which explain why the phenomena should take these specific forms. This alone allows a *positive* grasp of their historicity and the construction of categories which explicitly recognise it: henceforth, economic phenomena are conceptualised as forms of manifestation of the essential relations which constitute their 'material groundwork or set of conditions of existence', and the boundaries within which such concepts can validly be applied are thereby firmly established. The extent and limits of the economic categories' validity will strictly coincide with these conditions of existence of the forms to which they 'correspond'.

Thus, Marx's analytic provides a secure basis for the construction of his historical categories. Each such category is grounded in, and its applicability delimited by, his analysis of essential relations; its validity is established relative to the criteria which govern that analytic, which I have dealt with at sufficient length above. In 1847 Marx wrote:

A Negro is a Negro. He only becomes a slave in certain relations. A cotton-spinning jenny is a machine for spinning cotton. It becomes *capital* only in certain relations. Torn from these relationships it is no more capital than gold in itself is *money* or sugar the price of sugar (1847b: 28).

Twenty years later, in *Capital*, Marx was to quote this same passage after noting, with approval, that Wakefield had 'discovered that capital is not a thing, but a social relation between persons established by the instrumentality of things' (1867a: 776; 1847b passage cit. in footnote). To construct a scientifically adequate *concept* of slavery, of capital, of money, is precisely to specify the essential relations on whose basis the Negro becomes a slave, the jenny capital, and the gold money. As *Capital* succinctly puts it, 'severance of the conditions of production, on the one hand, from the producers, on the other . . . forms the

conception of capital' (1865a: 246, italics mine). The relation forms the concept because it is the relation alone which makes the manifest social form possible or comprehensible.

(b) Marx's dialectic

Marx's 'Kantian' dialectic flows directly from here. Having ascertained the boundaries within which economic categories can properly be applied, Marx is now in a position to identify and criticise transgressions of these boundaries. The result is a wholesale reformulation of the categories of Political Economy. Let me exemplify, by looking at the eventual fate of the most fundamental of those 'simple abstractions' with which Marx had contemplated starting his exposition in October 1857, the classical concept of *labour*.

This 'simplest abstraction . . . which modern economics places at the head of its discussions' (1857: 105) simply disappears from *Capital's* lexicon. "'Labour", "labour as such", labour pure and simple' (ibid.) has no status in Marx's discourse. To be sure, Marx talks of many forms of labour; but the point is that he talks precisely of *forms*. Labour, in *Capital*, is always qualified; Marx writes of useful and abstract labour, wage and slave labour, social and private labour, but never of labour 'pure and simple'. Ricardo, further, is heavily criticised for doing the latter:

Ricardo starts out from the determination of the relative values (or exchangeable values) of commodities by the '*quantity of labour*' . . . The character of this 'labour' is not further examined . . . Ricardo does not examine the form — the peculiar characteristic of labour that creates exchange-value or manifests itself in exchange-values — the *nature* of this labour (1863b: 164).

Marx does examine the form, and qualifies the labour in question as 'abstract'. And he insists, moreover, that thus to distinguish useful and abstract labour is 'the pivot on which a clear comprehension of Political Economy turns' (1867a: 41). 'All understanding of the facts depends upon this' (1867f); it is 'the whole secret of the critical conception' (1868d).

This example of labour is an extreme one inasmuch as Marx rids himself of the category entirely; more often, he retains the old categories with a new and historically precise reference. But it admirably illustrates what I mean by Marx's dialectic. What Marx does with labour

is rigorously to disentangle those referents whose conflation he had remarked in 1857. Henceforth, they devolve on distinct categories. The concept of useful labour grasps all and only those senses in which 'labour' *simpliciter* apprehended 'an immeasurably ancient relation valid in all forms of society', the concept of abstract labour that sense in which it was 'as modern a category as are the relations which create this simple abstraction' (1857: 105, 103). And this, as I have remarked previously, is a systematic strategy. Use-value and exchange-value, technical and value composition of capital, and labour and production process are similar distinctions of transhistorical and historical; the same dialectic is at work in Marx's clarification of Smith's various conceptions of productive labour (1863a, ch IV, sections 3 and 4; compare Marx's own formulation of the category, *ibid.* Addenda, section 12) and Ricardo's confusions between constant and variable, and fixed and circulating forms of capital (1878a, ch XI). What is at stake in all these cases is not just conceptual precision as an end in itself; it is the provision of categories capable of grasping the historicity of the phenomena they describe. Marx systematically and consistently reformulates the categories of his predecessors as unambiguously transhistorical or historical concepts, the former on the basis of his analysis of production in general and the latter on the basis of the conclusions of his analytic.

From here, Marx can expose and criticise theories and explanations built upon the transgression of these categorial boundaries. We can, I think, usefully distinguish two such sorts of transgression.

The first is the more serious, and is the one we came across most frequently in Part I. It consists in the subsumption of historical *explananda* under transhistorical *explanans*: otherwise put, the historical attributes which differentiate economic phenomena as distinctive social forms are 'explained' by theses logically capable only of explaining characteristics of the transhistorical classes to which these phenomena belong. Examples include explanations of the value-form by the natural properties of commodities, as with the Mercantilists or Samuel Bailey, or the attempts of the trinitarians to account for revenues and value by the 'productivity' of the 'factors of production'. Marx calls these postulated relationships 'incommensurable magnitudes' (1865a: 823); the incommensurability is of historical and transhistorical. The second transgression is logically entailed in the first, but may also occur independently of it. It consists in spurious generalisation of historical characteristics, that is, in the attribution of properties specific to individual members of classes to their classes as a whole. Thus, for

instance, labour is regarded as being intrinsically value-creating or wage earning, or means of production are conceived as *per se* capital. The trinity formula exemplifies both errors; as I showed in Chapter 3, its initial explanation of interest, rent and wages by the role of means of production, land and labour in the simple labour process entails the attribution of the characteristics of capital, landed property and wage-labour to the phenomena of production in general. The exploitative relations essential to capitalist production are thereby happily eliminated and the 'physical justification and eternal necessity' (1865a: 830) of its class revenues triumphantly vindicated.

For Marx, transgressions of the first kind clearly necessitate rejection of the explanations they support *in toto*. Transgressions of the second kind, on the other hand, may result not from the provision of explicitly ahistorical *explanans* as in the trinity formula, but rather from the simple extension of historically valid explanations beyond their proper limits. The mistake, in this case, would originate less from an irredeemable defect in the original analysis than from a failure to develop it to a point where its historical parameters would be made explicit. Thus Ricardo's theory of value, for instance, is in essence correct for commodity production; his mistake was to universalise it. Had he developed it properly in the first place, the mistake would have been avoided. Likewise, had he clarified the 'value of labour' issue, capital would have emerged as the social relation it in fact is and no doubts could have remained regarding the historicity of its presuppositions:

Instead of *labour*, Ricardo should have discussed labour-power. Had he done so, *capital* would also have been revealed as a definite *social relationship* (1863b: 400).

The economists do not conceive capital as a relation. They *cannot* do so without at the same time conceiving it as a historically transitory, i.e., a relative — not an absolute — form of production (1863c: 274; cf *ibid.* 275).

In cases like this the remedy is not to reject but to develop the *explanans* to the point where the boundaries of its validity are made clear. And as Marx observes, classical economy's own attempt 'to grasp the inner connection in contrast to the multiplicity of outward forms' itself 'paves the way' for this discovery of historicity (*ibid.* 500). It is important, here as elsewhere, to distinguish classical and vulgar errors (see *ibid.* 500f for fuller discussion).

But Marx's dialectic nonetheless has a single target, and it is this that I am concerned to emphasise. That target is the explanation which violates the historicity of the phenomena it purports to explain.

2 Concluding Remark: towards the recovery of history

In Part I we explored the world of capital's fetishes, a world in which the phenomenal forms of everyday life conspired to obliterate their social and historical character. Marx's critique threatens, in practice as well as in theory, to blow that world apart. It is, in one sense, only a starting-point. It is not of itself a historical analysis:

our method indicates the points where historical investigation must enter in . . . In order to develop the laws of bourgeois economy . . . it is not necessary to write the *real history of the relations of production* . . . But the correct observation and deduction of these laws . . . always leads to primary equations . . . which point to a past lying behind this system. These indications . . . then also offer the key to the understanding of the past — a work in its own right (1858a: 460–1).

It *opens the way* to a recovery of history. It shows capital's apparently natural and eternal forms to rest on relations that are social and historical; relations, in other words, which have been constructed by human beings and are thus capable of being changed by other human beings. It alerts us to a repeatedly suppressed and deeply buried history; beneath all the fictions, the real history of the constant class struggles through which those forms were alone created and are alone maintained. And in that experience will *we* alone find the resources to make sure that Monsieur le Capital and Madame la Terre trample us underfoot with their grotesque cakewalk no longer.

APPENDIX

THE MANUSCRIPTS OF *CAPITAL*

1 *Grundrisse der Kritik der Politischen Oekonomie (Rohentwurf)*
 (1858a) 1857–8

The above is the title supplied by the Marx–Engels–Lenin Institute, Moscow (hereafter MELI), to this MS. Nicolaus, 1973, provides a detailed description of the MS; see also McLellan, 1971. Rosdolsky, 1968, is an extremely thorough commentary on the *Grundrisse* and its relation to *Capital*.

The MS consists of three main parts:

- (i) the short fragment 'Bastiat and Carey' (June 1857)
- (ii) the *General Introduction* (1857) (last week in August to mid-September 1857)
- (iii) the main MS, comprising two chapters, 'On Money' (125 pages in the English edn) and 'On Capital' (654 pages in the English edn) (October 1857 to March 1858, a few pages being added in May 1858).

The *Grundrisse* is generally acknowledged as the effective first draft of *Capital*. It contains material not subsequently elaborated in the latter, but also formulations later to be superseded.

Marx twice revised the chapter 'On Money' during 1858; what survives from his drafts is appended to both the MELI *Grundrisse* and its French translation (Paris: Anthropos, 1968), together with extracts from his 1851–2 reading notes on Ricardo, his own index to the 1857–8 MS (1859c) and other miscellanea omitted from the English edition. A third revision was published as the 1859 *Critique* (1859b) for which Marx wrote a new *Preface* (1859a) to replace the *General Introduction*.

The *Grundrisse* has had a singularly unfortunate publishing history. It was not published in any form until 1939/41 (2 vols) and this in a very limited edition (MELI, Moscow: FLPH). This MELI edition was reissued in photo-offset reprint in 1953 (Dietz-Verlag, Berlin). A French translation followed in 1967/8 (2 vols) (1858f); the first full English edition not until 1973 (1858a). This latter was preceded by Hobsbawm's translation of the self-contained 'Formen' section and McLellan's selections (see Bibliography, under 1858a). The *General Introduction* fared better: it was first published by Kautsky in 1903, and an English translation followed the next year. Numerous English translations now exist (see Bibliography).

2 *Zur Kritik der Politischen Oekonomie* August 1861–June 1863
 This represents a continuation of the 1859 work of the same title

(1859b) and amounts to a complete redraft and extension of the *Grundrisse*'s chapter 'On Capital'. The title of the MS is Marx's own. The whole consists of 23 notebooks, totalling 1,472 pages, which (according to Engels's description in his 1885a) break down as follows:

(i) Notebooks I–V, pp 1–120 (1861), and Notebooks XIX–XXIII, pp 1159–1472 (1863). Full draft of all of *Capital* I bar the present Part I (whose subject-matter had been covered in 1859b).

(ii) Notebooks VI–XV, pp 220–972 (Jan 1862–Jan 1863). First and only draft of *Capital* IV, later published as *Theories of Surplus Value* (1863a, b and c).

(iii) Notebooks XVI–XVIII (also 1862), pp 973–1158. 'Subjects which were later developed in the manuscript for Book III' amongst which Engels numbers capital and profit, rate of profit, merchants' capital and money capital.

Fedoseyev (1968: 364) additionally tells us that 'Some notebooks of the manuscript deal with subjects relating to Volumes Two and Three of *Capital*, like the movement of money in the process of capitalist reproduction, reproduction (mainly simple reproduction), surplus-value and profit, the conversion of profit into average profit, loan and commercial capital, commercial profit, and the tendency of the rate of profit to fall.' The editorial 'Preface' to *Theories of Surplus Value* (which gives a fuller description of the relevant parts of the MS than Engels does) makes it clear that in addition to the Notebooks listed by Engels, part of Notebook XVIII, and some more or less self-contained pieces in Notebooks XX–XXIII (written during the spring and summer of 1863) also treat of 'the history of the theory'. These are included as 'Addenda' in the edition used here.

Kautsky first published *Theories of Surplus Value* in 1905–10. The editors of the edition used here accuse him of distorting Marx's arrangement of the material and cutting the text (see 1863a: 20–4 for details). A partial English translation of the Kautsky edition appeared in 1951 (ed. G. Bonner and E. Burns, London: Lawrence & Wishart). The first full English edition appeared in three parts between 1963 and 1972.

3 (Draft of *Capital* III) August 1863–December 1865

With the exception of one or two later revisions of isolated topics (detailed below) this was effectively the only full draft of *Capital* III. Engels describes it as 'a first extremely incomplete draft. The beginnings of the various parts were, as a rule, pretty carefully done and even stylistically polished. But the farther one went, the more sketchy and incomplete was the manuscript, the more excursions it contained into arising side-issues whose proper place in the argument was left for later decision, and the longer and more complex the sentences, in which thoughts were recorded in *statu nascendi*' (1894b – which contains a very detailed account of how Engels finally put together *Capital* III from this MS and later fragments).

Fedoseyev (1968: 366) describes this MS as 'so large that the chapter on ground-rent alone could have been a separate book'; Rubel

and Manale give a figure of 850 printed pages (1975: 212), and opine, contrary to Engels, that it 'is, of all (Marx's) posthumous writings including the *Grundrisse* the smoothest and best written' (ibid.).

