

# Marx's *Grundrisse* and Hegel's *Logic*

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## Preface

This book deals with the relation between Karl Marx's *Grundrisse* and the *Logic* of G. W. F. Hegel. I attempt to prove that the relation is more profound and more systematic than hitherto appreciated.

Marx's application of Hegel's *Logic* to the *Grundrisse* was first mentioned in a letter, written around 16 January 1858, to Friedrich Engels:

In my *method* of working it has given me great service that by mere accident I had again leafed through Hegel's *Logic* - Freiligrath found some volumes of Hegel which originally belonged to Bakunin and sent me them as a present.

Many students of Marx have referred to the letter and have discussed it, but Marx's use of Hegel's *Logic* in the *Grundrisse* has not been fully examined. Let us consider some representative writers who have concerned themselves with the relationship.

There are the editors of the original German edition of the *Grundrisse* (1953). This photocopy edition of the original two volumes of 1939 and 1941 has end-notes, many of which refer to Hegel's *Logic*. A reader using these notes, however, inevitably fails to find the hidden use of Hegel's *Logic* in the *Grundrisse*, because the notes are not based on a correct understanding of Marx's critique. These notes only create confusion.

Roman Rosdolsky wrote *The making of Marx's 'Capital'*, the pioneering study of the *Grundrisse*, whilst 'inhabiting a city whose libraries contained only very few German, Russian or French socialist works', and so he was able to use only 'the few books in his own possessions He nevertheless became aware of the relation of Hegel's *Logic* to Marx's *Grundrisse*, and wrote:

The more the work advanced, the clearer it became that I would only be able to touch upon the most important and theoretically interesting problem presented by the 'Rough Draft' - that of the relation of Marx's work to Hegel, in particular to the *Logic* - and would not be able to deal with it in any greater depth.

Although he thought that he could only 'touch upon' the problem, and that he could not 'deal with it in any greater depth', he ventured to remark:

If Hegel's influence on Marx's *Capital* can be seen explicitly only in a few footnotes, the 'Rough Draft' must be designated as a massive reference to Hegel, in particular to his *Logic* irrespective of how radically and materialistically Hegel was inverted! The publication of the *Grundrisse* means that the academic critics of Marx will no longer be, able to write without first having studied his method and its relation to Hegel.

The fact that Hegel's influence on Marx's *Capital* is largely implicit was suggested in Marx's letter of 9 December 1861 to Engels: '. . . the thing [*Critique of political economy 1861 -3*] is assuming a much more popular form, and the method is much less in evidence than in Part I' [i.e. *A contribution to the critique of political economy* of 1859]. This letter relates to the manuscripts of 1861 - 3, but the case is the same with *Capital*. Compared with *Capital* (or the manuscripts of 1861 - 3), the *Grundrisse* has many explicit references to Hegel, to the *Logic*. Rosdolsky, who studied with 'a number of difficulties', suggested that Marx critically utilised Hegel's *Logic* in writing the *Grundrisse*. However, Rosdolsky did not fulfil the task of proving this in his book.

Rosdolsky referred eight times to Hegel in his study of the 'Chapter on Money' from the *Grundrisse*, and nine times when he considered the 'Chapter on Capital'. He indicated a few specific points where Marx's critique of political economy was carried out in reference to the *Logic*. Most of the examples which Rosdolsky gave his readers are arbitrary and not relevant to the theoretical context of the *Grundrisse*. This should be said, albeit in the light of the difficulties which he endured whilst writing his study of the *Grundrisse*, the first variant of *Capital*.

Martin Nicolaus, the English translator of the *Grundrisse* in the Pelican Marx Library, has a similarly high opinion of the importance of Hegel's *Logic* in the 'Rough Draft'. In the Foreword to the English translation of the *Grundrisse* Nicolaus wrote as follows:

If one considers not only the extensive use of Hegelian terminology in the *Grundrisse*, not only the many passages which reflect self-consciously on Hegel's method and the use of the method, but also the basic structure of the argument in *the Grundrisse*, it becomes evident that the services rendered Marx by his study of the *Logic* were very great indeed.

Readers of Nicolaus's introductory Foreword naturally expect him to refer to the crucial points where the *Grundrisse* contains a critical application of the *Logic*. However, this expectation is not fulfilled, though the *Grundrisse* contains several footnotes to the *Logic*. Those footnotes are never sufficient to explain how the *Logic* was critically absorbed as a whole and in detail in the *Grundrisse*. For example, though Nicolaus properly noted that Marx relates 'production' to Hegel's 'ground', he failed recognise that the reference is intimately connected with Marx's conception of money in its third determination as 'a contradiction which dissolves itself'. The same expression appears just before 'ground' in the *Logic*.

Nor did Nicolaus notice that Marx refers 'means of production' to 'matter' (*Materie*) and 'labour-power' to 'form' (*Form*) in the *Logic*, and he mistranslated the German term *Materie* as 'material'. Therefore it may be helpful to remind readers of the Nicolaus translation that they should consult the original German text if they wish to rediscover Hegel's *Logic* in the *Grundrisse*.

Besides Hegel, Aristotle should be considered in connection with philosophical aspects of the *Grundrisse*. Alfred Schmidt commented on this in his excellent work, *The concept of nature in Marx*: 'Although the *Grundrisse* contains an extraordinary amount of new material on the question of Marx's relation to Hegel and, through Hegel, to Aristotle, they have so far hardly been used in discussions of Marx's philosophy.' Marx's comments in his letter of 21 December 1857 to Ferdinand Lassalle are evidence that he was most

interested in Aristotle whilst writing the *Grundrisse*: 'I always had great interest in the latter philosopher [Heraclitus], to whom I prefer only Aristotle of the ancient philosophers.'

Schmidt is correct to point out the use of Aristotle in the 'Rough Draft', remarking that Marx approached Aristotle through Hegel. However, Schmidt failed to find any direct use of Aristotle by Marx. As we will see later, Marx does refer directly to him, for instance, when he posits the commodity at the beginning of the 'Chapter on Money' as the concrete instantiation (*synolon*) of the primary substance (*prote ousaia*) and the secondary substance (*deuteraia ousai*).

However, Schmidt made a noteworthy suggestion concerning the use of Aristotle in the *Grundrisse*:

Here [in the *Grundrisse*] Marx tried to grasp the relation of Subject and Object in labour by using pairs of concepts, such as 'form-matter', or 'reality-possibility', which stem from Aristotle, whom he rated highly as a philosopher. In an immediate sense, of course, Marx depended on the corresponding categories of Hegel's logic, but as they are interpreted materialistically their Aristotelian origin shines more clearly through than it does in Hegel himself.

According to Schmidt, Marx used Aristotle to construct a materialist basis for his theory, and he used Hegel to inquire why and how modern life is alienated and appears in an idealist form. Hegel, though thinking himself to be the greatest Aristotelian, actually deformed Aristotle's philosophy. He changed what Aristotle defined as 'active reason', which existed in every individual, into 'substance as subject'.

In my view, Marx attempts to reform Hegel's philosophy using materialist aspects of Aristotle's philosophy, in order to prove why and how modern life is developed through the force of capital. His critique of Hegel does not simply reduce his idealism to a materialist basis, but consists in converting his philosophy of alienation and reification into historical categories. He uses

these to clarify perverted life in capitalism, and he reads Hegel's 'idea' as a form of bourgeois consciousness.

Marx's use of Hegel's *Logic* in the formation of *Capital* can be summarised as follows:

1. In the *Economic and philosophical manuscripts* (1844) he studies not only the *Phenomenology of spirit* and the *Philosophy of right*, but also the *Encyclopaedia*. He characterises the *Shorter Logic* as 'the money of the spirit'. This means that the *Logic* is the most abstract philosophical expression of the bourgeois spirit or consciousness of value. This consciousness of value forms the basic economic relation of bourgeois society.
2. In *The holy family* of 1845 he discusses Hegel's mode of presentation, writing, for example, that many forms of fruit really exist, so 'man' may abstract 'fruit in general' as an idea. Hegel, however, reverses the process, insisting that at the beginning 'fruit in general' exists as substance, and it posits many particular forms of fruit as positive subjects. Marx reveals the secret of Hegel's philosophy, which presupposes an ideal subject *par excellence*, even though this subject is in reality a 'thought-product' or abstraction that exists merely in the mind.
3. In the *Poverty of philosophy* of 1847, Marx implies a simultaneous critique of political economy and of Hegel's philosophy, especially the *Logic*, when he criticises Pierre-Joseph Proudhon's *System of economic contradictions, or the philosophy of poverty* of 1846.
4. In the *Grundrisse* of 1857-8 Marx at last develops his critique of political economy and of Hegel's philosophy, especially the *Logic*, which he claims Proudhon misread. In Marx's view Proudhon grounded his socialism falsely. Marx uses a critical reading of the two classics to undermine Proudhon's theory of socialism.
5. Whilst writing the *Critique of political economy* 1861-3, Marx re-reads the *Shorter Logic* and takes notes from it. Although his method of working in these manuscripts is 'much less in evidence', as already mentioned, the fact that he seems to apply the *Logic* to these manuscripts should not be overlooked.