4 *Results of the Immediate Process of Production* (1866) Exact date of composition uncertain

This so-called 'Sixth Chapter' of *Capital* was originally intended by Marx (according to his plan of January 1863, reproduced in 1863a: 414) to follow the discussion of Wakefield with which vol. I as he published it in 1867 closes. The title is Marx's own. The dating of this MS is uncertain; Mandel (in Penguin edn of 1867a, 943–7) suggests sometime between June 1863 and December 1866, and provides further background information. It was first published in 1933 in vol. II of *Archiv Marks a Engelsa*, Moscow, in German and Russian. Italian and French translations were published in the late 1960s; English translations in 1976 (see Bibliography).

5 'Manuscript I' 1865 or 1867 150 folio pages. 'The first separate, but more or less fragmentary, elaboration of Book II as now arranged' (Engels, 1885a).

6 'Manuscript III' sometime between 1865 and 1870 Engels does not date this; Fedoseyev (1968: 379) makes it clear that MSS 5–8 were all written between 1865 and 1870. This MS includes:

(i) references to Marx's extract books, and further quotation, for Part I of Volume II;

(ii) elaboration of specific points, particularly concerning Smith's views on fixed and circulating capital and the source of profit;

(iii) exposition of the relation between the rate of surplus-value and the rate of profit.

7 'Manuscript IV' sometime between 1865 and 1870 An 'elaboration, ready for press, of Part I and the first chapter of Part II of Book II' (Engels, 1885a).

8 'Manuscript II' 1870 'The only somewhat complete elaboration of Book II'. Of this MS, Marx says in his notes for the final editing, 'the second elaboration' (the first being 5) 'must be used as the basis' (Engels, 1885a).

9 *The relation of the rate of surplus-value to the rate of profit* May–August 1875

The title is Marx's. The topic is treated entirely in mathematical equations. Engels used an edited summary of this prepared by Samuel Moore as the basis for ch. III of vol. III.

10 Differential rent and rent as mere interest on capital incorporated in the soil' (fragment) February 1876 Engels employed this in Ch. XLIV of vol. III (1865a: 745f).

11 'Manuscript V' March 1877 onwards
56 folio pages. A new elaboration of vol. II, covering the first four chapters only. According to Engels, this MS 'is still little worked out. Essential points are treated in footnotes. The material is collected rather than sifted, but it is the last complete presentation of this, the most important section of Part I' (Engels, 1885a).

12 'Manuscript VI' October 1877–July 1878
17 quarto pages. First attempt to prepare from MS V a text ready for press, covering the greater part of Ch. I of vol. II.

13 'Manuscript VII' dated by Marx 2 July 1878
7 folio pages. Second and last attempt to prepare vol. II for press.

14 'Manuscript VIII' undated by Engels, but presumably after MS VII

A revision of Part III and Part II, Ch. XVII of vol. II as originally treated in MS II, amounting to 70 quarto pages. Engels comments: 'the logical sequence is frequently interrupted, the treatment of the subject gappy in places and very fragmentary, especially the conclusion. But what Marx intended to say on the subject is said there, somehow or other' (1885a).

15 ('a fresh version of Part III, "The law of the tendency of the rate of profit to fall", for Book III' (Fedoseyev, 1968: 378)) 1880
Engels does not mention this MS, and claims to have written Part III of vol. III from Marx's original 1863–5 draft. Fedoseyev tells us neither whether this MS was known to Engels nor whether he in fact did use it in preparing vol. III.

16 (Revised drafts of vol. III, Ch. I)
Engels (1894b) mentions two such, each 8 folio pages. He does not date them, but used them as the basis for the relevant chapter.

With the exception of isolated passages from Marx's copious excerpt books, which Engels footnotes when they occur, the above MSS 2, 3, 5–14, 16, and possibly 15 formed the basis from which Engels wove together vols II and III of *Capital*, and Kautsky, and subsequently the editors of the edition used here, vol. IV (*Theories of Surplus Value*). Vol. II was first published in 1885, vol. III in 1894. Lukacs (1978: 36n) reports a conversation with Riazanov, the MEGA editor, in the 1930s, in which the latter told him that if published in full, the MSS of *Capital* would amount to ten vols.

Marx himself, of course, prepared *Capital* I for press. The first German edition appeared in 1867. The Russian edition of 1872 contained minor additions and revisions, though Marx had originally planned more extensive changes in his original first chapter (which corresponds to

Part I of later editions). The second German edition of 1871–2 carried through a wholesale restructuring: instead of the six large chapters of the original, Marx now divided *Capital* into seven parts and 25 chapters, and subdivided the chapters into subsections. The new Part I was wholly rewritten, incorporating the 'popularised' discussion of the value-form (1867c) which Marx had appendicised in the first German edition. Marx's original Ch. I and Appendix have recently been made available in English (1867b, c). The French edition (1872–5, published in parts) contained further changes (occasioned initially by Marx's dissatisfaction with Roy's translation). This comprised 8 parts and 33 chapters, Ch. 24 of the second German edition ('The so-called primitive accumulation') now forming a separate Part VIII. In connection with a second Russian edition, Marx informed his translator that 'I wish the *division into chapters* – and the same holds good for the *subdivisions* – to be made according to the French edition' and further urged him 'to compare always carefully the second German edition with the French one, since the latter contains many important changes and additions' (cit. Fedoseyev, 1968: 374). In his 'Afterword' to the French edition Marx similarly asserts it to possess 'a scientific value independent of the original' and suggests that it 'should be consulted even by readers familiar with German' (1875b).

Engels, who edited the third (1883) and fourth (1890) German editions revised it in accordance with the French edition and various directions found in Marx's manuscripts (for details, see his 1883a and 1890a). The fourth German edition is therefore usually taken as authoritative.

The first English edition of *Capital*, translated by Samuel Moore and Edward Aveling from the third German edition, appeared in 1887. Other English translations have followed: for details, see Bibliography and for further information on the various editions of *Capital* I, see Uroeva, 1969.

NOTES

Chapter 1

1 Considered as, I stress, an exposition of *principles*. Regarding its substantive sections, Engels was later to write that they proved 'only how incomplete our knowledge of economic history was at that time' (1886b: 2-3). See further this ch., n13. It is worth noting that *The German Ideology*, together with the bulk of Marx's 'early work', was available neither to the marxists of the Second International nor to Lenin, who between them did much to establish a view of Marx's materialism very different from that taken here. It was only published in 1932.

2 This empirical criterion is likewise insisted on in *ibid.* 36, 38, 40.

3 Marx reiterated this view as late as 1880: '... in no sense do men begin by "standing in this theoretical relation to *things of the external world*". They begin like every animal, by eating, drinking, etc., i.e., not by "standing" in a relation but by *actively responding* ... (i.e. they begin with production.) ... At a certain level of development ... they reach the stage of linguistic baptism for the whole class of these things distinguished from the rest of the world experientially ... But this linguistic designation merely expresses as an image (*Vorstellung*) what repeated confirmation had made an experience' (1880: 46). This powerfully echoes Marx's ridicule of Stirner over the same point thirty-five years previously (1846a: 126f).

4 See, e.g., his 1886b: 39-40 and *passim*. McLellan, 1969, clarifies the different trajectories of the young Marx and the young Engels in respect of the Young Hegelians. Althusser, 1962, 1963; Godelier, 1964, 1970; and Nicolaus, 1973: III discuss the inversion issue. On the older Engels more generally see Coulter, 1971; Hodges, 1965; and Jones, 1973; but cf Timpanaro, 1974.

5 Such would include the materialism of the later Engels, of Plekhanov (see, e.g., his *Prefaces* and *Notes* to Engels, 1886b, or his 1895), or of Lenin's *Materialism and Empiriocriticism* (1908). Lenin, of course, was radically to revise his materialism in his *Philosophical Notebooks* (1916); for short discussions see Lowy, 1976, or Corrigan *et al*, 1978a. Colletti, 1968, provides valuable commentary upon and criticism of materialism as understood within Second International marxism; cf Lukacs, 1924, 1925; Gramsci, 1934: 419f; Goldmann, 1971.

6 E. P. Thompson quotes Alasdair MacIntyre to good effect on this

and related matters: 'As Marx depicts it the relation between basis and superstructure is fundamentally not only not mechanical, it is not even causal. What may be misleading here is Marx's Hegelian vocabulary. Marx certainly talks of the basis "determining" the superstructure and of a "correspondence" between them. But the reader of Hegel's *Logic* will know that what Marx envisages is something to be understood in terms of the way in which the nature of the concept of a given class, e.g., may determine the concept of membership of that class . . . Creating the basis you create the superstructure. These are not two activities but one' (Thompson, 1973, n20). Thompson himself argues a related thesis; so do I (Sayer, 1975a, Corrigan *et al.*, 1978a, ch. 1) via a notion of internal relations, though I take this as sufficient ground for abandoning 'classical' base superstructure models entirely. Ollman, 1971, Part I shows the importance of internal relations in Marx's analyses; I think he is wrong, however, in ascribing to Marx an elaborated *metaphysic* of internality. Marx's claims to entailment are empirical ones.

7 'Because M. Proudhon places eternal ideas, the categories of pure reason, on the one side and human beings and their practical life, which according to him is the application of these categories, on the other, one finds with him from the beginning a *dualism* between life and ideas, between soul and body, a dualism which recurs in many forms. You can see how this antagonism is nothing but the incapacity of M. Proudhon to understand the profane origin and the profane history of the categories which he deifies.' (1846b: 192) cf 1847a, Ch. 2, section 1.

8 Marx's 1844c is indicative both of his initial enthusiasm for Feuerbach and a major issue on which he was subsequently to find the latter wanting ('what is this (the concept of the human species) but the concept of *society*?'). His evolving criticisms can be traced through his 1844a: 232, 328 to his 1845 and 1846a: 54f, 104f, 256f; his mature judgment is given in his 1865c. Engels was if anything even more enthusiastic; see 1844b: 92-4 (the relevant section being Engels's) and the retrospective judgments in his 1886b. McLellan, 1969: 101-16 contains an excellent discussion of the evolution of Marx's attitude towards Feuerbach and the differences between his position and Engels's. Colletti, 1974, argues relatedly that despite his obvious debts Marx never worked inside a Feuerbachian problematic, as Althusser, 1961, contends.

9 Colletti's discussion of teleology and causation in his 1968: 62-72 explores some of the implications of this, against the materialism of Second International marxism (see n5 above).

10 The interpretation of Marx's theory of ideology advanced here is closely related (and indebted) to that developed in Geras, 1971; Cohen, 1972; and Mepham, 1972, notwithstanding differences of emphasis and/or detail. Due acknowledgement must also be made to the relevant sections of Godelier, 1964; his 1973, Parts IV and V, contains stimulating analyses of ideology in 'primitive' societies which seek to embody the principles argued for here (cf Sayer, 1977). See further, this ch. n12, 13, Ch 2, n1, below.

11 Some of Marx's formulations, when taken out of context, could be used to support an 'indoctrination' thesis, notably the famous passage which begins 'The ideas of the ruling class are in every epoch the ruling ideas' and continues *inter alia* 'the class which has the material means of production at its disposal, has control at the same time over the means of mental production so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it' (1846a: 61). What is usually overlooked is how the passage continues: 'The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance' — a position thoroughly consonant with that developed here. Together with the studies cited in n10 above, the next two chapters will more than adequately demonstrate the pains Marx took to emphasise the experiential basis of ideological subordination.

12 Mepham's formulation (1972) of ideology as working *within limits* is an apt one. Elsewhere (Corrigan and Sayer, 1975) I have argued that working-class consciousness is typically *contradictory*; framed, in other words, by contradictory experiences. Not to recognise this would render revolutions exceedingly difficult to explain, and politically would have the effect of requiring bourgeois intellectuals, as bearers of 'correct theory', to play the role of a revolutionary *deus ex machina*. This view was Kautsky's, and as accepted by Lenin in his *What is to be done?* (1902: 383-4) underpins the classical Leninist conception of the Party (cf Corrigan *et al.*, 1978a, Ch. 2). Mao Tsetung's *On Practice* (1937a) argues a theory of consciousness (and an implicit appearance/essence distinction) closer to Marx's as interpreted here, and this sustains a 'mass line' understanding of Party work which differs fundamentally from that of *What is to be done?* Corrigan *et al.*, 1978b, discusses these contrasts at length.

13 Mepham (1972) posits a radical break between the camera obscura model of ideology in *The German Ideology* and the phenomenal forms/essential relations paradigm in *Capital*. Whilst the latter is certainly more sophisticated, I believe this opposition to be exaggerated. In the former text, the *distance* of petty-bourgeois intellectuals from production (Marx says we must explain from 'their practical position in life, their job, and the division of labour' — 1846a: 65) is crucial to the explanation of the inanity of their ideologies. There is no evidence that Marx ever relinquished this view. In *Capital*, on the other hand, it is ideologies grounded in the phenomenal forms of production *itself* Marx is concerned to explain. In both cases the principles of explanation are materialist, i.e., proceed from experience; the shifts in Marx's emphasis, I believe, can largely be accounted for by the differences in the *ideologies* considered.

14 The terms 'phenomenal form' and 'essential relation' are used, *inter alia*, in 1867a: 537. Synonyms include: 'accomplished phenomena'/'internal machinery' (1878a: 220); 'surface of the phenomenon'/'invisible and unknown essence' (1865a: 43); 'visible, merely external movement'/'true intrinsic movement' (ibid. 313); 'outward appearances'/'

'internal relationships', 'essence of things' (ibid. 817); 'phenomena'/'hidden substratum' (1867a: 542); 'form of manifestation'/'inner connection' (1867e).

15 I include here *Theories of Surplus Value*. For information on the place of this in Marx's conception, see 1863a, editorial preface, and my appendix below.

16 Cohen, 1972, rightly stresses this point; the alleged universality of ideology (and thus the need, even under communism, for a caste of Marxist 'scientists' to manufacture correctly socialist ideology for the proletariat . . .) is one of the more objectionable features of Althusser's earlier work. See his 1965: 231f.

17 Amongst others, 1863c: 484; 1865a: 790f; 1865b: 50–2; 1867a: 77, 236f, 539–40, 568f.

18 As Lenin asserts in his 1902. See above, n12.

Chapter 2

1 1867a: 52. Mephram's commentary makes it clear that the analogy is more than merely poetic: 'The conditions for the production of ideology are the conditions for the production of a language, and can only be understood by reference to the structure of forms and social practices which systematically enter into the production of particular concepts and propositions in that language. Ideology is not a collection of discrete falsehoods but a matrix of thought firmly grounded in the forms of our social life and organised within a set of interdependent categories. We are not aware of these systematically generative interconnections because our awareness is organised through them . . . The puzzle of money is especially like the puzzle of language' (1972).

2 My exposition generally follows that of 1867a, ch. 1. But cf 1867b and c, and Marx's polemic against Bailey in his 1863c: 133f, for clarification of the value/value-form distinction and 1868b for a succinct justification of the labour theory of value which is stated, rather less explicitly, only at the end of *Capital's* exposition (Ch. 1 section 4). See also 1859b, Ch. 1. I found Rubin, 1928, and Colletti, 1968: 76–92 by far the best secondary discussions.

3 Note that Marx's concept of utility refers to features of the *product*. It therefore differs from that of neo-classical economics in which utility is defined relative to the preferences of the *consumer*. An implication is that many of Marx's objections to the utility theories of value of his day do not apply directly to modern economics.

4 I discuss the value-form in detail below. Its essence, briefly, is that the *value* of one commodity (say of *x* commodity *A*) is expressed in the form of a *physical quantity* of another of equal value (say *y* commodity *B*). Price (the money-form) is merely an extension of this whereby *one* commodity becomes the *sole* medium in which all others express their value. On Marx's theory of money more generally see Brunhoff, 1976; Rosdolsky, 1968, Part II.

5 In *Capital* Marx defines socially necessary labour-time as 'that required to produce an article under the normal conditions of pro-

duction and with the average degree of skill and intensity prevalent at that time' (1867a: 39). This conflicts with earlier formulations, e.g. 'what determines value is not the time taken to produce a thing but the *minimum* time it could possibly be produced in, and this minimum is ascertained by competition' (1847a: 66). Were this true we could not account for surplus-profit or in consequence rent; see below, pp. 49–53. In fact competition will tend constantly to depress the average *towards* the minimum, but value as such will not fall until improvements in productivity have been suitably generalised. On the mechanisms involved, see, *inter alia*, 1867a: 316f.

6 The foregoing, as Marx initially presents it in *Capital*, appears to rely at the crucial point on mere argument by elimination; and a neo-classical economist, for instance, might reasonably object that utility (as he conceives it – see n3 above) equally well fits Marx's formal requirement of quantitative commensurability. We should note, therefore, that Marx offers a different, and arguably much stronger justification for reducing value to labour-time later in the same chapter (section 4) and especially in 1868b. I discuss this below (pp. 20–23) in connection with the concept of abstract labour. I follow Marx's own order of exposition here because the concepts necessary to present this second case adequately have yet to be developed.

7 cf 1867a: 95. Marx was extremely critical of purely conventionalist ideas of value; see his discussion of 18th-century theories, ibid. 90–1. Engels, 1894c, attempts a somewhat confused and hesitant defence of Marx's realism against Sombard and Schmidt. The point is linked to the question of the status and reference of the concept of abstract labour, which I discuss immediately below.

8 'In order to express the value of the linen as a congelation of human labour, that value must be expressed as having objective existence, as being a something materially different from the linen itself, and yet a something common to the linen and all other commodities' (1867a: 51; cf 65).

9 A striking application of this distinction to illuminate one of the most trenchant problems in Adam Smith's work can be seen in 1878a: 381. For an outline of the problem itself and fuller reference to its discussion see n28 below.

10 What immediately follows owes much to Rubin, 1928; and Colletti, 1968: 76–92. Rubin's book is in my view one of the best ever written on Marx. For those who have never come across him, Isaac Rubin perished in one of Stalin's camps, to which he was sent for alleged Hegelian deviations and Menshevizing tendencies.

11 I do not elaborate Rubin's careful three-fold distinction between physiologically equal labour, social equalised labour, and abstract labour here, though I would in general adhere to it. For present purposes such fine detail is not required.

12 Marxists have on occasion implicitly held this; Kautsky, for instance, blithely transferred Marx's distinction between 'The Two-fold Character of the Labour embodied in Commodities' (1867a: 41) to 'all the productive activities carried on by men' (cit. Rubin,

1928: 132). Below I argue that such illegitimate universalisation of historical categories is a core component of fetishism. Elsewhere (Corrigan *et al.*, 1978a) I have identified related universalisations of the historical as basic to the Second International's and the Bolsheviks' conceptions of production, and sought to show that when embodied in strategies for socialist construction their result has been the systematic replication of certain social relations which are in fact capitalist and thus slow the emancipation of labour. These points are therefore far from merely academic in implication. See, relatedly, Bettelheim, 1972, 1973 chs 3 and 4.

13 Bohm-Bawerk's critique started from here; see his 1896. Bernstein's 'revision' of Marx was not uninfluenced either by this text or its attack on the concept of abstract labour; see Colletti, 1968: 81f. The new revisionism of the British (ex-) Althusserians likewise relies heavily on Bohm-Bawerk and rejects Marx's social realism; see Cutler *et al.*, 1977. I have commented at length on the Althusserians' distortion of Marx in my 1978.

14 Marx occasionally uses Crusoe's experiences for didactic purposes, as in 1867a: 76–7. But he was implacably opposed to a *methodology* which began from a hypothetical Robinson; see 1857: 83–5, and Engel's sustained attack on Dühring's resort to the device in his 1894a, Part II; cf Marx's similar points against Wagner in 1880: 45f.

15 See 1859b: 33f; 1867a: 76f.

16 Contrary to a widespread impression Marx by no means ignored supply and demand. It is basic to his account of how market-prices are forced to equilibrate around values (or, in capitalism, prices of production), and hence is precisely the mechanism through which the law of value is enforced in commodity production. Marx merely held that price-levels at equilibrium had to be explained independently of supply and demand since *ex hypothesi* here the latter would cancel one another out. His most extended discussion of the issue is in 1865a, Ch. X; see also Chs XXI and XXII, in connection with the rate of interest.

17 In a model competitive (as opposed to statist and oligopolistic) capitalism such adjustments occur only via periodic crises, whose possibility is given once supply and demand are thus divorced. See 1863b, Ch. XVII.

18 In *simple* commodity production natural price = value. In a *capitalist* economy however natural price $\neq$ value, though its level is still governed by the law of value. I discuss this below, pp 47–8, 127. We can abstract from this complication here (as does Marx in *Capital* I).

19 See 1858a: 173–4; 1859b: 153f.

20 As I show immediately below the money-form is distinguished precisely by the social sanctioning of a *particular* commodity to play the equivalent role in *all* transactions. See 1867a: 70.

21 I develop this primarily because of its importance for Marx's analysis of fetishism in theories of value not considered directly here. Thus for instance both Petty and the Physiocrats went some way to reducing value to labour; but both restricted the capacity for producing value to specific forms of *useful* labour, the Physiocrats agricultural labour, Petty (at times at least) the labour which produced precious

metals. In both cases Marx held the inversions implicit in the value-form responsible for the illusions. He writes of Petty for example that 'he accepts exchange-value as it *appears* in the exchange of commodities, i.e., as money, and money as an existing commodity, as gold and silver. Caught up in the ideas of the Monetary System, he asserts that the labour which determines exchange-value is the particular kind of concrete labour by which gold and silver is extracted' (1859b: 54; but cf 1863a: 181, 354f on the more scientific tendencies in Petty's work). On the Physiocrats see 1863a, Ch. II.

22 Private labour *per se* is a historical category. The point here is that it is a particular *useful kind* of private labour, i.e., labour in its natural-form, which plays this representational role.

23 Marx asserts that analysis of the elementary form alone will lead us to conclude that 'the form of expression of the value of a commodity originates in the nature of value, and not that value and its magnitude originate in the mode of their expression as exchange-value' (1867a: 60). I would dispute this; both of the arguments for the labour theory of value considered above depart from the presupposition of a commodity-producing *economy* rather than isolated exchanges, and Marx gives no good reason why exchange-values should express labour-times outside that context.

24 Marx uses the concept of productive labour in both a trans-historical and a historical sense: productive of use-values; and productive of surplus-value. See 1863a, Ch. IV and Addenda; 1867a: 508–9. Clearly the latter is intended here.

25 The polemic over the status of the concept of alienation in Marx lies outside the province of this study. Colletti, 1974 (with whose judgment on the issue I would generally concur) nonetheless argues some important *methodological* parallels between Marx's 'early' and 'late' writings which are pertinent here. He claims, centrally, that both seek to demystify the apparent independence of what are in fact humanly constructed social forms via the method of a critique. I agree; much of what is argued below (Part II) regarding Marx's critique of economic forms applies *mutatis mutandis* to his admittedly less developed early critiques of religion and the State. 1843a in particular is a much undervalued methodological resource.

26 'The private producers only enter into social contact for the first time through their private products: objects. The *social relationships* of their labours *are* and *appear* consequently not as immediately social relationships of persons in their labours, but as *objectified relationships* of persons, or *social relationships of objects*' (1867b: 37). 'The labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers. To the latter, therefore, the relations connecting the labour of one individual with that of the rest appear, not as direct social relations between individuals at work, but as *what they really are*, material relations between persons and social relations between things' (1867a: 73, *italics mine*).

27 Marx describes the Mercantile System as 'merely a variant of'

the Monetary System in 1859b: 158, and habitually treats the two together. There is no systematic critique of either in his work in any way comparable to that of later political economy, and what follows is reconstituted from scattered observations in the 1859 *Critique, Capital*, and *Theories of Surplus Value*. See, *inter alia*, 1859b: 52–4, 157–9; 1863a: 41–3, 49, 66, 153–5, 173–4, 178–9, 283, 302–4; the discussion of Ganilh, whom Marx regards as a neo-Mercantilist, *ibid.* 203f; 1865a: 337, 784; 1867a: 60–1, 82.

28 'Value exists only in articles of utility, in objects . . . if therefore an article loses its utility, it also loses its value' (1867a: 202). The exception is where consumption is *productive*: 'The reason why means of production do not lose their value, at the same time that they lose their use-value, is this: they lose in the labour-process the original form of their use-value, only to assume in the product the form of a new use-value' (*ibid.*). In productive consumption the value of means of production is thus transferred to the product; see below, pp 44–47. Much hangs on this point, especially when it comes to reproduction. See e.g. Marx's detailed criticisms of Adam Smith in 1863a, ch. III, sections 6–8, and 1878a, Ch. XIX, section II and Ch. XX, section IX. These points are relevant to the basis of the trinity formula considered in Ch. 3 below. Briefly, Marx argues (1) that Smith overlooks this transferred value (*c*) and in consequence confuses the value produced annually ($v + s$) with the value of the annual product ($c + v + s$), reducing the latter to the former. This derives from a failure to distinguish concrete and abstract labour; for while the value created annually by the useful labour done during that period is equal to $v + s$, the value of the annual product includes the abstract labour *previously* materialised in the consumed means of production. (2) Owing to the fact that $v + s$ is equal to the revenues of the classes in capitalist society (v = wages, s = rent, profit and interest) it is then possible for Smith to argue that the value of the annual product is *constituted* by the summation of these revenues. This lays the foundations for the trinity formula.

29 Marx makes this clear in many places. See *inter alia* 1863a: 45; 1863c: 471–2, 490–1; 1865a: 879f; 1865b, section VII; 1867a, Ch. VI; 1878a: 119–20, 357, 389.

30 See 1858a, 'Chapter on Money'; 1859b, Ch. 2; 1867a, Ch. III; Brunhoff, 1976; Rosdolsky, 1968, Part II.

31 'Once for all may I here state, that by classical Political Economy, I understand that economy which, since the time of W. Petty, has investigated the real relations of production in bourgeois society, in contradistinction to vulgar economy, which deals with appearances only, ruminates without ceasing on the materials long since provided by scientific economy, and there seeks plausible explanations of the most obtrusive phenomena, for bourgeois daily use, but for the rest, confines itself to systematising in a pedantic way, and proclaiming for everlasting truths, the trite ideas held by the self-complacent bourgeoisie with regard to their own world, to them the best of all possible worlds' (1867a: 80n); cf 1863c: 498–502; 1873.

32 Bailey is discussed in 1863c: 133f; the *Observations* (which Marx

accused Bailey of plagiarising) in *ibid.* 39–40, 110–17, 125–32, as well as during the polemic against Bailey himself.

33 According to Marx 'Ricardo often gives the impression, and indeed sometimes writes, as if the quantity of labour is the solution to the false, or falsely conceived problem of an "invariable measure of value"' (1863c: 137); so Bailey's interpretation was not wholly unreasonable. Bailey was further aided by Ricardo's manifest inability to reconcile his theory of value with the empirical realities of price levels, for (unlike Marx) he asserted that the law of value held *directly* within capitalist production. Marx was just as critical of Ricardo here, though he drew very different conclusions; see below, pp 126–130.