6. As is well known, in the [Afterword to the second German edition of Capital](#), Marx recalls his criticism of 'the mystificatory side of the Hegelian dialectic' in *The holy family*, and announces:

I ... openly avowed myself the pupil of that mighty thinker, and even, here and there in the chapter on the theory of value, coquetted with the mode of expression peculiar to him. The mystification which the dialectic suffers in Hegel's hands by no means prevents him from being the first to present its general forms of motion in a comprehensive and conscious manner. With him it is standing on its head. It must be inverted, in order to discover the rational kernel within the mystical shell.

Terrell Carver correctly suggested that Marx's 'rational kernel' is Hegel's analysis of logic and the 'notion', and 'the mystical shell' is Hegel's confusion of categorial movement with reality. The difficulty in reading Hegel's *Logic*, however, consists in making a clear distinction between these two aspects and giving concrete examples from the text. In the text Hegel describes the process of 'becoming' of the 'notion' as simultaneously the process in which the 'idea', the mystical subject, posits itself as reality. The *Grundrisse* is the first text in which Marx attempts to relate the 'becoming' of the 'subject' to the categories of political economy, and therefore there is more evidence of his analysis in it than in *Capital*, which displays his solution. The *Grundrisse* is the most suitable text for studying the relation of the critique of political economy to the *Logic*.

The correspondence of each part of the *Grundrisse* to the *Logic* is briefly summarised as follows:

1. The *Introduction* corresponds to the *Doctrine of the Notion*.
2. The *Chapter on Money* corresponds to the *Doctrine of Being*.
3. The *Chapter on Capital* corresponds to the *Doctrine of Essence*.

If the relation were not conceptualised this way, it would never become visible as 'an artistic whole'.

The themes of the *Grundrisse* can be summarised in the following way:

For Marx, Hegel's *Logic* is 'the *money* of the spirit', the speculative '*thought-value* of man and nature'. This means that in bourgeois society 'man' and nature, and body and mind, are separated and reconnected through the relation of private exchange. Their relation is alienated from the persons who form the relation, which is mediated by value. They become 'value-subjects', and those who possess enough value also rule the society. The *Logic* in fact describes the value-subject abstractly.

In bourgeois society the value-subject also rules nature, the indispensable condition of life, because the subject monopolises physical as well as mental labour, so the non-possessor of nature is forced to engage in physical work. This coercion is seemingly non-violent and is legally mediated through the value-relation on which modern property is founded. In modern society there is wide-spread acceptance of the legitimacy of one person controlling the product of another's labour, and the other's labour itself, in order to appropriate a surplus product. This approval is founded on the value-relation and the 'form' of the commodity. Value is abstract and imagined in the mind, and also embodied in money. Hegel's *Logic* implicitly ascribes a sort of power to money, and Marx presents it as the demiurgos of bourgeois society. That is why he characterises the *Logic* as 'the money of the spirit'. His task in the *Grundrisse* therefore consists in demonstrating that the genesis of value and its development into capital are described in the *Logic*, albeit in a seemingly closed system which reproduces itself, and overall his work is directed towards transcending capitalism in practice.

## **Chapter 1**

# **The Introduction to the *Grundrisse* and the Doctrine of the Notion**

## Production in general and 'the life-process'

Marx begins the Introduction to the *Grundrisse* as follows:

The object before us, to begin with, material production. Individuals producing in society – hence socially determined individual production – is, of course, the point of departure (*Grundrisse*, Introduction).

In the first section of the Introduction Marx does not directly refer to Hegel by name. Rather he explicitly criticises the political economists (Adam Smith, David Ricardo, etc.) for defining historically-determined individuals, material production and society in general terms. In the quotation above, however, he also implies a critique of Hegel. This is accomplished through a critique of political economy as follows:

1. **The object of political economy is material production, not in general, but rather capitalist production in particular. Capital necessitates specific mental activities to mediate, maintain and increase value. Marx asks if Hegel grasps material production in that way.**
2. **Marx asks whether individuals are involved in material production as human beings in a general sense or in historically specific societies. Simultaneously he inquires into the historical characteristics of the metabolic system in which 'man' and nature are organised, and asks if Hegel properly addresses the problems this poses.**
3. **Marx asks how individuals are organised socially in order to carry out material production, and he inquires if Hegel recognises a historically specific form through which individuals relate to each other.**

In the first section of Marx's Introduction to the *Grundrisse* Hegel does not seem to be relevant to the questions which are discussed. However, if the first section of the Introduction is compared with Hegel's work on 'life' under the 'idea' in the Doctrine of the Notion, it becomes evident that Marx is implicitly considering Hegel's theory of 'life' in the *Logic* in relation to the economists' theories of material production.

Hegel defines the human individual as the individual in general or the living individual:

The first is the process of the living being *inside* itself. In that process it makes a split on its own self, and reduces its corporeity to its object or its *inorganic* nature. This corporeity, as an aggregate -of correlations, enters in its very nature into difference and opposition of its elements, which mutually become each other's prey, and assimilate one another, and are retained by producing themselves. Yet this action of the several members is only the living subject's one act to which their productions revert; so that in these productions nothing is produced except the subject: in other words, the subject only reproduces itself (*Shorter Logic* § 218).

In the above quotation human being is defined as 'living being'. The human body is separated from the human mind. The individual body is reproduced as a physical subject through the activities of its various members or organs. There is an analogy to these activities in Aristotle's 'ability to nourish'. When Hegel talks about the natural self-reproduction of human life, he treats the human body in isolation from the human mind or consciousness.

However, according to Marx the specific characteristic of human life is that it has consciousness. This appears in his *Economic and philosophical manuscripts (1844)*. He thinks that when human beings obtain food they not only ingest calories but also generate and express their culture.

Hegel, on the contrary, defines human beings as mere existence, and does not inquire into the specific mode of human life which varies regionally and historically. After that definition he discusses mental activity in a way that is indifferent to material life.

Marx sees in Hegel's account the bourgeois division of labour into physical and mental activities. In Marx's view human beings are born not only with nutritive capabilities, but with mental ones that are inseparable from them. Human beings engage in their own process of reproduction with both material and mental capabilities united as a whole. Hegel, by contrast, treats the process of reproduction as

spontaneous, alien to human sensibility, needs and thought. In this view Marx finds certain characteristics of bourgeois private property.

Bourgeois private property separates physical and mental labour by means of exchange-relations based on private property, taking the superiority of mental labour over physical for granted. Human life is maintained in the metabolic process of individuals with nature. On that point Hegel writes:

But the judgement of the Notion proceeds, as free, to discharge the *objective* [physical] or bodily nature as an independent totality from itself; and the negative relation of the living thing to itself makes, as *immediate* individuality, the *presupposition* of an inorganic nature confronting it ... The dialectic by which the object, being implicitly null, is merged, is the action of the self-assured living thing, which in *this process against an inorganic nature* thus *retains, develops, and objectifies* itself ([\*Shorter Logic § 219\*](#)).

In the quotation above Hegel defines the metabolic process of man with nature. ‘Man’ constantly works on nature outside ‘him’, and obtains the means of life and enjoys them. Hegel remarks that ‘man’ not only maintains ‘himself’, but develops and objectifies ‘himself’. However, this development and objectification depend on the natural unity of physical and mental activities. Hegel takes up ‘man’ as a merely physical existence and only later ([\*Shorter Logic § 222\*](#)) does he introduce mental abilities.

It is a limitation of Hegel’s work that he defines ‘man’ in the metabolic process as a mere physical existence. Can ‘man’ produce wealth without mental ability? In Hegel’s conception of man a specific aspect of the bourgeois economy becomes evident. This is the aspect in which the physical labourer (wage-worker) carries out material production under the command of a mental labourer (capitalist). Hegel unconsciously describes the wage-worker when he defines ‘man’ in the metabolic process simply as a physical existence.

Marx notes that Hegel is silent on the separation of labour into physical and mental that is characteristic of capitalism. From Marx's point of view it is a misunderstanding to accept Hegel's conception of the physical elements in 'man's metabolism with nature as a general definition common to every form of production.

In Marx's view 'man' is born from nature with physical and mental abilities united. Marx's materialism should be understood in this way. The unity of physical and mental abilities is subsequently separated by the bourgeois value-relation.