34 This point is crucial to the theory of surplus-value (and *a fortiori* Marx's entire analysis of capitalist production), for this theory hinges on the proposition that it is not labour-time as such but labour-power which the worker sells the capitalist. See below, pp 44–45. Engels, 1891a, contains a succinct resume of the problems entailed in seeing labour as a commodity. Only *products* of labour can be commodities.

35 Bailey was in fact far from consistent, varying between seeing value as merely 'the esteem in which an object is held' and seeking to explain this esteem in terms of objective features of the product, as in the passages I have quoted in the text. It is the latter Marx attacks as fetishistic.

Chapter 3

1 These are the defining classes of capitalist production, capitalists and wage-labourers because their relation is its pre-supposition (see references given in Ch. 2 n29 above) and landlords because private property in the means of production is a further presupposition and land is such a means. Marx however allows the theoretical possibility that the landlord class might be dispensed with by the State owning all land on behalf of the bourgeoisie, as e.g. Ricardo wished; see 1863b: 44–5, 152–3; 1863c: 360, 472. In general, of course, we will normally be dealing empirically not with modes of production *simpliciter* but with *social formations* in which two or more modes with their component classes are combined. Marx's historical analyses of capitalist *societies* therefore differentiate far more than these three classes, and moreover distinguish multiple class fractions within them; see e.g. 1850a, 1852a, 1871a,b,c.

2 This confusion and its relation to the trinity formula are outlined and referenced in Ch. 2, n28 above.

3 Marx is insistent on this distinction, not least because of its implications for socialist construction: see the first point he makes in the *Critique of the Gotha Programme* (1875a: 8–11), and, more generally, his remarks on the increasing anachronism of labour as a standard of value as capitalism develops the potentialities of technology as a producer of wealth, in the *Grundrisse*'s celebrated discussion of machinery (1858a: 704f). Both serve to emphasise that Marx's theory of value was in no sense a *moral* one.

4 For reference see Ch. 2, n29 above.

5 Generous because for Marx the capitalist will always attempt to buy labour-power (and indeed all his elements of production) as cheaply as he can, i.e. below its value; see 1878a: 513. Whether he succeeds will depend mainly on considerations of supply and demand.

6 Marx's most careful exposition of the theory of surplus-value is in 1867a, chs IV-VII. For shorter accounts see 1847b (as updated by Engels), 1865b, sections VI-X, and Engels, 1891a.

7 Subsistence is clearly subject to a physiologically determined minimum. But further, 'the number and extent of (the labourer's) so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development . . . In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known' (1867a: 171; cf 1865a: 859). Marx had earlier adhered to the Ricardian theory of wages, in which subsistence is equated with a physiological minimum, and this level maintained by competition *simpliciter*; the change in his conception of subsistence is thus bound up with his realisation that it is labour-power rather than labour which the labourer sells the capitalist. On Marx's shifts and their implications for the interpretation of his doctrine of immiseration, see Mandel, 1967; Rosdolsky, 1968, Appendix to Ch. 20.

8 After capital has gone through one circuit the value of its variable outlay will have been destroyed along with the means of subsistence it went to purchase, but an equivalent value will have been produced anew by labour during necessary labour-time. Hence for the following circuit labour will be paid with a portion of its own product. The reproduction of the labour/capital relation through the process of capitalist production itself is brilliantly described in 1858a: 450f; see also 1867a, chs XXIII and XXIV. Marx in principle distinguishes the 'historic presuppositions' of capital (i.e. here where the initial variable outlay comes from) from those which capitalism in operation 'in and by itself, posits', contending that 'once this separation (of labour from the means of production) is given, the production process can only produce it anew, reproduce it, and reproduce it on an expanded scale' (1858a: 459-61). The latter are explained by the internal relations of capitalist production, the former by the class struggles in which these relations were first forged. On these class struggles see 1867a, Part VIII. In both cases Marx rejects the bourgeois myth that the capitalist's 'abstinence' is the source of his capital.

9 See above, Ch. 2, n28.

10 Marx sees this quantity increasing with the technical sophistication of capitalist production (see 1867a: 592, 623f).

11 This concept is a problematic one. Marx defines organic composition of capital as 'the value-composition of capital, inasmuch as it is determined by, and reflects, its technical composition' (1865a: 145-6; cf 1867a: 612). The problem lies in the 'inasmuch as . . . ' *Technical*

composition of capital is a *physical* relationship between quantities of means of production and labour-power, *value-composition* the relationship between the *values* of these elements. *Prima facie* we would not expect these ratios to be correlated, since the first is determined by the productivity of labour in the sector in which the relevant means are *consumed* and the second determined by productivity in the sectors in which they and the labourer's means of subsistence are *produced*. Marx sometimes recognises this (e.g. 1863b: 379-84; 1865a: 145, 765-6), but elsewhere asserts that 'change in the technical composition of capital . . . is reflected . . . in its value-composition . . . but in smaller degree' (1867a: 622-3). The confusion has a direct bearing on his thesis of a progressive long-term decline in the rate of profit.

His argument for this, briefly, runs as follows:

- (1) Capitalism has an inbuilt tendency to increase relative surplus-value by raising the productivity of labour;
- (2) This implies a rise in c/v ;
- (3) *Ceteris paribus* $s/(c + v)$ will therefore fall.

Now, (2) follows from (1) and (1) alone only in so far as c/v is conceived technically; but (3) follows from (2) only if c/v is conceived as a *value* relation — like $s/(c + v)$. (3) is therefore not directly entailed in (1). Let me expand.

For any given capital (1) certainly implies progressive rise in its technical composition; for rising productivity is expressed precisely by the increasing number of means of production a labourer can productively consume in a given period. But this would entail an equivalent rise in that capital's *value-composition* if and only if there were no accompanying rise in productivity in the industries in which its means of production are produced. (3) in other words follows from (2) only on the *ceteris paribus* condition. The problem, however, is that (1) precisely *negates* this condition for it applies *a fortiori* to the production of means of production. We cannot therefore simply write off cheapening of the elements of constant capital as a mere 'counteracting influence' to the secular tendency of the rate of profit to decline, as does Marx (see 1865a: 236); it follows from (1), just as necessarily as (2) itself does. To prove such a secular tendency Marx would have to show that throughout the economy as a whole, productivity will rise *faster* in Department II (production of means of consumption) than Department I (production of means of production). This cannot, however, be inferred from (1) alone.

In this text organic composition is used to mean value-composition pure and simple unless otherwise stated.

12 See n8 above.

13 Marx develops this argument at length in 1865a, Parts I and II.

14 I develop these concepts as Marx employs them in *Capital* III. In his (earlier) *Theories of Surplus Value* his terminology differs. There, he uses *cost-price* to describe what he here calls *price of production*, and terms the latter *average price*. For fuller details see 1863a: 477, n34 and n35.

15 The points developed in Ch. 2 n16 concerning equilibration of market-prices around values in simple commodity production apply *mutatis mutandis* to prices of production in capitalism.

16 This is the type of rent Marx discusses in *Capital* III. Engels, 1873, discusses rent on workers' living accommodation; Marx never does. This rent too, however, would represent a deduction from surplus-value inasmuch as it would enter into the costs of production of labour-power, thus increasing v at the expense of s .

17 Marx claims that 'if the average composition of agricultural capital were equal to, or higher than, that of the average social capital, then absolute rent . . . would disappear' (1865a: 765). Absolute rent can be defined to make this true (as the difference between market-prices and prices of production of the products of the worst land in so far as this lies within the difference between prices of production and values) but *prima facie* this seems a pointless and artificial procedure. Except as such a tautology, however, this claim would seem a highly dubious one.

Though Marx might see the source of absolute rent as the excess of value over price of production, his explanation for the landlord's ability to charge it lies in his being able to keep market-prices above prices of production by withholding land from the market and thus maintaining a permanent shortage of supply of agricultural goods relative to demand. Now on the face of it he can do this *whatever* the organic composition of capital, since its presupposition is simply the monopoly of land by one class. If market-prices were artificially maintained above values, then the resulting rent would still be a transmuted form of surplus-value; the landlord would merely be appropriating surplus-value produced in other sectors, via a decrease in the average rate of profit, exactly as do capitals with an above average composition.

18 Marx notoriously fails to take this into account in his discussion of the alleged equalities of total prices and total value, and total (gross) profit and total surplus-value in *Capital* III (1865a, Ch. IX). He assumes, briefly, that for the total social capital:

- (1) $Z = C + V + S$ Where Z = total value, R = average rate
 (2) $R = S/(C + V)$ of profit, P = total prices of production,
 (3) $P = K + RK$ and C , V , S and K are used as in the text.
 (4) $K = C + V$

On these assumptions it is simple enough to derive:

- (5) $RK = S$
 (6) $P = Z$

To derive (5):

$$R = S/(C + V) \text{ (2); but } K = C + V \text{ (4); hence } R = S/K \text{ and } RK = S$$

To derive (6):

$$P = K + RK \text{ (3); but } K = C + V \text{ (4) and } RK = S \text{ (5); hence } P = C + V + S; \text{ but since } Z = C + V + S \text{ (1), } P = Z$$

But (4) is an unjustifiable assumption for if commodities sell at their prices of production it is these and not values which will determine K . In consequence both (5) and (6) must fall since (4) enters into the derivation of both.

This is the origin of the famous 'transformation problem'. For a reasonably simple outline of the problem and its best-known solution — that of Bortkiewicz — see Sweezy, 1942, Ch. VII.

19 See the ironic comments which close Ch. VI of *Capital* I; cf Nicolaus, 1973: 52.

20 See 1865a: 382f. Contrary to a widespread impression Marx long anticipated Bearle and Means in his assertion that 'Stock companies in general . . . have an increasing tendency to separate this work of management from the ownership of capital, be it self-owned or borrowed' (ibid. 387).

21 Marx draws an important parallel in the cited passage between this coincidence of functions and those of oppression and administration in the State (thereby making clear, *inter alia*, that the latter is not merely an instrument of class domination, and that its apparent representation of the general interest has a strong phenomenal basis). cf 1871a: 69; Corrigan *et al.*, 1977, 1978a: 7–13.

22 Marx stresses this with some force against Wagner; 1880: 53. This is consonant with the *Manifesto*'s famous panegyric to capitalism's historical achievements (1848a: 44f).

23 See n1 above.

24 Smith was ambivalent (at least in Marx's view). See Ch. 5 below.

Chapter 4

1 In addition to the many methodological comments in *Capital*, *Theories of Surplus Value*, and Marx's correspondence, some of which I discuss below, see especially 1846a, Part I; 1847a, Ch. 2, section 1; 1857; 1873; 1880. Many of Marx's pre-1845 comments on the errors of speculative philosophy are also, in my view at least, pertinent to an understanding of *Capital*: see particularly the first twenty or so pages of 1843a, the final section of 1844a, and 1844b, Ch. V section 2. Commentaries on Marx's method abound; see, amongst works cited in this book, relevant sections of Althusser, 1966; Althusser and Balibar, 1968; Avineri, 1968; Cohen, 1972; Colletti, 1968, 1973, 1975; Geras, 1971; Godelier, 1964; Howard and King, 1975; Hyppolite, 1969; Keat and Urry, 1975; Korsch, 1971a, b; Lefebvre, 1940; Lenin, 1916; Lukacs, 1922, 1978; Meek, 1973; Mepharm, 1972; Nicolaus, 1973; Ollman, 1971; Rosdolsky, 1968; Rubin, 1928; Schmidt, 1971; Sweezy, 1942. This list could obviously be greatly extended.

2 Notably by the Althusserians. Apart from *Capital* itself, the *General Introduction* is the most cited of Marx's texts in *Reading Capital*; but its opening section is hardly discussed at all.

3 See Appendix for details and further reference.

4 I use the terms raw materials and tools in their everyday senses rather than the technical ones Marx gives them in *Capital*; see 1867a: 181, 371f.

5 Productive, that is, of use-values. See above, Ch. 2 n24 on the senses of productive labour in Marx.

6 While few marxists accept these definitions as such, much recent

marxist literature has moved a long way towards them. As regards production relations, one of the few benefits of a decade of Althusserianism has been the recognition that the 'economic' invariably has 'non-economic' presuppositions (see Hindess and Hirst, 1975, 1977; cf my 1977). The Althusserians' persistence in regarding the latter as nonetheless *external* to production (on which basis some reject any thesis of the determinacy of the economic in the last instance) is however puzzling — one would have thought it both simpler and more in accord with Marx's own practice to reconstrue the 'economic' as *including* these so-called non-economic elements and reinterpret his claims for its primacy accordingly. In the empirical arena, marxists have frequently had to broaden their conceptions of production relations whether they have explicitly theorised this or not; among the more self-conscious of these are Godelier (1973; cf my 1977) in anthropology and Thompson (1965, 1973) in history. As regards productive forces, Balibar (Althusser and Balibar, 1968: 233f); Anderson (1974: 204f); and Bettelheim (1970, 1972, 1973 chs 3 and 4), to name only the most prominent, have all strongly argued the 'dominance' of production relations over productive forces as traditionally conceived; it is a small step from here to explicit recognition of such relations *as* productive forces. Bettelheim's later work, importantly, is largely based in an attempt to theorise historical experience in the People's Republic of China; there, the productive salience of social relations (in the widest sense) has long been recognised — see, *inter alia*, Mao, 1955, 1956a,b, and the texts in his 1977; *Three Major Struggles on China's Philosophical Front*, first essay; Corrigan *et al.*, 1978a,b; Sayers, 1977.

7 For a defence of the base/superstructure conception see Cohen, 1970.

8 I mean here the division of labour in the workshop, which Marx (1867a, Ch. XIV, section 4) distinguishes from the wider division of labour in society. Of course, no division of labour is merely technical; all technologies involve social relations. Beynon, 1973, is a good introduction to the refined brutality of the 'technical' division of labour in modern capitalist plants.