Marx's second task is to examine Hegel's conception of the origin of society. He finds it in the sexual relation between man and woman, or in the 'genus', as follows:

The process of *genus* brings it to *Being-for-itself*. Life being no more than the immediate idea, the product of this process breaks up into two sides. On *the one side*, the living individual, which was at first presupposed [or pre-posit] as immediate, is now seen to be *mediated and generated*. On *the other*, however, the living *individuality*, which, on account of its first *immediacy*, stands in a *negative* attitude towards generality, *sinks* in the superior power of the latter (*Shorter Logic § 221*).

Hegel's discussion of 'being-for-itself' in the *Logic* argues that the individual expresses himself in relation to another, who takes the role of, so to speak, a mirror. Here (*Shorter Logic § 221*) the individual breaks into man and woman, and they express themselves in sexual relations to bear their child, a new individual. In reality, 'being-for-itself' is the reproduction of 'man' as child through the sexual relationship between man as father and woman as mother. Parents become aged and die, so 'the living being dies' (*Shorter Logic § 221*).

However, Hegel does not ask in what form of society individuals as men and women conduct this relationship, but instead takes this association to be a purely natural or sexual one. However, men and women relate to each other in a determinate society. Through the level

of development of their society it is determined how much their relationship is humanised, The specificity of society is manifested in the sexual relation as well. (c.f. [\*Science of Logic\* pp 772-4](#)) Their relationship is not simply a physiological relation, but one in which they produce a future for their child. Although they die as individuals, they live in their child, their hope. Hegel writes: 'The death of merely immediate and individual vitality is the *emergence of spirit*' ([\*Shorter Logic\* § 222](#)).

Hegel evidently thinks that even if an individual dies, the human spirit remains. Hegel's 'idea' displays the influence of Aristotle's theory of 'active reason'. The spirit which has emerged from the death of the individual and has become independent is Aristotle's 'active reason', appropriated by Hegel. However, after their deaths human beings leave various forms of spiritual wealth which continue to exist through being appreciated by the living. Hegel mistakes the appropriation of spiritual wealth by the living for a spirit independent of human beings. They leave behind not only their culture but material wealth or civilisation. Their children live with a power ruling over society, the culture and civilisation which their parents have left them.

Hegel thus defines the individual merely as a physical being, the process of metabolism as production in general, and the social relation of individuals as a merely sexual relation. He abstracts their historically specific social characteristics. Though his definitions appear naturalistic, they are in fact an abstraction of specific aspects of historical reality. The standpoint from which Hegel considers 'man' indicates that he takes it for granted that most 'men' are socially determined as a physical existence alienated from mental activity. He thinks that the separation of mental activity from physical is natural as a matter of fact and that modern private property is a manifestation of this, though these arguments are not consciously made.

In other words, in his *Logic* Hegel expresses a specific form of society as natural or universal. In that form of society physical ability

(*causa efficiens*, efficient cause, *archë*) and mental ability (*causa finalis*, final cause, *eidos*), are separated and mental ability is superior to and rules over physical. If it is possible to say that as the suffix ‘-ism’ may express some sort of state in which something is dominant, e.g. alcohol-ism or capital-ism, Hegel’s ‘ideal-ism’ may be interpreted as a state in which the idea is dominant as a positing subject. In Hegel’s idealism Marx sees the abstract reflection of modern civil society or capitalism where the ideal subject, i.e. increasing value, is dominant. This is the third point in his implicit critique.

Hegel presupposes the individual in general, abstracting from the society in which he actually lives. The very image of the independent person, e.g. the Robinson Crusoe-type, is but ‘the anticipation of "civil society", in preparation since the sixteenth century and making giant strides towards maturity in the eighteenth’ (*Grundrisse*, Introduction).

Hegel treats the metabolic process of ‘man’ with nature as a natural process or production in general, that is, he perversely generalises capitalist production. This is determined by the circuit of productive capital, as we will see later in Chapter 3. The definition of capital given by Adam Smith and David Ricardo, in which capital is represented as a mere condition of production, comes from such a reification of self-increasing value. Whereas Hegel abstracts the human being into a merely physical existence, Marx sees the capitalist division of labour and production lurking behind Hegel’s abstraction.

In the *Shorter Logic* Hegel discusses ‘life’ ([Shorter Logic §§ 216 – 222](#)) only as a physical life carried out by physical labour, then moves on to recognition’ ([Shorter Logic§ 223 – 235](#)), which he treats as an activity of the human mind on a level quite separate from physical life. He defines mental activity only as ‘recognition’, and in this Marx finds a crucial problem. He acknowledges this problem but does not confine himself to mental aspects of human labour in his discussion of production in general. Rather he is concerned with mental activity in the capitalist economy.

In considering production in general Marx takes the human mind and body to be naturally united. This unity is broken by the capitalist division of labour in which the capitalist appears as mental labourer and the wage-worker as physical labourer. The capitalist orders the worker to labour in material production. Capital itself necessitates and posits a specific person, the capitalist, who mediates it. The capitalist has a mission to measure capital-value, which has to be maintained and increased in prospect during production. The capitalist's mental activity continues in the process of circulation which actualises this possibility. Capital is personified in the capitalist, who internalises its value in -capitalist consciousness.

Although Hegel seems to define the process of human life as one in which 'man' engages only as a physical existence, he unconsciously reproduces capitalist production from the theoretical standpoint of the capitalist, without acknowledging this. As we will see later in detail, the 'subject' in the *Doctrines of Being and of Essence* is an ideal subject *par excellence*. In a certain respect Marx finds that Hegel's subject implies a specific person engaged in capitalist activity. That person appears as the spiritual subject of an organism which, so Hegel explains, eternally reproduces itself as a process of recognition. In fact Hegel's conception represents for Marx the demiurgos of bourgeois society: value and capital.

Hegel's idealism, especially in the *Logic*, expresses the capitalist mode of production abstractly, giving an account of its potential and essence. Unawares, he indicts capitalist production by defining the subject of the metabolic process as a merely physical labourer divorced from mental labour. The absence of mental labour in his definition of material life is a clue to certain features of his work. Marx explicates what Hegel has expressed only implicitly.

## Critique of political economy and production in general

In the second section of the Introduction to the *Grundrisse*, Marx again undertakes a critique of Hegel in the form of a critique of political economy, even though Hegel does not appear by name. The validity of this undertaking will become apparent when we consider the third section of his Introduction.

Marx considers three pairs of concepts – consumption and production, distribution and production, and exchange and production – derived from the four categories of political economy production, consumption, distribution and exchange. Then he clarifies the permutations between each pair of categories in order to show that they form a self-producing totality. And he demonstrates that, though the political economists seem to describe production in general, they in fact describe capitalist production from the standpoint of the circuit of productive capital (P ... C-M-C ... P), where the determinations of capital are invisible.

## Consumption and production

Marx sets the pair in reverse order so production is last, and this is the same with the other two pairs. This order gives a clue to his critique of the political economists.

Because Adam Smith studies capital from the viewpoint of the circuit of productive capital, he believes that the movement of capital starts from production. Therefore, with respect to the relation of production to consumption, he considers individual consumption as an act apart from production, and he does not take it up in relation to production. He thinks that individual consumption is unproductive and should be restrained in order to increase capital-stock, which is to be invested as capital in production. He merely affirms consumption when it is productive, and he emphasises parsimony as a subjective fact in capitalist accumulation. Though he asserts that the purpose of

production is individual consumption, in fact he theorises production for the sake of production.

However, is individual consumption always unproductive? The individual returns to the process of production afterwards, not only with physical abilities reproduced, but with some knowledge of production and a revitalised morale. The political economist omits the subjective aspect of reproduction, which is typically shown to move from consumption back to production. But why does the political economist abstract from the subjective factor? This is because production is considered from the capitalist standpoint, so in this way any funds to reproduce the lives of workers appear as costs to be reduced. The subjective factor belongs to and is monopolised by the capitalist.

Here we find the same problems as above. Political economists, such as David Ricardo, bring into focus the distribution of a net product or surplus product amongst industrial capitalists and landlords, analysing the rate of distribution of profit or surplus-value which determines the rate of capitalist accumulation. In this sense, Ricardo is an economist of distribution and capitalist accumulations.

However, for Marx the most basic relation in capitalism is the one between capitalist and wage-worker, and it is between them that the conditions of production are distributed. The means of production belong to the capitalist, and labour-power to the wage-labourer. Therefore the relations of distribution include not only the distribution of surplus-value but the distribution or separation of the subjective and objective conditions of production, which is the basic presupposition of capitalism. Ricardo considers only the means of production, taking labour-power for granted as a natural presupposition. In this lacuna there lies the crucial problem of the distribution or alienation of the conditions of production in capitalism.

This distribution or separation is presupposed historically when the process of capitalist production begins and then brings about these alienated conditions as effects, so reproducing the capital relation.

The process of capitalist production is as follows:

1. **distribution or separation of the conditions of production;**
2. **production of surplus-value;**
3. **distribution of surplus-value.**

By contrast Ricardo's order of things is to consider production by way of the distribution of surplus-value, and to proceed back to production in this circuit of productive capital.

#### Exchange and production

We find the same problems here. Smith sees the process from the standpoint of the circuit of productive capital, even when he considers exchange. Marx defines three kinds of exchange:

1. **immediate exchange, which links labourers within a division of labour, but without commodity-exchange;**
2. **commodity-exchange, which links labourers within a division of labour in commercial society (P ... C-M-C ... P);**
3. **independent exchange, which functions as an end in itself (M – C – M').**

For Marx the essential nature of exchange is manifested in the third form. The content of this kind of exchange is represented by an increase in money or value ( $M' - M = \Delta M$ ). This movement towards increasing value subsumes production (M – C ... P ... C' – M'), and moreover it turns into a movement to produce as an end in itself, i.e. the circuit of productive capital (P ... C' – M' – M – C ... P). It is from this standpoint that Smith observes exchange.

The third form of exchange listed above includes the process of realising surplus-value ( $C' - M'$ ). From Smith's viewpoint, however, it is secondary, since to him it is a process for obtaining the conditions of production.

The nature of exchange, when it serves to increase value, is not visible to Smith, nor is it comprehensible to him that the increase of value begins with an exchange between labour-power as a commodity and money as capital, both of which are productively consumed in order to produce surplus-value in the process of capitalist production.

Because money-capital is powerful enough to link the separate conditions of production, including science and technology, the productive power of social labour appears as if it were an aspect of capital. The mental labour of the capitalist in pursuing an increase in the value of capital also appears as if it produces material wealth. Smith cannot see beneath the circuit of money-capital, which increases capital-value, because it moves within the visible circuit of productive capital. Therefore he defines money merely as a means of exchange.

Marx analyses the capitalist determinations of production, consumption, distribution and exchange as moments of capital, so what economists call 'production in general' is not trans-historical, but is in fact production based on capital, or production which includes the determinations of capital. In the lacunae in their analyses are buried the capitalist determinations of these four categories.

The nature of this omission is the same with Hegel. When he mentions 'life' (human individual), 'life-process' (the process of metabolism between man and nature) and 'species' (social relation) in which the individual is linked with others, he treats human beings as a merely physical existence, abstracting the human mind as the subject of 'recognition'. He keeps silent about the human mind when he considers the three subjects – life, life-process, species - which in reality exist as moments of capitalist production. In the abstraction and omission that we find in Hegel's account there are hidden away the capitalist determinations of production, consumption, distribution and exchange.

As we have just seen, the process of capitalist production begins with an exchange between capital and labour-power in order to link the distributed conditions of production which are productively consumed in the production process.

Marx's order of analysis, *A. Consumption* to *B. Distribution* to *C. Exchange* in the second section of the Introduction to the *Grundrisse*, is in fact the correct analytical order for revealing the capitalist determinations of the four categories which *prima facie* constitute 'production in general'. Exchange, at the end of this progress, is the determination from which capital originates. The essential nature of exchange is shown in the form of circulation,  $M - C - C' - M'$ , which signifies an increase in value.

Marx's next task is therefore to inquire just how to demonstrate the genesis of capital, so he considers his method and system or plan. He handles this task in the

third section of the Introduction to the *Grundrisse*, but employs a synthetic order – exchange or circulation, then distribution or separation and reconnection, and finally consumption, including industrial and individual - that is contrary to the analytical order in which he considered these categories in the second section.

The method of political economy and ‘analytical method, synthetic method, the simple, and classification’

At the beginning of the third section of Marx’s Introduction to the *Grundrisse, The method of political economy*, we find the following paragraph. It is often cited because in it Marx spoke of ascending and descending methods:

The economists of the seventeenth century, e.g. 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, such as labour, division of labour, need, exchange-value, to the level of the state, exchange between nations and the world market. The latter is obviously the scientifically correct method (*Method of Political Economy*).

Here Marx takes William Petty’s *Political arithmetick* of 1690 as representative of the economic works of the seventeenth century. Petty compares three superpowers, France, the Netherlands and England. He inquires into the causes of the power of nations and concludes that it lies in the money necessary to employ wage-workers in

manufacture. He thus descends from the nation down to money.

For the ascending method Marx turns to Adam Smith's *The wealth of nations* of 1776, in which Smith inquires into the nature and causes of wealth, not merely of Britain, but of all nations, and he demonstrates how the division of labour brings about material abundance even among the middle and lower classes of society. He ascends from the simple category 'division of labour' to exchange, distribution, the accumulation of capital and lastly to the revenue of the state. *The wealth of nations* thus reflects the ascending method.

However, Marx is conscious not only of Petty and Smith, but also of Hegel. This is indicated by Marx's use of Hegel's terminology 'through analysis' and 'the simple' in the quotation above. Moreover when Marx asserts that the systematic method with which we ascend from the abstract or 'the simple' to 'the concrete' or the complex is scientifically correct, he evidently follows Hegel.

Marx's characterisation of the method of the seventeenth-century economists is based on this definition of 'analytical method' by Hegel:

While finite recognition presupposes *what is distinguished from it* as something already found and confronting it – the various *facts* of external nature or of consciousness – it has, in the first place, 1. *formal identity* or the *abstraction* of generality for the form of its action. Its activity therefore consists in analysing the given concrete, isolating its differences, and giving

them the form of *abstract generality*. Or it leaves the concrete as a *ground*, and by setting aside the unessential-looking particulars, brings into relief a concrete general, the *Genus* or Force and Law. This is the *analytical method* ([\*Shorter Logic § 227\*](#)).

According to Marx, the method of the seventeenth-century economists coincides with what Hegel defines as ‘analytical method’, quoted above. But the method of eighteenth-century economists follows what Hegel calls ‘synthetic method’ defined as follows:

The movement of the synthetic method is the reverse of the analytical method. The latter starts from the individual, and proceeds to the general; in the former the starting-point is given by the general (as a *definition*), from which we proceed by particularising (*in classification*) to the individual (the *theorem*). The synthetic method thus presents itself as the development of the moments of the Notion on the objects ([\*Shorter Logic § 228\*](#)).

*The wealth of nations* systematically reflects the synthetic method. It starts from the simplest definition, division of labour or production, and proceeds to exchange, distribution, and reproduction or accumulation of capital. It functions in a spiral because it subsumes definitions which have been posited as presuppositions (‘the pre-positing’ [*Voraus-Setzung*]). For example, in Book II reproduction develops in the following order: from division of stock or capital (Chapter 1), to division of revenue (Chapter 2), to productive labour (Chapter 3), to profit and interest (Chapter 4), to capital investment (Chapter 5). These

themes are considered in a spiral as factors of reproduction.

However, as we can see from the discussion of reproduction in Book II of *The wealth of nations*, Smith does not explicate the determinations of capital, but rather describes them in physical terms as natural or as ‘production in general’, so he materialises capital-value. Marx criticises ‘production in general’ as defined in *The wealth of nations* and then redefines it as historically determined. This task also encompasses a critique of Hegel’s *Logic*, arguing that both classic authors take capitalist production to be natural. Marx thinks that Smith displays the material aspect of capitalist production, overlooking the formal aspect, whereas Hegel expresses the formal or ideal aspect. He does this in demonstrating the self-creation of the ‘idea’, which is in fact the value-consciousness characteristic of the bourgeois. In that way the material aspect is subject to the formal. Hegel’s *Logic* is the self-creation of the ‘idea’, but Marx exposes this as capitalist production described from the viewpoint of the capitalist, even though it is described by Hegel as natural.

Marx gives a critical assessment of Hegel’s synthetic method:

The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse. It appears in the process of thinking, therefore, as a process of concentration, as a result, not as a point of departure, even though it is the point of departure in reality and hence also the point of departure for intuition and conception. Along the

first path the full conception was evaporated to yield an abstract determination; along the second, the abstract determinations lead towards a reproduction of the concrete by way of thought. In this way Hegel fell into the illusion of conceiving the real as the product of the thought concentrating itself, probing its own depths, and unfolding itself out of itself, by itself, whereas the method of ascending from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the spiritually concrete. But this is by no means the process by which the concrete itself comes into being (Method of Political Economy).

Hegel-defines the analytical method as analysing the concrete and finding an abstract general form, while Marx defines ‘the first path’, i.e. the method of descending from the concrete to the abstract, as the process in which the concrete is dissolved into an abstract determination. What Marx calls ‘the first path’ is based on Hegel’s analytical method.