9 Prinz (1969) has recently attempted to downgrade this work of the grounds that its terminology, and in particular its singular lack of reference to class struggle, were designed to outwit the Prussian censors. This may be true; but it is also the case that the formulations in the *Preface* occur often enough elsewhere in Marx for us to be unable to dismiss them so easily.

10 Marx describes his shock in his 1859a. His *Rheinische Zeitung* articles are at last available in English (CW 1). 1843d: 343f, in particular, is extremely revealing; it amounts to a purely *phenomenological* confrontation of the empirical State Marx had lately discovered with its philosophical concept. Draper (1977, Book I, Part 1) is among the few to emphasise this crucial, and usually neglected moment in the development of Marx's thought.

11 I refer especially to his 1877a and 1881a, b, and the researches that occasioned them; and to his extensive reading of the anthropology of his day. See below, pp 86, 137–8.

12 Hindess and Hirst's rejection of this conclusion in their 1975 is accomplished by fiat. They arbitrarily drop Marx's (empirically realistic) assumption that here 'the direct labourer remains the "possessor" of the means of production and labour conditions necessary for the production of his own means of subsistence' (1865a: 790). But then on their own admission these *cognoscenti* hold the 'validity' of their (emphatically speculative) constructions to be independent of any and all empirical reference.

13 On a later period, but no less relevantly, see Corrigan, 1977.

14 I should stress that Stalin is *not* quoted here as a 'straw man'. His definition is in fact to be preferred over those of many of his contemporaries inasmuch as it *does* include 'production experience and labour skill'. Trotsky, for instance, is (consistently) adamant that 'Marxism sets out from the development of *technique* as the fundamental spring of progress ...' (1936: 45, italics mine). Corrigan *et al.*, 1978a explores the restrictions such conceptions have placed on the building of socialism in the USSR, and argues Stalin's relative progressiveness in that context.

15 Godelier, 1964, for instance, distinguishes class conflict and conflict between forces and relations as *separate* contradictions, and unsurprisingly has difficulty reconciling them without relapsing into technological determinism. For Marx, very simply, what made a *rising* class was that it *embodied* new productive forces.

16 The context of this acknowledgement is a polemic against Senior's apologia for non-productive parasites of capital (lawyers, priests, and so on) who, in Marx's own words, 'are useful and necessary only because of the faulty social relations — they owe their existence to social evils' (1863a: 289). This does not, however, in any way invalidate the acknowledgement of the influence of 'all human relations and functions' on production *as such*; it is merely to say that not all such influence is productively beneficial.

17 'Anyone . . . who sets out in this field to hunt down final and ultimate truths . . . will bring home but little, apart from platitudes and commonplaces of the sorriest kind; for example, that generally speaking man cannot live except by labour' (Engels, 1894a: 100).

18 I am indebted to Nicolaus's *Foreword* to his translation of the *Grundrisse* (1973) for the initial stimulus, at least, to the argument of this section and the next.

19 These, I think, tell against Rosdolsky's otherwise excellent commentary (1968). I argue below that *Capital* presents the social forms of capitalist production according to the order in which their underlying relations suppose one another. Thus there is, unsurprisingly, *some* overlap of the order in which the categories arose historically and the order in which they are expounded; but this is a contingent feature of Marx's presentation rather than its architectonic principle, as Rosdolsky argues. Althusser is right in denying any systematic correspondence between the two orders (including an 'inverted' one) (Althusser and Balibar, 1968: 46f) — though whether for the right reasons is another matter. Marx himself sharply distinguishes the analysis of capitalist relations and the investigation of how they emerged

historically (1858a: 460–1, quoted below, p 149), and specifically attacks Proudhon for attempting to develop the categories in a quasi-historical 'dialectical' manner. See 1847a: 110–1.

20 *Reading Capital* construes the distinction thus: "The 'mode of investigation' . . . is Marx's several years long concrete investigation into the existing documents and the facts they bear witness to: this investigation followed paths which disappear in their result, the knowledge of its object, the capitalist mode of production. The protocols of Marx's investigation are contained in part in his notebooks. But in *Capital* we find something quite different from the complex and varied procedures, the 'trials and errors' that every investigation contains and which express the peculiar logic of the process of the inventor's discovery at the level of his theoretical practice. In *Capital* we find a systematic presentation, an apodictic arrangement of the concepts in the form of that type of demonstrational discourse that Marx calls *analysis*' (Althusser and Balibar, 1968: 50). Leaving aside the unwarranted conflation of analysis and exposition, there are three things worth noting here. First, this is *all* Althusser's text has to say regarding Marx's method of investigation (and his British epigones say even less) – quite a lacuna for a text purporting to elucidate Marx's methodology. Second, what *is* said is disturbingly evasive; behind the rhetorical flourishes, there is more than an echo of the standard positivist contention that the procedures of scientific discovery are 'peculiar' to the individual 'inventor' and beyond any rational reconstruction. And third, having covered themselves with this caveat, Althusser and his acolytes merrily go on to act as if what Marx said about the presentation of scientific concepts *did* apply to their construction. I note this in the text. For Balibar's original programme, see *ibid.* Part III: for Hindess and Hirst's, their 1975 and 1977. Two of the reviews of the first edition of *Reading Capital*, Glucksmann, 1967, and Poulantzas, 1966, are still, in my view, the best critiques so far to have emerged. My 1978 contrasts Marx's epistemology and methodology with its Althusserian travesty at length.

21 For a full elaboration of these changes see Rosdolsky, 1968, Ch. 2; cf McLellan, 1971; Nicolaus, 1973. See further n23 below.

22 In the 1859 *Critique* Marx excludes use-value from the ambit of Political Economy except 'when it is itself a determinate form' (1859b: 28). In his Notes on Wagner, after observing that use-value plays a larger part in his own economics than it did in the systems of his predecessors, Marx stresses 'NB however . . . it is only ever taken into account where this springs from the analysis of given economic constellations (*Gestaltungen*)' (1880: 52).

23 It is worth noting here that amongst the phenomena Marx originally intended his analysis to recover were the State, international trade, and the world market, as the various plans cited in my text show. However, even when he first proposed his six-book plan (*Capital*, Landed Property, Wage Labour, The State, International Trade, World Market) Marx was clear that 'It is by no means my intention to work out evenly all six of the books . . . but rather, in the last three, to give

only the basic strokes' (cit. Nicolaus, 1973: 54–5). He informed Kugelman, in similar vein, that the volume 'capital in general' 'is the quintessence . . . and the development of what follows (with the exception perhaps of the relation of different forms of the state to the economic structures of society) could easily be accomplished by others on the basis of it' (cit. *ibid.* 59). Capital, wage labour, and landed property manifestly *are* treated in depth in *Capital*. McLellan's contention that 'Marx's work is *dramatically* incomplete and . . . the *Grundrisse* the most fundamental work that Marx ever wrote' (1971: 9) must therefore, I think, be severely qualified.

24 This is *strictly* a presentational device. I argue below that for Marx recovery of all relevant phenomena is a *sine qua non* of scientific analysis.

25 For further details, see the editorial *Preface* to 1863a.

Chapter 5

1 The relevant drafts are given in the French and German editions of the *Grundrisse* along with other material not included in the English translation.

2 For information on this MS see Engels, 1885a, Fedoseyev, 1968: 363–4, Rubel and Manale, 1975: 174f; and my appendix below.

3 1843a, of course, also bears the name *Kritik*. Colletti, 1974: 24f elaborates on the parallel between Marx's 'early' and 'late' critiques.

4 There can be no doubt of Marx's knowledge of Kant's system. His 1837b refers to his 'being nourished with the idealism of Kant and Fichte'; his doctoral dissertation briefly discusses Kant's critique of the ontological proof of the existence of God (1840: 104); and the *Rheinische Zeitung* articles contain occasional mentions of Kant, as does *The German Ideology*. See further, n7 below. Colletti, 1973, Ch. VIII contains the fullest discussion of the issue of influence.

5 As mentioned in the last note, Kant's first critique is touched upon in Marx's doctoral dissertation, but not in a connection relevant to the argument developed here.

6 See Engels, 1884a: 24–5, and 1886c: 5 on Marx's use of quotations and references; his 1885a, which defends Marx against the charge of plagiarism, and his 1890a are also pertinent to this issue.

7 In 1837 Marx penned an epigram on Hegel, but its sentiment equally applies to himself:

Kant and Fichte soar to heavens blue,
Seeking for some distant land,
I but seek to grasp profound and true,
That which – in the street I find (1837a).

More seriously, perhaps, see 1846a: 210f. The themes developed here were previously anticipated in a remark in Marx's *Rheinische Zeitung* piece 'The Philosophical Manifesto of the Historical School of Law': 'Kant's philosophy must be rightly regarded as the *German theory* of the French revolution' (1842a: 210). Subsequent references to Kant

(as e.g. in 1847a or 1865c) are few and far between and of little interest.

8 And in fact, Engels's assertion that 'the eternally unknowable thing-in-itself (was) the bit of Kant that least merited preservation' (1886a: 45, cf 241–2; 1894a: 71) would certainly have had Marx's sympathy. As early as in his preparatory notebooks for his doctoral dissertation Marx scathingly referred to the Kantians as 'as it were the appointed priests of ignorance, their daily business is to tell the beads over their own powerlessness and the power of things' (1839: 428–9).

9 Neither Plekhanov nor Lenin could have drawn on the *Dialectics of Nature* as such, however; it was not published until 1925.

10 Epistemologically we might have more problems; it is not things, but things as experienced (phenomena) which form our starting-point, and to concede this is to recognise that starting-point as linguistically mediated. To that extent Althusser (see his 1963) is correct in attributing to Marx a starting-point in everyday phenomenal discourses (which for Althusser are necessarily ideological) as opposed to 'real objects' *simpliciter*. This leads us into the problem of the relation of language and the world, which I do *not* propose to examine here. Suffice it to say that for Marx, this was not a problem. His materialism (*pace* Althusser) *posited* a strict correspondence between categories and their objects; hence for him, it made no difference which is considered the starting-point. Indeed, he habitually uses the terms category and relation (or, where relevant, form) interchangeably.

11 I say *prima facie* because of the potential deceptiveness of phenomenal discourse. What actually pertains to a given mode of production can only definitively be established at the close of Marx's analysis, when its essential relations have been unearthed.

12 This is not to say that transhistorical laws do not on occasion figure in the inference of particular relations. We saw in Ch. 2, for example, that an assumed transhistorical necessity for proportional labour-distribution was one premise in the inference of the labour theory of value. But it remains the case that we cannot straightforwardly *deduce* the historical from the transhistorical.

13 Realist objections to the sufficiency of induction as such are also relevant here. See, *inter alia*, Harre, 1970, Ch. 1, 1972: 43f.

14 See Keat and Urry, 1975. On realism more generally, see Bhaskar, 1975; Harre, 1970, 1972.

15 See his 1958a, b, 1960, 1961. I would like to signal a series of possibly very important resonances here, though I have by no means worked them out. First, there is, I think, a clear connection between the realist view of explanation as the elucidation of underlying (real) structures and mechanisms and the retroductive account of theory construction developed by Peirce and Hanson. Second, Harre, one of the primary modern exponents of realism, rightly stresses the Aristotelian ancestry of the latter (see his 1970). And third, Marx, to whom I ascribe both a realist view of explanation and a retroductive mode of theory construction, often uses patently Aristotelian formulations;

unsurprisingly, given that he regarded Aristotle as 'the great thinker who was the first to analyse so many *forms*' (1867a: 59, *italics mine*). Lubasz, 1977, is rare indeed in remarking this. To elucidate these congruences in Marx would, I believe, be of more than merely scholastic interest.

16 These notes, on, amongst others, Say, Smith, Ricardo, McCulloch, James Mill, Destutt de Tracy, Sismondi, Bentham, Boisguillebert, Lauderdale, Schütz, List, Skarbek and Buret represent Marx's first systematic reading of political economy. Unfortunately, only the notes on Mill are available in English (1844d). MEGA, I, 3, 411–583 gives the originals; Rubel, 1957a, 1959, extracts and commentary.

17 1859a. See above, Ch. 4, n10.

18 As virtually all commentators have noted, however, this text also anticipates Marx's later analysis of fetishism.

19 In Althusser and Balibar, 1968, Part I. Marx's insistence on eschewing violent abstraction in the analysis of essential relations is sufficient reply to the Althusserian claim that to situate essence in the real *necessarily* entails using a category of the phenomenally 'inessential'.

20 Marx charges Smith with inconsistency (1863a: 70) – unfairly, I think. Meek (1956: 71n) points out that for Smith the labour commanded by a good *always* served as a measure of its value; but whereas in precapitalist conditions this was identical with the labour it contained, in capitalism it was not. So Smith quite consistently restricted the law of value as Ricardo or Marx understood it to the former. See Smith, 1776, Ch. VI.

21 Marx elaborates on this in 1867a, Ch. XXIV, section 1.

22 For fuller details see above, Ch. 3, n14.

23 See above Ch. 3, n7.

24 Ricardo accomplishes this via a distinction between nominal wages, 'the number of pounds that may be annually paid to the labourer', and real wages, 'the number of days' work, necessary to obtain those pounds' (cit. 1863b: 401), thus defining the latter by the labour that the commodities they purchase command.

25 This is a variant of the confusion between external and immanent measures of value, discussed above in connection with Samuel Bailey.

26 I do not count Althusser's conception of empiricist (Althusser and Balibar, 1968, Part I) as conventional; in *that* sense, Marx was emphatically an empiricist, as I have argued in my 1978. Marx was not an empiricist, as the term is usually understood, in that he did not reduce the real to the sensibly perceptible.

27 My use of the notion of evidence here largely follows that in Keat and Urry, 1975, Ch. 2.

28 More likely the latter. Kuhn (1962) effectively demolishes the myth of simple one-off falsification. One does not discard otherwise good theories in the face of counter instances without first, trying to extend them, or second, having some equally useful alternative to put in their place.

29 It is widely accepted that this was intended as the finale to

vol. I, and the chapter on Wakefield was put where it was for the benefit of the censor. That Marx should choose to end a work of revolutionary theory with a clarion call is hardly surprising; but nor, I suppose, is his opponents' facile translation of it into a literal prediction.

30 The D-N scheme which follows is classically stated in Hempel and Oppenheim, 1948.

31 The laws in question of course, are in most cases valid strictly within the *historical* parameters determined by Marx's analytic.

32 See *inter alia* Bhaskar, 1975; Harre, 1970, 1972; Keat and Urry, 1975, chs 1 and 2.

BIBLIOGRAPHY

This bibliography is arranged as follows:

PART I KARL MARX AND FREDERICK ENGELS

1 Collections

A German

B English: Marx/Engels

C English: Marx

D English: Engels

2 Texts

A Marx/Marx and Engels

B Engels

PART II OTHER WORKS CONSULTED

In Part I, collections are identified by abbreviations (e.g. MSW, ET) and texts by date-codes (e.g. 1848a). Wherever possible I have endeavoured to give a variety of sources for each individual text. Where several sources are listed, references in my text and footnotes are always to the *first* source cited. Where no abbreviation is given for a collection, that collection has not been checked as a source for the individual texts itemised here. In Part II, texts are listed alphabetically under author (or, in the case of anonymous works, title).

Part I provides a reasonably full listing of Marx's major writings, and a scantier one of Engels's. Individual newspaper articles and letters, however, are cited only if I have referred to them directly in my own text. For further bibliographic information on Marx, see Draper, 1977; Evans, 1975; McLellan, 1973 and 1975; Nicolaievsky, 1933; Rubel, 1956 and 1960a; and Rubel and Manale, 1975 — all possess excellent bibliographies.

PART I KARL MARX AND FREDERICK ENGELS

1 Collections

A German

Historisch-Kritische-Gesamtausgabe. Werke-Briefe-Schriften. Ed. D. Riazanov, Frankfurt and Moscow, Marx-Engels Institute, 1927-36. 12 vols.

Abbreviations

MEGA

Marx-Engels Werke. Berlin, Dietz-Verlag 1956-68. 39 vols plus 2 supp. vols. Abbreviations MEW

B English: Marx/Engels

(a) General

Collected Works. Moscow: Progress; New York: International; London: Lawrence & Wishart, 1975 onwards. To comprise 50 vols. CW plus vol. no.

Selected Works in Three Volumes. Moscow: Progress, 1969-70. SWI, II, III

Selected Works in One Volume. Moscow: Progress, 1968. SW

Basic Writings on Politics and Philosophy. Ed. L. Feuer, London: Fontana, 1969. BW

(b) Correspondence

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The Essential Left (Marx, Engels, Lenin). London, Allen & Unwin, 1960. EL

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(a) General

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- D English: Engels
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ESW
 EMC
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- 1837a Epigram: 'On Hegel'. CW 1, 567–8.
 1837b Letter to Father, 10–11 Nov. CW 1. ET, YM. Extract, MSW.
 1839 Notebooks on Epicurean Philosophy. CW 1.
 1840 Difference between the Democritian and Epicurean Philosophy of Nature (doctoral dissertation). CW, 1. Alternative translation in N. Livergood *Marx's Philosophy of Nature*, the Hague, 1967. Extracts, MSW, YM.
 1842a The Philosophical Manifesto of the Historical School of Law. CW, 1. Extracts, ET.
 1842b Proceedings of the Sixth Rhine Province Assembly. 3rd Article. Debate on the Law on Thefts of Wood. CW, 1. Extracts, MSW, ET.
 1843a *Contribution to the Critique of Hegel's Philosophy of Law*. CW, 3. Alternative translations: *Critique of Hegel's Philosophy of Right*, ed. J. O'Malley, Cambridge University Press 1970; *Critique of Hegel's Doctrine of the State*, CEW. Extracts, MSW, YM, ET.
 1843b On the Jewish Question. CW, 3. MSW, BEW, CEW, YM, ET, SE.
 1843c Contribution to the Critique of Hegel's Philosophy of Law: Introduction. CW, 3. MSW, BEW, CEW, YM, ET, SE, OR, and with O'Malley ed. of 1843a. Extracts, BW.
 1843d Justification of the Correspondent from the Mosel. CW, 1. Extracts, MSW, YM.
 1843e Letters from the *Deutsch-Französische Jahrbücher*. CW, 3. MSW, YM, ET (under title 'A Correspondence of 1843').
 1844a *Economic and Philosophic Manuscripts of 1844*. CW, 3. Separate edn ed. D. J. Struick, London, Lawrence & Wishart, 1970. BEW, CEW. Extracts, MSW, YM, ET.
 1844b (and Engels) *The Holy Family*. CW, 4. Separate edn, Moscow: Progress, 1975. Extracts, MSW, YM, SE.
 1844c Letter to L. Feuerbach, 11 Aug. CW, 3. MSW, ET.
 1844d Comments on James Mill, *Éléments d'économie politique*. CW, 3. MSW, CEW. Extracts, YM, ET.
 1844e Critical Marginal Notes on the Article: 'The King of Prussia and Social Reform'. CW, 4. CEW, ET, YM, SE. Extracts, MSW.
 1845 Theses on Feuerbach. Two versions exist, Marx's original and that edited by Engels. Both are given in CW 5, and Ryazanskaya edition of 1846a; Marx's in CEW, YM, MSW; Engels's in SW I, SW, BW, and OR, and with his 1886b.
 1846a (with Engels) *The German Ideology*. Ed. S. Ryazanskaya, Moscow: Progress, 1968. CW, 5. Part I and selections from the rest published separately, ed. C. Arthur, London: Lawrence & Wishart, 1970. Part I also in SW I and YM. Extracts, MSW.
 1846b Letter to Annenkov, 28 Dec. With New York: International, edn of 1847a. SC, all editions, SW I, SW. Extracts, MSW.
 1846c (with Engels) Circular against Kriege. CW, 5.
 1847a *The Poverty of Philosophy*. New York: International, 1973. Moscow: Progress, 1973; CW, 6. Extracts, MSW.
 1847b *Wage Labour and Capital*. Moscow: Progress, 1974. SW I, SW, MSW.
 1847c Moralising Criticism and Critical Morality. CW, 6. SE. Extracts, MSW.
 1847d Wages. CW, 6.
 1848a (with Engels) *Manifesto of the Communist Party*. Moscow: Progress, 1973. CW, 6; Peking: FLP; ed. A. J. P. Taylor (under title *The Communist Manifesto*), Harmondsworth: Penguin, 1967. SW I, SW, BW, MSW, PW I, EL.
 1848b Speech on the Question of Free Trade. CW, 6. Also with 1847a, New York and Moscow edns. Extract, MSW.
 1850a *The Class Struggles in France, 1848–50*. SW I, PW II, and as separate edn from Moscow: Progress. Extracts, BW, MSW.
 1850b Address to the Central Committee of the Communist League (March). PW I, SW I, MSW.
 1850c Address to the Central Committee of the Communist League (June). PW I.
 1851 (Notebooks on Ricardo) in French and German edns of 1858a.
 1852a *The Eighteenth Brumaire of Louis Bonaparte*. SW I, SW, PW II, and as separate edn from Moscow: Progress. Extracts, BW, MSW.
 1852b Great Man of the Exile. In CCT.
 1853a The Cologne Communist Trial. In CCT.
 1853b The Knight of the Noble Conscience. In CCT.
 1853c The Story of the Life of Lord Palmerston. With 1856a.
 1856a *The Secret Diplomatic History of the Eighteenth Century*. Ed. L. Hutchinson, London: Lawrence & Wishart, 1970.
 1856b Speech at the Anniversary of *The People's Paper*. SW I, AB, OB, MSW, PW II.
 1857 General Introduction (to the *Grundrisse*). With Nicolaus edn of 1858a. Alternative translations: with 1859b and Arthur edn of 1846a; in TM; in MSW and McLellan selections from 1858a; and in separate edn (with 1959a), Peking: FLP, 1977.
 1858a *Grundrisse*. Ed. M. Nicolaus, Harmondsworth: Penguin, 1973. Selections: *Marx's Grundrisse*, ed. D. McLellan, London: Macmillan, 1971; *Precapitalist Economic Formations*, ed. E. Hobsbawm, London: Lawrence and Wishart, 1964. Extracts, MSW.
 German edn, Dietz-Verlag Berlin, 1953; French edn, Anthropos

- Paris 1968 (both include material not in the English edn).
- 1858b Letter to Engels, 14 Jan. SC, all edns.
- 1858c Letter to Engels, 1 Feb. SC, all edns.
- 1858d Letter to Lassalle, 22 Feb. SC, all edns. Extract, MSW.
- 1858e Letter to Engels, 2 April. SC, all edns.
- 1859a Preface to *A Contribution to the Critique of Political Economy*. With 1859b. SW I, SW, MSW, CEW, and with Peking edn of 1857. Extracts, BW.
- 1859b *A Contribution to the Critique of Political Economy*. London: Lawrence & Wishart, 1971.
- 1859c (Index to *Grundrisse* MSS). In French and German edns of 1858a.
- 1859d (Drafts of 1859b). In French and German edns of 1858a.
- 1860 *Herr Vogt*. MEW, XIV (no English translation).
- 1863a, b, c *Theories of Surplus Value* (*Capital*, vol. IV). Parts I–III. Moscow: Progress, 1963, 1968, 1971. Selections, ed. E. Burns, London: Lawrence & Wishart, 1951. Extracts, MSW.
- 1863d *Manuskripte über die polnische Frage* (drafts in English and German on Prussia, Poland and Russia). Ed. W. Conze/D. Hertz-Eichenrode, The Hague, 1961.
- 1864 Inaugural Address of the Working Men's International Association. AB. SW II, MSW, PW III, OB, FI I.
- 1865a *Capital*, vol. III (Ed. F. Engels). Moscow: Progress, 1971. Extracts, MSW.
- 1865b *Wages, Price and Profit*. Peking: FLP, 1973. SW II, SW, and as separate edn from Moscow: Progress. In EL under title *Value, Price and Profit*.
- 1865c On Proudhon (Letter to J. B. Schweitzer, 24 Jan.). SC, all edns. SW II, and with New York and Moscow edns of 1847a.
- 1866 Results of the Immediate Process of Production. With Penguin edn of 1867a; alternative translation, V. Extracts, MSW.
- 1867a *Capital*, vol. I. Ed. F. Engels, tr. S. Moore/E. Aveling from third German edn, incorporating changes by Engels in fourth German edn, London: Lawrence & Wishart, 1967. Part VIII of this edition is available in SW II and separately from Moscow: Progress, under the title 'Genesis of Capital'; MSW gives substantial extracts from the whole, also using this translation.
- Other English edns include: Chicago: Kerr, 1906 (tr. E. Untermann); London, Allen & Unwin, 1970 (facsimile of first English edn of 1887, with details of passages subsequently amended); London: Dent, 1974 (tr. E. and C. Paul from 4th German edn); Harmondsworth: Penguin, 1976 (tr. B. Fowkes from MEW 23, which incorporates changes in all German edns and the French edn of 1872–5). To note the different source edns here is important: see my Appendix.
- 1867b The Commodity. Ch. 1 of first German edn of 1867a. V.
- 1867c The form of value. Appendix to first German edn of 1867a. V.
- 1867d Preface to first German edition of *Capital*. With all full edns of 1867a. Extract, MSW.

- 1867e Letter to Engels, 27 June, SC, all edns.
- 1867f Letter to Engels, 24 Aug. SC, all edns. Extract, MSW.
- 1867g Letter to Engels, 22 June. SC, all edns.
- 1868a Letter to Engels, 25 March. SC, all edns.
- 1868b Letter to Kugelmann, 11 July. SC, all edns. Extract, MSW.
- 1868c Letter to Kugelmann, 6 March. SC, all edns.
- 1868d Letter to Engels, 8 Jan. SC, all edns. Extract, MSW.
- 1869 Nationalisation of Land. *Labour Monthly*, 34, 1952.
- 1870 First and Second Addresses of the General Council of the International Working Men's Association on the Franco-Prussian War. With Peking and Moscow edns of 1871a. SW II, PW III, PC, WPC, FI IV.
- 1871a *The Civil War in France*. Peking: FLP, 1970. SW II, SW, PW III, PC, WPC, FI IV, and as separate edn from Moscow: Progress. Extracts, BW, MSW.
- 1871b First draft of 1871a. With Peking edition of 1871a. PC, WPC. Extracts, PW III, MSW.
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- 1871e Letter to S. Mayer, 21 Jan. SC, all edns.
- 1871f Interview, *New York World*, 18 July. *Labour Monthly*, 54, 1972. Extract, PC.
- 1871g Interview, *New York Herald*, 20 July. *Le Mouvement Sociale*, 38, 1962 (French translation).
- 1872a (with Engels). Preface to second German edn of the *Manifesto*. With all cited full edns of 1848a. SW I, SW, MSW. Extract, PC.
- 1872b Speech at Amsterdam. SW II, PW III.
- 1873 Afterword to second German edn of *Capital*. With all cited edns of 1867a. Extract, MSW.
- 1874 Conspectus of Bakunin, *Statism and Anarchy*. Full text, 'Marx on Bakunin: a neglected text', tr. and introduced H. Mayer, *Études de Marxologie*, 2, 1959 (*Cahiers de l'ISEA*, 91 series S, no. 2). The bulk of Marx's marginal comments are reproduced in both MSW and PW III.
- 1875a *Critique of the Gotha Programme*. Peking: FLP, 1972 (includes related letters by Marx and Engels). SW III, SW, BW, PW III, and as separate edn from Moscow, Progress. Extracts, MSW.
- 1875b Afterword to French edn of *Capital*. With all cited edns of 1867a.
- 1877a Letter to the editors of *Otechestvenniye Zapiski*. SC, all edns. BW, OCM. Extract, MSW.
- 1877b From the *Critical History* (Part II, Ch. X of F. Engels *Anti-Dühring*). In Engels, 1894a.
- 1878 *Capital*, vol. II (ed. F. Engels). Moscow: Progress, 1967. (The bulk of this was drafted 1865–70; 1878 is the date of the last MSS used by Engels. See my Appendix.)