Hegel says that the synthetic method is ‘the development of the moments of the notion’, proceeding from the abstract or general and then particularising to the individual instance. Marx calls this the method of ascending from the abstract to the concrete’. This in order – from the general by way of particularising to the individual instance – represents Hegel’s synthetic method. In Marx’s work this is reflected in the triadic composition of the *Chapter on Capital* in the *Grundrisse* as *I. Generality of Capital, II. Particularity of Capital, III. Individuality of Capital*.

What Hegel says in ‘the development of the moments of the notion’ signifies for Marx that reality is mentally reproduced and appropriated as the concrete concept. This is a totality of manifold determinations in the mind, so categories in the *Doctrine of Being* become presuppositions of the notion of capital, and categories in the *Doctrine of Essence* develop from generality or the ‘notion’ itself, towards particularity or judgement, and up to individuality or syllogism. Marx thus turns the two doctrines of the objective logic into objective moments of the mental reproduction of the concrete. This reflects Hegel’s triad – generality, particularity, individuality – in the *Doctrine of the Notion*.

However, Hegel regards the synthetic method as the process in which the real or concrete is posited, because he thinks that the process of thinking is the same as that of positing something in actuality. He does not distinguish between the two processes. For him, thinking means actualising the real, and therefore the only labour which he recognises is alien, spiritual labour. The *Logic* is the most abstract description of the ‘idea’, which objectifies itself as the demiurgos of the universe through its spiritual labour.

By-contrast Marx insists that the concrete concept, bourgeois society, which he and Hegel take as their object of study, really exists outside the minds of those who think about it. So why has Marx compared his method with Hegel’s and in fact praised his synthetic method as scientifically correct? Why, in constructing the *Chapter on Capital*, is Marx applying Hegel’s triad of generality, particularity and individuality?

Here Marx intends critically to absorb Hegel's idealism, the idealism through which Hegel unconsciously describes capitalism, in which the ideal subject (value) is dominant. Marx reads the *Logic* as a work in which the ideal subject or 'idea' alienates itself, i.e. posits the concrete or the real, as the social logic of value-consciousness in the person who recognises value in property. The relation of private exchange necessitates a subjective or ideal activity to equate products and to effect their exchange. Because of that, the activity becomes a subject which appears as if it should posit the concrete or the real.

Hegel accepts a reversal of ideas and reality as a natural fact and describes it in the *Logic*. The relations of private property then divide human activity into mental and physical labour, and mental labour rules over physical. Hegel takes alienation in the *Logic* to be natural, because he is ignorant of the fact that alienation is historical *par excellence*. In the *Economic and philosophical manuscripts (1844)* Marx has already detected the perverse character of the *Logic*, writing that Hegel grasps the positive aspect of labour 'within alienation or abstraction'.

Therefore Marx's critique of Hegel's idealism is a critique of pseudo-naturalism and pseudo-historicism. Marx's critical absorption of the *Logic* is one of the important factors in his critique of political economy, and it is to be understood as a reading of the *Logic* as an account of value-consciousness in persons who represent the ideal character of modern private property. Marx's work is supplemented by a critique of the political economy of Smith and Ricardo, who

describe material aspects of capitalist production but are indifferent to its ideal aspects, including the drive to self-expansion. This is because these economists unconsciously reify or transubstantiate value-consciousness into material products, and mistake it for what is purely material. In short, Marx reveals the determinations of capital within what the economists treat as a purely material system of production. As Hegel is ‘a vulgar idealist’, so Smith and Ricardo are ‘vulgar materialists’ (N 687, M 567).

Marx considers where a systematic critique of political economy should start, taking up ‘the simplest economic category’ (N 101, M 36), i.e. exchange-value, possession, money, exchange and labour in general, which he derives from Chapter 5 on money of Book I of *The wealth of nations*. He traces them back to their point of departure, inquiring where and how money is generated, and noting that from money comes capital. Accepting Hegel’s view that the end of an analysis is the same as the starting point of a synthesis, i.e. ‘the simple’, Marx confirms this in economic categories. Hegel writes:

The *general* is in and for itself the first moment of the Notion because it is the simple moment, and the particular is only subsequent to it because it is the mediated moment; and conversely the *simple* is the more general, and the concrete, as in itself differentiated and so mediated, is that which already presupposes the transition from a first. ([\*Science of Logic\* p 801](#))

‘The general’ is simple and abstract enough to develop by mediating particular determinations under itself. ‘The concrete’ is ‘the manifold’ or ‘the complex’, an

‘individual’ instance, which is composed of particular moments. At first the concrete is abstracted into ‘the simple’, and then ‘the simple’ is developed into the ‘notion’, proceeding from ‘the general’ by particularisation up to the moments of ‘the individual’ or ‘one determined totality’. Hegel defines ‘determinate being’ (*Dasein*) or ‘what is there’ as a reproduction of ‘what has already been’ (*Gewesen*) or as the existence of ‘essence’ (*Wesen*). ‘Determinate being’ is what has been posited by ‘essence’.

Employing this demonstration, Marx argues in economic terms that the product undergoes a transformation into the commodity, the commodity into money, and money into capital. Then capital as subject posits the product, the commodity and money. The first ‘determinate beings’ (product, commodity and money) are what is posited by the ‘essence’ (capital). They are forms of existence of capital.

Neither Hegel nor Marx conceives the progress from ‘the simple’ to ‘the complex’ in a one-sided way. Rather ‘the simple’ changes into ‘the complex’ and then ‘the simple’ is determined as what ‘the complex’ has posited. What is at first ‘pre-positing’ or presupposed is then posited and reproduced as a result. This forms the circle of ‘pre-positing’ or presupposition and ‘positing’ or ‘the posited’. Therefore once something is ‘pre-positing’, it is then repeatedly posited as the next ‘pre-positing’ or presupposition, forming a circulation which looks as if it should exist forever.

The point at which Marx departs from Hegel is his judgment on whether this circulation is merely logical, or whether the first ‘pre-positings’ or presuppositions

were originally manifested in the course of history and then receded as capitalism developed.

Indeed both Hegel and Marx posit 'the general' at the outset, though for each the content is different. Hegel's 'the general' is the 'self-cause' which has no historical origin. It is an eternal subject, whereas Marx's is historical in form, the alienated relation of private exchange. This has become an ideal subject independent of the persons who live within the social relationship of private exchange.

Marx argues that once the logical presupposition is given, it posits the same presupposition as a result, and thus continues to reproduce itself. That is the way an organic system reproduces itself. However, he inquires where the first presuppositions were given, and he finds that they were posited historically. The logical circulation of self-reproduction begins just after the logical presuppositions have been established.

Hegel does not inquire if these logical presuppositions are independent of their historical actuality or not, though he writes a good deal about history, taking the historical subject to be what is natural. His ideal subject or 'Idea' is in fact an abstract expression of value. As the demiurgos it posits itself in the *Logic*, it posits nature in the *Philosophy of nature*, and it posits humankind in the *Phenomenology of spirit*.

Marx uses a logico-historical method when he starts to demonstrate that the bourgeois economy is a system which reproduces itself. The first logical presupposition reproduces itself and as a result it generates the next presupposition. Using this demonstration he shows how

the first presuppositions were posited in early capitalism: from exchange in the thirteenth century, to manufacture from the sixteenth century onwards, to the industrial revolution from the last half of the eighteenth century, and eventually to the first capitalist crisis in 1825.

‘The simple’ in Marx’s ascending or synthetic method is therefore a presupposition which was posited in history. But at first he takes ‘the simple’ to be a logical presupposition. It becomes the immanent moment of logical circulation, e.g. the circuit of money-capital and the accumulation of capital in the *Grundrisse*, and on that proof he grounds his account of the historical origin and development of ‘the simple’ as the primitive community and primitive accumulation. In this demonstration he uses a logico-historical order. Using that methodology he criticises Hegel, who assumes that presupposition and result, or cause and effect, should continue infinitely to form a logical circulation. Hegel does this in his theory of ‘positing reflection’ and ‘causality’ in the *Doctrine of Essence* with respect to the bourgeois economy.

Marx asserts that reproductive circulation was the historical presupposition for the bourgeois economy, and he descends analytically to primitive accumulation. This demonstrates that the value-form generates capital. Capital links the presuppositions or conditions of production, which are separated in primitive accumulation. And it will cease to exist, as Marx argues later, through the annulment of the law of value. This is caused by the development of fixed capital, which

leaves disposable time to be enjoyed when human emancipation is achieved.

In short, bourgeois society is not a closed society, but is dependent on the past and open to the future. By contrast Hegel unconsciously describes it in the *Logic* as a closed system which the ideal subject regenerates and reproduces infinitely as its own organism. By reading Hegel's 'idea' as the intersubjective value-consciousness of the bourgeoisie, Marx uncovers the capitalist economy itself in the *Logic*.

Marx reads the *Logic* as the phenomenology or genesis of the value-consciousness described in the *Chapter on Money* and the *Chapter on Capital* in the *Grundrisse*. In the *Chapter on Money* he reveals the way in which this bourgeois consciousness is ideally expressed through the relation of private exchange, which is analogous to Hegel's definition of 'being-for-itself'. This is in fact the relationship of commodity-owners in the market. In the market, value is separated from them through the equation of their commodities, on the presumption that their commodities have equivalent value in the first place. Marx touches on how commodity-exchangers take part in the formation of money without being aware of this equation, and he begins his demonstration of the genesis of money by considering the value-form and the process of exchange. At this point commodity-owners share their value-consciousness intersubjectively in the money in which their consciousness is materialised.

At the beginning of the *Chapter on Capital* Marx defines capital as the generality which increases value, changing its temporal forms. Through alienated

relations, value produces value-consciousness, which mediates capital. Capital-value then posits capitalist consciousness as a capitalist who ideally identifies particular concrete forms of value with an abstract capital-value. The capitalist mediates these concrete forms of value as the incarnation of capital-value in a circular motion.

The capitalist carries on an exchange with the wage-labourer as a private owner with an equal title. However, through this exchange, the capitalist aims at 'form as content', so the form of exchange, which is value, has become its content or purpose. The wage-labourer, who is now subsumed under the process of the production of capital as mere variable capital, must engage in material production, and the wage-labourer is subject to capitalist consciousness, which strives to increase capital-value. As a result, the wage-labourer produces not only surplus-value which belongs to the capitalist, but also a loss of property for wage-labourers themselves. The wage-labourer produces the capital-labour relation, and it becomes evident that capital itself is the accumulation of the surplus labour of wage-labourers. A new consciousness is born as the wage-labourer suspects that capitalist property is against the interests of wage-labourers. In that way commonplace bourgeois consciousness can be broken down and antagonistic consciousness can emerge.

In considering 'disposable time' Marx argues that value-consciousness arises from the exchange-relation of commodities, which is presupposed as the product of 'individual immediate labour'. But in the course of capitalist development, that sort of labour is replaced by

'collective scientific labour'. This arises through technological innovation embodied in machinery or fixed capital. Thus the law of value ceases to operate, because the labour objectified in the product decreases to a minimum. Then capital-value consciousness loses ground and begins to vanish, leaving behind proletarian consciousness. Eventually this develops into a free society.

In that way Marx's phenomenology of spirit is developed in the *Grundrisse*. When he evaluates Hegel's synthetic method as the way to reproduce the real, he does not accept it as a merely formal explanation, but as a real mode of demonstration based on the dramaturgy of the birth and death of value-consciousness. Marx's plan is as follows:

The classification obviously has to be

1. The general, abstract determinations ...
2. The categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage-labour, landed property ...
3. Concentration of bourgeois society in the form of the state ...
4. The international relation of production ...
5. The world market and crisis (Method of Political Economy).

Marx's discussion of method and 'the simple', followed by his classificatory plan, reflects the order found in Hegel's work in the *Doctrine of the Notion*: 'The statement of the second moment of the notion, or of the determinateness of the general, is *classification* in accordance

with some external consideration' (*Shorter Logic* § 230).

'The simple' at the beginning of systematic explanation is also 'the general' or *differentia specifica*, and it becomes particularised, as is shown in the classification above. After the plan just quoted Marx made other plans in the *Chapter on Money* (N 227-8, M 151 – 2) and the *Chapter on Capital* (N 264, M 187; N 275, M 199). The plans in the *Chapter on Capital* are clearer. Following Hegel, these plans are composed in the triadic order *I. Generality of Capital, II. Particularity of Capital* and *III. Individuality of Capital*. This triadic plan is manifested throughout the *Chapter on Capital* of the *Grundrisse*.

Mode of production and ideology, and 'the absolute idea'

In the fourth and final section of the Introduction to the *Grundrisse* Marx makes eight notes on the problems he has kept in mind:

1. War developed earlier than peace; the way in which certain economic relations such as wage-labour, machinery etc. develop earlier, owing to war and in the armies etc. ...
2. *Relation of previous ideal historiography to the real. Namely of the so-called histories of culture, which are only histories of religions and states*  
...
3. *Secondary and tertiary matters; in general, derivative, inherited, not original relations of production* ...

4. *Accusations about the materialism of this conception. Relation to naturalistic materialism.*
5. *Dialectic of the concepts productive force (means of production) and relation of production ...*
6. *The uneven development of material production relative to e.g. artistic development. In general, the concept of progress not to be conceived in the usual abstractness. Modern art etc. Roman private law ...*
7. *This conception appears as necessary development. But legitimation of chance. How. (Of freedom also ... ) .*
8. *The point of departure obviously from the natural characteristic; (Grundrisse, Relations of Production).*

The eight items have already been analysed in detail. For that reason, we mention only their connection with Hegel's *Logic*.

So far in his discussion Marx has reflected Hegel's consideration of individual life, life-process and 'genus' as discussed in 'life' under the 'idea' in the *Doctrine of Notion*, the last book of the *Logic*. And he has studied method, 'the simple' and classification. After critically reflecting on 'life' and 'recognition' in the first three sections of the Introduction to the *Grundrisse*, Marx takes up the absolute idea' in the fourth section.

Following Hegel, who considers such topics as nature and spirit, art and religion, philosophy, ‘the beginning’, dialectic, system and method in his *Logic*, Marx investigates the bourgeois mode of production in the first three sections of the Introduction to the *Grundrisse*. Then he gropes for his own historical theory of modes of production, applying in the fourth section the summary listed above (first, third and fifth items). The fourth section of the Introduction to the *Grundrisse* evidently fills out Marx’s scheme by criticising the ‘absolute idea’.

In his Introduction to the *Grundrisse* Marx intends to make use of Hegel’s idealism, which argues the dominance of an ideal subject. This occurs in the *Doctrines of Being* and of *Essence*, but as a perverse expression of capitalist production. Marx reveals this logic of modern value-consciousness, and so criticises Hegel’s work as ideology.

## **Chapter 2**

# **The Chapter on Money and the Doctrine of Being**

Product, commodity and money, and 'identity, difference, opposition and contradiction'

As noted in the *Preface* to the present work, the *Chapter on Money* in Marx's *Grundrisse* corresponds to the *Doctrine of Being* in Hegel's *Logic*. However,

at the beginning of the *Chapter on Money* we find the following paragraph, which is written with reference to Hegel's description of 'Identity, Difference, Opposition and Contradiction' at the beginning of the *Doctrine of Essence*. Marx writes:

The simple fact that the commodity exists doubly, in one aspect as a specific product whose natural form of determinate being [*natürliche Dasein*] ideally contains (latently contains) its exchange-value (money), in which all connection with the natural form of determinate being of the product is stripped away again - this double, *differentiated existence* [*Existenz*] must develop into a *difference*, and the difference into *opposition and contradiction* (N 147, M 81).

Why does Marx write in that way? He does so, because he is thinking in the following manner. The identity of a simple product with itself is differentiated into dual form: 1. the 'natural form of determinate being of the product' (in other words, use-value; in fact Marx refrains from using this term for a reason explained later), and 2. the 'form of exchange-value'. When the product is brought into an exchange-relation it becomes a commodity. When exchange-value, which the commodity-owner pursues, is further realised as money, the immanent difference between use-value and exchange-value becomes an external opposition between commodity and money. As we shall see later, this opposition will develop into a contradiction within money, and from money arises capital. Marx thus links the movement 'from product to commodity to money and on to capital' with the movement 'from identity to difference to opposition and on to contradiction', as Hegel writes in the transition from 'being' to 'essence'.

A commodity cannot simply exist as such, and so money is generated. From money arises capital. In the paragraph cited above, Marx obtains a theoretical perspective on this development. In other words, the product is explicitly defined as a commodity when it is the product of capital, or when capital posits or produces a product. Therefore the commodity is by nature commodity-capital. This means that the product is posited as a commodity through the capital-relation, into which the value-relation has transformed itself. If we inquire why the product exists as such, we must trace it back to

capital. 'Positing reflection' at the beginning of the *Doctrine of Essence* is the determination which mediates 'being' and 'essence'. 'Determinate being' (*Dasein*) will be revealed as that which 'essence' (*Wesen*) has posited as 'ground' (Grund). It is the semblance of 'essence'.