- 1879a *Ethnological Notebooks*. Ed. L. Krader, Assen: Van Gorcum, 1972.
- 1879b Notes on Kovalevsky. In Krader, 1975.
- 1879c Interview, *Chicago Tribune*, 5 Jan. *L'homme et la société*, Jan.—March 1968 (French translation).
- 1879d A Worker's Enquiry. BR. CPGB, London, 1933.
- 1879e (With Engels) Circular letter to Bebel, Leibknecht, Bracke *et al.* SC, all edns, SW III, PW III. Extracts, MSW.
- 1880 Marginal notes on Adolf Wagner, *Lehrbuch der Politischen Oekonomie. Theoretical Practice*, 5, 1972. Alternative translations, TM, V. Extracts, MSW.
- 1881a Letter to V. Zasulich, 8 March. SC, all editions, RM, MSW.
- 1881b Drafts of 1881a. First draft, in full, SW III; extracts from various drafts, MSW, and with Hobsbawn edn of 1858a; 'composite' of all four drafts, RM.
- 1881c (with Engels). Preface to second Russian edn of the *Manifesto*. With all full edns of 1848a. SW I, MSW.
- B Engels
- 1843 Outlines of a critique of Political Economy. CW 3, ESW, and with Struick edn of Marx, 1844a.
- 1845 *The Condition of the Working Class in England in 1844*. CW 4, OB. Separate edns include Oxford: Blackwell, 1968; London: Allen & Unwin, 1968. Extracts, ESW.
- 1847a Draft of a Communist Confession of Faith (first draft of the *Manifesto*). CW 6.
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- 1852 (with Marx) *Germany: Revolution and Counterrevolution*. London: Lawrence & Wishart, 1969. SW I. Extracts, ESW.
- 1867a Karl Marx, *Das Kapital* (review). EMC.
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- 1868a Marx's *Capital* (review). EMC.
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- 1873 *The Housing Question*. Moscow: Progress, 1970. SW II.
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- 1876 The part played by labour in the transition from ape to man. With his 1891b. Separate edn, Moscow: Progress. SW III, SW.
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- 1883a Preface to third German edn of *Capital* I. With all cited edns of Marx, 1867a.
- 1883b Speech at Marx's graveside. SW III.
- 1884 Preface to first German edn of *The Poverty of Philosophy*. With New York and Moscow edns of Marx, 1847a.

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INDEX

- Abduction, *see* Retroduction
- Abstinence, 166n
- Abstraction, rational, 88; violent, 121-2, 129-30, 175n, *see also* Ricardo; not Marx's starting-point, 112, 135, *see also* Commodity; in exegetical sequence of *Capital*, 101-2; from transhistorical attributes, 111-13; Stirner's, 5-6; empiricism's, 7; in commodity production, 24; production in general as an, 31, 78; simple abstractions of Political Economy, 95-6, 99-101, 112, 146-7; path from abstract to concrete and vice versa, 88-96, 99-102
- Accumulation, 35, 125-6
- Alienation, 32-3, 61, 163n
- Althusser, L., 121-2, 158n, 160n, 171n, 172n, 174n, 175n; Althusserians, Althusserianism, xi, 94-5, 99, 162n, 169n, 170n, *see also* Hindess, B.
- Analytic, Kant's, 107, 109; Marx's, 109, 110-35, 144-5
- Anthropology, Marx and, 32, 138-9, 170n; modern marxist, 82, 158n, 170n
- Aristotle, 91, 115, 174n
- Bailey, S., 37-42, 72, 131, 136, 147, 165n
- Balibar, E., 94-5
- Base and Superstructure, 80-3, 158n
- Bauer, B., 5
- Bernstein, E., 162n
- Bohm-Bawerk, E. von, 136, 162n
- Bolshevism, 162n, *see also* Lenin, Stalin, Trotsky
- Calculation, 53-4, 64
- Capital, 45; constant and variable, 46-7, 53, 147; fixed and circulating, 128, 147; circuit and metamorphoses of, 45-7, 166n; money-capital, 45-6, 49, 56-7, 59; productive capital, 46; commodity capital, 46-7; interest-bearing capital, 49, 55-63; usurer's capital, 57, 138; rent-bearing capital, 66; merchant's capital, 34-5, 138; turnover of, 54, 57, 128; concept of, 145-6; fetishistic conceptions of, 32, 43-4, 58-63, 72, 85, 148; a social relation, 62-3, 85, 145-6, 148; place in sequence of *Capital*, 93, 98-102; *see also* Circulation, Composition
- Capitalism, capitalist production, pre-suppositions and essential relations of, 35, 44, 61, 66, 102, 138, 148, 166n; infancy and genesis of, 34, 82, 84-5, 138; achievements of, 169n; overthrow of, 139; and feudalism compared, 10-11, 69-70; *see also* Capital, Class, Competition
- Categories, economic, material basis of, 89, 160n, 174n; sequence of, 90-93, 94, 97-8, 101-2, 171n; historicity and boundaries of, 109-10, Ch 6 *passim*; *see also* Categories, historical and transhistorical, Labour
- Categories, historical and transhistorical, 30-31, 78-9, 87-8, 91-2, 95-6, 99-103, 146-7; conditions for production of, 113, 144; and fetishism, 32-3; historical, procedures for construction of, 109, 110, 143-6; historical, boundaries of, 109-10, 144-5, 146-8; transhistorical, *a posteriori* constructs, 113; transhistorical, role of, 110-13; transhistorical, limits of, 87-8, 110, 144
- Categories, logical, 107
- Circulation, of commodities, 34, 36;

- of capital, 36, 54, 101; illusions of, 54, 68; circulation time, 54
- Class, in capitalism, 43, 93, 165n; society and exploitation, 58; fractions, 165n; struggle, 45, 86, 140, 149, 166n, 170n, 171n; *see also* Working class
- Colletti, L., 19, 106, 157n, 158n, 163n
- Commodity, 13–24, 34, 40–41, 108, 111–13, 137, 165n; starting-point of *Capital*, 98–102, 112, 125; *see also* Commodity production
- Commodity production, 22–4, 31, 43, 137; simple, 34–5, 124, 125, 130; capitalist, *see* Capitalism
- Commune, primitive, 82, 84; Russian village, 86; Slav, 90; *see also* Pre-capitalist modes of production
- Communism, 10, 160n; *see also* Socialist construction
- Comparison, 113, 136–9
- Competition, and capitalism, 47, 55, 161n; and price of production, 50; and rate of profit, 57, 128; and rent, 50–51; and price of land, 64; and wages, 166n; and technical innovation, 85
- Composition, organic, 46, 47–8, 52, 53, 127, 166n; value and technical, 147, 166n
- Conditions of existence/possibility, 9, 107, 109, 114, 136–7, 145–6; and exegetical structure of *Capital*, 101–2, 143; *see also* Essential Relations
- Consciousness, Ch 1 *passim*, 109–10, 143–4, 146–9; working class, 159n; Lenin and Mao on, 159n; *see also* Ideology
- Consistency, 117, 130, 132
- Consumption, non-productive, 56; productive, 44–5, 164n
- Cooperation, 90; a productive force, 84–5
- Corvée, 11, 69, 82
- Crisis, 36, 162n
- Criteria, of relevance, 111; retroductive, 116–17, 135; governing historical categories, 145
- Critique, Chs 5 and 6 *passim*, 163n; Kant's, 105–7
- Crusoe, Robinson, 20, 162n; eighteenth century Robinsonades, 77
- Deduction, 87, 95, 114, 115, 116, 134, 139, 143, 174n
- Departments I and II, 167n
- Determination, 14, 80–81, 158n
- Dialectic, Kantian, in Marx, 77, 109–10, 143, 146–9; Hegelian, in Marx, 143; in Proudhon, 172n
- Division of labour, in workshop and society, 170n; technical, 80, 170n; in commodity production, 22–4, 137; presupposition of capitalism, 102; as productive force, 83; management and, 57–8; in Peru, 90; and petty-bourgeois ideologies, 159n
- Empirical, Marx's science as, 3, 81–2, 113, 134–5, 136, 138, 141, 157n, 158n; specificity of ideologies, 11, 69–70
- Empiricism, 7, 114, 116, 134–5, 175n
- Engels, F., 88, 118, 138, 157n; later writings, 4, 106–7, 157n; editor of *Capital* II and III, 43, 138, 152–5; on Feuerbach, 158n; on Kant, 174n; on determination, 80; on Marx and plagiarism, 173n; *Anti-Dühring*, 106; *Dialectics of Nature*, 106, 174n; Bibliography, 184–5
- England, 138
- Enquiry, Marx's method of, ix–x, 94–103, 110, 143, 172n
- Essential relations, ix–x, 8–11, 109, 110, 137, 175n; synonyms, 159n; basis of historical categories, 145–6; obscured by fetishism, 32, 61–2, 70–3; and violent abstraction, 121–2; and base/superstructure, 80–81; and passage from abstract to concrete, 95–6, 99–102; and exegetical structure of *Capital*, 101–2, 143; *see also* Capitalism, Conditions of existence
- Evidence, 135–6, 137, 141
- Exchange, 13–14, 22–4, 26, 37–8, 40, 90
- Exchange-value, *see* Value-form
- Exhaustiveness, criterion of, 117; employment in Marx, 118–30
- Explanation, 114, 139–40, 174n
- Exploitation, and law of value, 44,

- 124; rate of, 46; obscured, in capitalist production, 54, 61–3, 72–3, 148; and capital/labour exchange, 68, *see also* Wages; forms of, in Russia, 138; and regulation of production, 58
- Fetishism, 17, 24–5, 30–33, 70–74, 149, 162n, 175n; in Monetary and Mercantile Systems, 34, 36; in Bailey and *Observations*, 39–41; and interest-bearing capital, 58–63; fetishised views of capital, 32, 43–4, 85, 148
- Feudalism, 10–11, 69–70, 82
- Feuerbach, L., 6–7, 158n
- Hanson, N.R., 115–17, 134–5, 174n
- Hegel, G.F.W., 6, 13, 89, 90–91, 143, 173n; *Philosophy of Right*, 90; *Logic*, 102, 158n
- Hindess, B., and Hirst, P.Q., 95, 171n; *see also* Althusserians
- History, 6–7, 32–3, 149; *see also* Categories, historical and trans-historical
- Hodgskin, T., 33
- Idealism, 4–7, 8
- Ideology, i–ix, 7–11, 42, 67, 69, 73, 159n, 160n; ideologies of value, 33–42
- Immiseration, 166n
- Independence, criterion of, 117; employment in Marx, 130–35
- Induction, 81, 114, 116, 134, 138, 174n
- Intellectuals, 159n
- Interest, 10, 48–9, 138; compound, 60; rate of, 49, 55, 56–7; in trinity formula, 43, 53–63, 70–73, 148; and fetishism, 32, 58–63
- Internal relations, 4, 8, 143, 158n
- Jones, R., 73
- Kant, I., 105–7, 173n, 174n; *Critique of Pure Reason*, 105, 106; *Prolegomena*, 106
- Kautsky, K., 152, 154, 159n, 161n
- Kovalevsky, M.M., 138
- Kuhn, T.S., 116, 175n
- Labour, abstract, 18–24, 26–7, 28, 31, 39, 101, 114, 136, 146–7, 161n, 162n; communal, 21, 23, 40; concrete, *see* Labour, useful; physiologically equal, 18–19, 20, 23–4, 161n; private, 22–4, 26–7, 31, 41, 42, 137, 146, 163n; productive, 32, 34, 79, 147, 163n; slave, 69–70, 146; social, 20–24, 26–7, 58, 88; socialised, 83; useful, 17–18, 19, 21–2, 24, 26–7, 31, 63, 71, 146–7; wage, 69–70, 71, 138, *see also* Wages; capitalist's, *see* Profit, of enterprise; instruments and subject of, 79; formal and real subordination to capital, 84–5; purposive character of human, 7, 79; classical category of, 91–2, 146–7; growing anachronism as standard of value, 165n
- Labour power, 44; value of, 44–5, 67–8, 134, 148; use-value of, 45, 49, 59; a commodity, in capitalist production, 35, 44, 61, 165n; exchange for wages, 44–5, 46, 49, 68–9, 71, 166n, *see also* Wages
- Labour process, 7, 79–80, 88, 111, 147; capitalist an alleged functionary of, 58; trinity formula's reduction of production to, 62–3, 71, 148; capitalist, 84–5
- Labour time, necessary, 45, 46, 69, 70, 84, 133; socially necessary, 16, 39, 40, 50, 52–3, 134, 160n; surplus, 45, 46, 69–70, 133, *see also* Exploitation, Surplus Labour
- Landed property, 72, 93, 125, 165n; in Russia, 138; *see also* Landowners, Rent
- Landowners, 43, 50, 51, 66, 165n
- Language, 3, 77, 78, 157n, 160n
- Laws, natural, 21, 73; of capitalism, 55, 149; of Political Economy, 118–19; covering, 114, 140; in Marx, 139–40, 174n; and violent abstraction, 121–2; *see also* Value, law of
- Lenin, V.I., xi, 106, 143, 157n, 174n; *Materialism and Empiriocriticism*, 157n; *Philosophical Notebooks*, 157n; *What is to be done?*, 159n