Using this logic Marx connects the commodity with capital in this way. The commodity as 'determinate being' is in fact the product which capital has posited. Because the product becomes a commodity, the commodity gives rise to money, and money gives rise to capital. But now capital posits the product as a commodity. Therefore the product at the beginning of this analysis is *de facto* that which capital has posited.

For capital, the product as 'the simple' or 'the posited' is a result. The product is thus posited or reproduced at the end in order to become the next presupposition. Marx has obtained this perspective on the circular relationship of presupposition or 'the posited' from Hegel's 'positing reflection'.

Marx grasps the relation between the *Chapter on Money* and the *Chapter on Capital* in a similar way. The logical relation between presupposition as 'the simple' or the product, and 'the posited' as 'the complex' or capital, is already established in the Introduction to the *Grundrisse*. This is the logical phase of the logico-historical circulation through which what is historically posited is reproduced as the next presupposition in logic.

Marx uses this methodological perspective in the *Chapter on Money*. In that work he interprets Hegel's *Doctrine of Being* as the genesis of the value-consciousness shared amongst the bourgeoisie, in effect a phenomenology of the bourgeois spirit.

#### The two aspects of the commodity and 'likeness and unlikeness'

At the beginning of the *Chapter on Money* in the *Grundrisse*, Marx defines the commodity as follows:

The commodity is neither posited as constantly exchangeable, nor exchangeable with *every other commodity* in its natural properties; not in its

natural likeness with itself, but as unlike itself, as something unlike itself,  
as exchange-value (N 142, M 77).

What is 'natural likeness' in the above quotation? Marx uses the word 'natural' as an antonym of 'social'. It means something that is free from social determinations, or free from the commodity-money relation. In other words, historical and social determinations are abstracted from 'natural' ones. Therefore the 'natural likeness' or 'natural properties' of the commodity means use-value or 'the product as such', which people obtain from nature through labour.

So long as the relations of the primitive community persist, human beings as natural force or natural form are directly united with nature itself or natural matter. When members of the community are dissociated into modern individuals, they relate to each other through the exchange of their products. Then the product is no longer a mere natural 'likeness' but becomes a commodity. The product as a commodity is not posited in its natural likeness to itself or as use-value, but as unlike itself or as exchange-value. Its use-value now changes into 'use-value for others', or social usevalue.

This two-fold determination of the product as a commodity is based on Hegel's 'pure reflection': 'Likeness is an Identity only of those things which are *not the same*, not identical with each other; and Unlikeness is a *relation* of things that are unlike ([Shorter Logic §118](#)).

Both likeness and unlikeness are defined, not in the sense that they are separated and indifferent to each other, but in the sense that they hold each other as their own indispensable element, connected in their own definition. Hegel continues:

In the case of difference, in short, we like to see identity, and in the case of identity we like to see difference. Within the range of the empirical sciences, however, the one of these two categories is often allowed to put the other out of sight and mind. Thus the scientific problem at one time is to reduce existing differences to identity; on another occasion, with equal one-sidedness, to discover new differences ([Shorter Logic §118](#)).

Marx does not try to discover a definition of identity without differences, nor one of differences without identity, but one in which both 'likeness' and 'unlikeness' are mutually mediated. He does this in his critique of political economy, one of the typical empirical sciences, by treating it as the self-recognition of bourgeois society. His critique of Hegel also limits the validity of the *Logic* to bourgeois society.

Marx considers in detail how exchange-value is generated and transformed:

I equate each of the commodities with a third ; *i.e.* unlike themselves. This third, which differs from them both [the two commodities in exchange], exists initially only in the head [of the commodity-owners], as a conception, since it expresses a relation; just as relations in general can only be thought, when they should be fixed, in distinction from the subjects who relate to each other (N 143, M 77 - 8).

By using Hegel's definition of 'likeness', *i.e.* the identity of what is not identical, Marx considers commodities on a new level. He calls their 'likeness' exchange-value.

What is exchange-value in reality? Marx thinks that it is the relation of private exchange, which is unconsciously separated from the subjects who form the relation. Exchange-value arises through the action of equating products as commodities. This can occur because of the presumption that an equivalent exchange-value originally exists in each commodity.

The use-value of a commodity for its owner is a non-use-value. Thinking of Adam Smith's explanations of exchange and division of labour in *The wealth of nations*, Marx writes as follows: 'Exchange and division of labour reciprocally condition one another. Since everybody works for himself but his product is nothing for him' (N 158, M 91). The commodity-owner brings his product to exchange. Use-value is non-use-value or 'nothing' for the commodity-owner, but it may be a use-value or 'being' for others. Each use-value is different, but in order to be exchanged, each must be equated to another through 'a third'. What is 'the third'? What really exists in the exchange-relation is the use-value of each commodity. Therefore 'the third'

can only be another relation through which products with different use-values are linked. This relation exists only in the minds of persons. It is what is thought.

It is noteworthy that the relation of 'the third' comes to exist only when persons, who relate to each other, keep it in mind. However, they do not notice this mental action. Though they form the relation of commodity-exchangers, they presume that exchange-value exists originally in a commodity, without an awareness that exchange-value derives from an unconscious reflection of the real exchange-relation between their products. Exchange-value is a relation which is abstracted unawares from exchange and transformed into an immanent factor of the commodity itself. In that way the real exchange-relation is alienated as exchange-value from the exchangers and is materialised in the commodity.

In writing the sentences quoted above, Marx is surely remembering the following passage from Hegel:

Difference is *1. immediate* difference, i.e. *diversity*. In diversity each of the different things is *by itself* what it is, and is indifferent to its relation to any other. This relation is therefore external to it. Because of the indifference of the diverse things to the difference between them, the difference falls outside them into a third, *something comparable* ( [\*Shorter Logic §117\*](#))

Hegel does not explain 'the third' any further, but Marx assumes that it is the value-consciousness of commodity-owners, which they unconsciously project on to their products and take to be an original feature of the commodity itself.

## **The Chapter on Capital and The Doctrine of Essence**

## Part One: Generality of Capital

### First critique of Hegel's system

Is the causal relation between capital and labour, in which the result or effect becomes a succeeding presupposition or cause, actually a closed system as defined by Hegel? Is it a progress *ad infinitum*? Marx argues that this is not the case.

After considering the reproduction of the capital-relation in the *Grundrisse*, Marx considers the economic forms which precede capitalist production (N 459-515, M 367-417). In that discussion he offers an implicit criticism of Hegel's 'causality' as an eternal circular movement. Because Marx has already grasped the causal relation between capital and labour, through which the actual conditions of capitalist production are repeatedly reproduced, presupposition or cause is ceaselessly posited by him as a result or effect.

Hegel writes:

In the finite sphere the *difference* of the form-determinations in their relation is suspended: cause is alternately determined *also* as what is *posited* or as *effect*; this again has *another* cause, and thus there also generates the progress from effects to causes *ad infinitum* ([Shorter Logic § 153](#)).

What is posited in the logical past as presupposition is reproduced in the logical present as result. Reproduction is the actuality of labour which reproduces the past in the present. In this logical phase, Marx shares Hegel's view of circular causality.

However, Marx also argues that something else is reproduced in demonstrating that the logical past or presupposition is repeatedly the result besides the logical past. This is the historical past. After demonstrating that the logical past or presupposition is repeatedly reproduced in the logical present or result, Marx inquires, in a methodological way, when and where the original presuppositions were posited. He moves beyond the logical past and

investigates the historical origin of the first logical presuppositions, how they arose in the historical past.

Causal reproduction not only brings about the logical past, but it also reveals historical origins buried under the surface appearance of the present. Marx locates the primitive community and primitive accumulation in his discussion of pre-capitalist economic formations, which follows his account of the accumulation of capital (surplus product and surplus capital) and the reproduction of the capital relation. He argues that capitalism is not a closed system, but an open one, in the sense that it arose from certain conditions in the pre-capitalist period and did not generate them itself. In this way Marx offers an implicit critique of Hegel's closed system, the system in which Hegel unconsciously traces the logic of value and capital, albeit in reverse order.

Marx's critique is supplemented by an exposition of the concept 'disposable time' (N 397, M 305), in order to demonstrate that capitalism is also an open system with respect to its future. For Marx capitalism is determined theoretically in such a way that it will eventually cease to operate and hence to exist. Using his work on pre-capitalist economic formations and on disposable time, Marx shows that capitalism has a historical existence - a historical origin and a historical limit.