- Maine, H.S., 138
 Malthus, T., 128
 Management, 57–8, 169n
 Mandel, E., 118, 153
 Manufacture, 84
 Mao Tsetung, xi, 170n; *On Practice*, 159n
 Market, 55; *see also* Competition, Price, market, Supply and demand
 Marx, Karl, *passim*. Writings:
 Capital, 78, 94, 95, 97, 101–2, 105, 111, 119, 127, 135, 141, 143, 146, 159n, 171n; 'Sixth Chapter' of, 84–5, 153; plans for, 93, 97–8, 101, 153, 172n; MSS of, 43, 105, 151–4; 'Afterword' to 2nd German ed. of, 102; *see also* Presentation, method of
 Volume I, ix–x, 9, 13, 15, 18, 19, 21, 24, 25, 31, 32, 40, 42, 44, 67, 84–5, 91, 98, 100, 101, 107, 131, 133, 138, 139, 144, 145; Part VIII, 82, 84, 102, 105; 1875 French translation, 24, 155; revisions and translations, 154–5
 Volume II, 44, 101, 105, 138
 Volume III, 36, 43, 44, 82, 83, 101, 102, 105, 127, 129, 138
 Volume IV, *see Theories of Surplus Value*
 Correspondence: Letter to Annenkov, 6; of 1858, with Engels and Lassalle, 97, 99, 105; Letter to Kugelmann, 11 July 1868, 21, 23; on Russia, 86, 138
 Critique of the Gotha Programme, 165n
 Critique of Political Economy (1859), 21, 78, 97, 98, 100, 105, 138, 151, 172n; drafts, 151; 'Preface' to, 80–81, 85–6, 97, 98, 151, 170n
 Doctoral Dissertation, 173n, 174n
 'Early' writings, 118–19, 157n, 163n
 The German Ideology, Ch. 1 *passim*, 80, 118, 135, 157n, 159n, 173n
 Grundrisse, 78, 82, 97–8, 105, 138, 151, 152, 165n, 173n; *General Introduction*, x, Ch 4 *passim*, 111, 113, 146–7, 151; 'Formen', 82, 138, 151; fragment 'I. Value.', 97–8, 99–100; index to, 96–7, 151
 The Holy Family, 5
 Inaugural Address to the IWMA, 10
 Manifesto, 169n
 Notebooks: 1844 Paris Reading Notes, 118, 175n; Comments on Mill, 118, 122; 1851–2 Reading Notes on Ricardo, 151; Ethnological Notebooks, 138–9; Marginal Notes on Wagner, 111–13, 172n
 Rheinische Zeitung articles, 170n, 173n
 Theories of Surplus Value, 40, 43, 102, 105, 119, 122, 127, 151–2, 160n
 Theses on Feuerbach, 6
 Wage Labour and Capital, 83
 Bibliography, 177–84
 Materialism, 4–7, 106–7, 174n; of Lenin and Second International, 157n, 158n; and explanation of ideology, 11, 143–4
 Mercantilism, *see* Monetary and Mercantile Systems
 Mill, J., 118, 122
 Modern Industry, 84
 Monetary and Mercantile Systems, 28, 33–37, 41, 59, 147, 163n
 Money, 24, 29–30, 36, 38, 59, 69, 101, 108, 160n; as potential capital, 46, 48–9, 56; historicity of category of, 90–91, 145; in Monetary and Mercantile Systems, 34; Bailey on, 37–8, 41
 Morgan, L.H., 138
 Nature, production as relation to, 79; productive powers of, 66; laws of, 21, 73
 Neo-classical economics, 160n, 161n
Observations on certain verbal disputes, 37–42
 Ollman, B., 158n
 Party, revolutionary, 159n
 Peirce, C.S., 115, 116, 174n
 Petty, W., 162n, 164n
 Phear, J.B., 138
 Phenomenal forms, ix–x, 8–11, 109,

- 110, 114, 134, 144, 149, 159n, 174n; synonyms, 159n; starting-point of analysis, 112, 135, *see also* Commodity; and exegetical structure of *Capital*, 101–2, 143; and base/superstructure, 80–81; and violent abstraction, 121–2; and passage from abstract to concrete, 95–6, 99–102
 Physiocrats, 162n
 Plekhanov, G., 106, 157n, 174n
 Political Economy, object and boundaries of, 99–101, 108–9; history of, 89, 120; ahistorical character of, 78, 108–9, 148–9; Marx's reformulation of categories of, 146–7; of middle and working classes, 10; classical, 36–7, 37–9, 67–8, 70, 72, 107–9, 148–9, 164n; vulgar, 9, 36, 67–8, 73, 148, 164n; ancient Greek, 91, 113; neo-classical, 160n, 161n; *see also* Categories, economic, and entries for individual concepts, economists, and schools of economics
 Positivism, 136, 141, 172n
 Precapitalist modes of production, 21–22, 90–91, 92, 96, 138–9; *see also* relevant individual entries
 Precious metals, 24, 34–5, 36, 145, 162n
 Prediction, 136, 139–41
 Presentation, method of, ix–x, 94–103, 143, 171n, 172n
 Price, as value-form, 30, 160n; true, 49; natural, 23, 127, 132, 162n; market, 48, 127, 132, 162n; cost, 48, 127, 167n; of production, 48, 52–3, 127, 167n; average, 167n; of land, 63–4; of labour, 67–9, 72; of capital, 49, 55, 56; in simple commodity production, 15, 16, 22–3, 162n; in agriculture, 50–52; and average rate of profit, 47–8, 53; trinity formula on, 43
 Price, R., 60–61
 Production, 77f;
 Conditions of, 82, 145
 Elements of, 44, 46, 72
 Forces of (Productive forces), 80, 83–7, 170n; land as, 65
 In general, 7, 31, 78–88, 109, 110–11, 113, 145
 Instruments of, 46, 79, 83; in manufacture and modern industry, 84–5
 Means of, 46, 79; fetishised view of capital as, 32, 43–4, 60–63, 72, 85, 148; equation of productive forces with, 83; preservation of value of, 45, 46, 164n; separation from labour, 61, 145–6
 Mode of, 31, 80, 110, 165n; *see also* entries for individual modes
 Process, 147
 Social relations of, 79–83, 170n; and social forms, 31; as productive force, 83–7, 170n
 Productivity, determinants of, 50, 80; and value, 38, 161n; and surplus-value, 46; of factors of production, 147
 Profit, 10, 47–8; average, 48, 127–8; of enterprise, 49, 54–5, 57–8, 63, 71; dependent on capitalist's skill, 55, 57; obscures surplus-value, 53–4, 58; classical economy's difficulties with, 67–8, *see also* Ricardo; Monetary and Mercantile conception of, 34; trinity formula on, 43, 70; *see also* Rate of Profit
 Prognoses, 139
 Proudhon, P.-J., 6, 158n, 172n
 Rate of interest, *see* Interest
 Rate of profit, 46; average, 47–8, 53, 127–8; tendency to fall, xi, 140, 167n; and circulation time, 54; contrasts with rate of interest, 49, 57
 Rate of surplus-value, *see* Surplus-value
 Raw materials, 46, 79, 169n
 Realism, 114, 140, 161n, 162n, 174n
 Religion, 32–3, 163n
 Rent, 10, 49–53, 114, 161n, 168n; absolute, xi, 51–2, 128–9, 168n; differential, 50–51, 64–5, 129; monopoly, 52; precapitalist forms, 92, 138, *see also* Corvée; capitalisation of, 64, 66; in trinity formula, 63–6, 70–73, 148
 Reproduction, 20–24, 164n

- Retroduction, 115–17, 134–6, 144, 174n
- Revenues, 43–53; Smith on, 123–4, 130–1, 164n; trinity formula on, 43, 53–74 *passim*
- Ricardo, D., 73, 77, 116, 165n; theory of value, 39–40, 118–20, 124, 126, 128, 133–4, 146, 148; theory of rent, 128–9; theory of wages, 166n, *see also* next sub-entry; on 'value of labour', 67, 124, 126, 131–4, 148; identification of value and price of production, 127–9, 165n; identification of profit and surplus-value, 122, 127–9; violence and incompleteness of abstraction, 119–22, 125–9; errors in method of exposition, 98–9, 121, 125, 128; apparent scholasticism, 37–8, 41, 136; Smithian errors in, 133–4, 175n; respects in which Smith's inferior, 125–6; neglect and confusion of forms, 108, 146, 147; *Principles*, 98, 120, 126; later Ricardians, 121, *see also* Mill; Ricardian socialists, 33, 119
- Rosdolsky, R., 171n
- Rubin, I.I., 18, 161n
- Russia, 86, 138
- Say, J.-B., 132
- Science, Marx's, 103, Ch 5 *passim*, 113, 138, 141; Marx on, ix–x, 3–4, 9–10, 88–9, 93–4, 100, 120; Hanson on, 115–17, 135; social, 135, 140
- Second International, 106, 157n, 158n, 162n
- Senior, N., 171n
- Slavery, 49, 69, 91, 145
- Smith, A., 77; theory of value, 67, 119–20, 122–4, 127, 130–1, 133, 164n, 175n; conceptions of productive labour, 147; on 'value of labour', 130–4; 'esoteric' and 'exoteric', 120, 122–4, 130–1; inattention to forms, 108; confusion of annual value-product and value of annual product, 43, 123, 164n; respects in which Ricardo's superior, 125–6
- Social forms, concept of, 13, 78–9, 100, 108–9, 146; identification of, 110–13, 144; of labour, 146–7
- Social formation, 165n
- Socialist construction, 162n, 165n, *see also* Communism
- Speculative construction, 3, 5, 81, *see also* Abstraction
- Stalin, J., 83, 161n, 171n
- State, Marx on, 118, 163n, 169n, 170n; an economic power, 84
- Stirner, M., 5, 6, 157n
- Subsistence, 45, 132, 166n
- Superstructure, *see* Base and Superstructure
- Supply and Demand, 22–3, 118, 132, 162n, 166n; and average rate of profit, 47–8, 53, 127; and natural price, 127; and rate of interest, 49, 57; and rent, 50–52; in Ricardo, 132–3
- Surplus labour, in feudalism and capitalism, 10–11, 82; capitalists active in compelling, 66; *see also* Exploitation, Labour-time, surplus
- Surplus profit, 54, 161n; and rent, 51–2
- Surplus-value, 44–7; absolute and relative, 84–5; rate of, 46; transmuted forms, 47–53 and Ch 3 *passim*, *see also* Interest, Profit, Rent; value as command over, 56; land as command over, 64; Monetary and Mercantile conception of, 34; Smith's conception of, 123; theory of, 45, 53, 59, 67, 70
- Technology, and levels of investment, 46; a productive force, 83, 165n; and production relations, 84–7; technological determinism, 86
- Teleology, 92, 158n
- Ten Hours Bill, 10
- Testing, 135–141, *see also* Comparison
- Tools, 169n
- Trade Unions, 70
- Transformation problem, 168–9n
- Transition, Marx's explanation of, 85–7
- Trinity formula, 43, 52, 53–74 *passim*, 147–8, 164n
- Trotsky, L., 171n

- Unobservables, 114–15, 136, 141
- Use-value (Utility), 13–14, 19, 31, 43–4, 172n; and value, 15, 16, 40–41, 43–4, 99–100, 111–13, 147; form of manifestation of value, 25–8, 39; and useful labour, 17, 18; and social labour, 21; and wages, 132–3; of labour-power, 45, 49, 59; of land, 64, 65–6; of means of production, 60–1, 62; of money, 48–9; obscured by interest-bearing capital, 59; sacrifices of during crises, 36; and fetishism, 24, 32; Bailey on, 41
- Utility, neo-classical concept of, 160n, 161n; Marx's concept of, *see* Use-value
- Value, 14–17, 34–5, 43–4, 52–3, 101, 112–13, 114, 136, 160n, 164n; elementary or accidental form of, 25–7, 28, 163n; expanded or total form of, 27–8; general form of, 29–30; money-form of, 25, 29–30, 36, 41, 59, *see also* Money; relative and equivalent forms of, 25–6; individual and social, 50; external and immanent measure of, 38–9, 175n; invariant measure of, 37–8; of labour, 67–9, 124, 126, 130–4, 148; of labour-power, 44–5, 166n; and abstract labour, 18–24; and price of production, 47–8, 52–3, 127; in circuit of capital, 44–7; potential capital, 56; a historically contingent property, 40; trinity formula on, 43; conventionalist theories of, 161n; fetishistic conceptions of, 32, 33–42, 59–60, 73; labour theory of value, 23, 67–8, 70, 72, 118–19, 163n, 174n, *see also* Ricardo, Smith; law of value, 44, 49, 52, 53, 124–30, 175n
- Value-form (exchange-value), x, 13–17, 19, 20, 22–4, 25–30, 31, 33, 36, 39, 41, 99–100, 101, 107–8, 112–13, 144, 146, 147, 160n, 163n; Monetary and Mercantile Systems' preoccupation with, 34–5; Bailey on, 37–8; Aristotle on, 91; inadequacies of classical economy on, 107–8, *see also* Ricardo, Smith; *see also* Value
- Wages, 35, 43–7, 54, 66–71, 131–3, 148, 166n; of superintendence, 57–8, 63, 71
- Wagner, A., 77, 87–8, 111–12, 169n
- Wakefield, E.G., 145, 153, 176n
- Wealth, 34, 40, 43–4; sacrifices of, in crises, 36
- Working class (Proletariat), 8, 10, 11, 43, 52, 140; consciousness, 159n
- Working day, 46, 69–70, 132–3; combined, 85
- Young Hegelians, 3, 157n, *see also* Bauer, Stirner
- Zasulich, V., 138