In discussing 'disposable time', Marx takes up a suggestion from a pamphlet entitled *The Source and Remedy of the National Difficulties, Deduced from Principles of Political Economy in a Letter to Lord John Russell*, 1821, which he had read in 1851. From this pamphlet he quotes the thesis, '*Wealth is disposable time and nothing more*' (N 397, M 305). Disposable time is exclusively appropriated by the capitalist in the form of surplus-value. However, capitalism is a paradoxical system. Individual capitalists increase the productivity of labour in order to obtain extra surplusvalue. With this motive as an efficient cause, capitalism as a whole drives itself in such a way that the law of value eventually becomes groundless. This happens because almost all of the product is produced with a decreasing amount of labour, the very basis of the law of value. Therefore capitalism will cease to exist. After

capitalism, Marx predicts, a high level of productivity will be controlled by freely associated workers.

Marx writes:

Labour-power relates to its labour as to an alien, and if capital were willing to pay it *without* making it labour it would enter the bargain with pleasure. Thus its own labour is as alien to it - and it really is, as regards its direction etc. - as are material and instrument. Therefore, the product then appears to it as a combination of alien material, alien instrument and alien labour - as *alien property*, and after production, it has become poorer by the life forces expended, but otherwise begins the drudgery anew, existing as simple subjective labour-power separated from the conditions of its life. The recognition of the products as its own, and the judgment that its separation from the conditions of its actualization is improper - forcibly imposed - is an enormous consciousness, itself the product of the mode of production resting on capital, and as much the knell to its doom as, with the slave's consciousness of himself that he *cannot be the property of a third*, with his consciousness as person, slavery vegetates to merely artificial existence and has ceased to be able to prevail as the basis of production (N 462 - 3, M 370 - 1).

The human subjects who transcend the 'form' surplus-value and arrive at 'disposable time' are the immediate producers. They are organised and trained under the command of capitalists. Step by step they become aware that capitalist property is only what they themselves have produced, and so they are its true owners. The development of this consciousness and enlightenment are related to Hegel's conception of 'master and slave' in the *Phenomenology*. Here we can see how Marx's phenomenology of mind or spirit is grounded on the critique of political economy.

As already noted, the wage-labourer is determined as a twofold existence. The wage-labourer is not only '*arche as hyle*' in relation to the capitalist, but '*arche as eidos*' in relation to the means of production. Within the labourer's consciousness an antagonistic contradiction arises. This is between being an agent for the capitalist and being a productive person, or between being a producer of value and being a producer of use-value. The labourer shares a value-consciousness with the capitalist in exchange- relations. These are based

on the premise that what is exchanged is the product of the labourer's own labour, and that exchange is carried out on the basis of equivalents. However under capitalism, immediate producers are alienated from the results of their labours, and gradually they come to believe that something is amiss. In order to clarify their intuitions, Marx has demonstrated the way that capital proceeds from an exchange between capitalist and labourer. If the immediate producers follow this demonstration, they will know what causes capitalist property, and they will grasp the basis of their intuition that something is amiss. This theoretical recognition results in a new consciousness amongst producers, a consciousness of the possibilities for human freedom.

Marx's treatment of this material at the beginning of the *Chapter on Capital* is related to Hegel's 'positing reflection', in which the conditions for the transition of money to capital are presupposed. On those presuppositions Marx demonstrates the transition, showing the indispensable conditions for the genesis of capital. After that logical development, he then follows the historical process in which the conditions were actually posited. His task is finished when he discusses pre-capitalist economic formations. In other words the transition from money to capital is now mediated by the pre-capitalist economic formations in which Marx traces the origins of free exchange, free labour-power, free funds and the accumulation of money. In that sense he shows that capitalism is a logico-historical system that is open, by contrast with Hegel's logical system that is closed and timeless.

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## ***Part Two: Particularity of Capital***

### Second critique of Hegel's system

Thus far one capital has re-emerged from circulation as one capital or a totality, in which circulating and fixed capital once again exclude each other. But this is no longer a simple whole (*ein blosses Ganze*) of money-capital, as it is at the beginning of Marx's consideration of the 'generality of capital'. 'Money as capital' has first become the general notion of capital, and then capital as the general notion begins to particularise itself as two kinds of

capital - circulating and fixed - according to the specific material moment in which the value of capital is mediated. At the peak of its particularisation, the two kinds . of capital are transformed into each other, so the process of reproduction of one capital then forms a complex structure as one totality with particular determinations preserved. Marx's method in constructing a critique of political economy, defined in his Introduction to the *Grundrisse*, is one of appropriating the concrete, in order to reproduce theoretically the structure of bourgeois society in which capital is dominant.

This process of becoming one totality is presupposed logically and historically by Marx. At the beginning of his consideration of the 'generality of capital', Marx refers to Hegel's 'positing reflection' in order to clarify the reciprocal relationship between presupposition and positing in the bourgeois economic system as it reproduces itself. He then adds that the system has historical presuppositions which were posited in the past. Therefore the historical origination of capitalism is described after he considers the accumulation of capital, and it forms a criterion for determining which basic conditions are required for capitalism. This analysis is carried out in the section of the *Grundrisse* known as *Pre-capitalist economic formations*.

This analysis implies a critique of Hegel's view of circular systems as closed. Marx demonstrates that capitalism is an open system with respect to the past, because its conditions of existence were posited in a pre-capitalist period. But with his theory of 'disposable time', he also predicts that capitalism contains within itself a possibility that it will cease to exist in future. Thus he shows that capitalism is a historical phenomenon that is open with respect to both past and future.

At the end of Marx's discussion of 'particularity of capital', he confirms that the exchange between capital and labour is indispensable to capital-accumulation, and he inquires further how free labourers came to exist in the past. Those labourers are 'free' in a two-fold sense, in that they are citizens with equal rights in modern society, and they are also free, i.e. alienated from the means of production which remain the property of others. Quoting from Sir Frederick Morton Eden's *The state of the poor, or an history of the*

*labouring classes in England from the Conquest etc.*, Marx points out that civilised institutions guarantee the right for a small number of non-labourers to appropriate products made by workers, leaving some of their labour unpaid:

Our zone requires labour for the satisfaction of needs, and therefore at least one part of society must always tirelessly labour; others labour in the arts etc., and some, who do not work, still have the products of diligence at their disposal. For this, these proprietors have only civilization and order to thank; they are purely the creatures of *civilized institutions* (N 735, M 610).

Marx also notes that the 'bloody legislation' of Henry VII, Henry VIII, Edward VI and Elizabeth I *de facto* forced peasants to become wage-labourers for capitalists. But he also recognises that 'disposable time' is a potential within surplus-value as produced by capitalism, and that this potential develops further as fixed capital increases. This disposable time corresponds as a potential to the development of workers' organisations, and he forecasts that they will become aware of their own abilities and powers, which have for so long been appropriated by capitalists. In that way he describes a phenomenology of mind or spirit that develops towards human freedom.

*The creation of a large quantity of disposable time* apart from necessary labour-time for society generally and each of its members (i.e. room for the development of the individuals' full productive forces, hence those of society also), this creation of nonlabour-time appears in the stage of capital, as of all earlier ones, as non-labour-time, free time, for a few. What capital adds is that it increases the surplus-labour-time of the mass by all the means of art and science, because its wealth consists directly in the appropriation of surplus-labour-time; since *value directly is its purpose*, not use-value. It is thus, despite itself, instrumental in creating the means of social disposable time, in order to reduce labour-time for the whole society to a diminishing minimum, and thus to free everyone's time for their own development. But its tendency always, on the one side, [is] *to create disposable time, on the other, to convert it into surplus-labour* . . . The more this contradiction develops, the more does it become evident that the growth of the forces of production can no longer be bound up with the appropriation of alien labour, but that the mass of labourers must themselves appropriate their own surplus-labour. Once they have done so -

and *disposable time* thereby ceases to have an *opposite* existence . . . (N 708, M 583 - 4).

The way in which disposable time is removed from the hands of capitalists and freed for the enjoyment of workers is demonstrated theoretically as follows. In capitalism workers are separated from the products of their labour, which include the means of production and the means of consumption. Those products are produced from 'matter' by their own labour as 'form'. Their alienation from the products of their own labour amounts to an indefensible separation from 'matter' or nature, which is vital to human life. Because of their alienation from 'matter' (*hyle*) and because of their pressing need for the means of life, they must alienate their own labour-power once again to the capitalist, who holds exclusive sway over the means of production. By virtue of this, the capitalist controls production as the mediator for capital and so monopolises mental labour. The capitalist forces workers to engage in physical labour, and this alienation from 'matter' causes an alienation from labour as 'form' (*telos*).

The universal truth that human beings arise from the natural world and cannot live without material contact with nature is deformed under capitalism, because capitalists have exclusive ownership of 'matter' as land and the products of labour. Desperate for the means of subsistence, wage-labourers must alienate their labour-power by the hour, and they become obedient to capitalist command.

This relationship between capitalist and labourer can be expressed in terms of Aristotle's theory of 'cause' as follows. 'Final cause' (*telos*) for labourers is a representation in advance of the end-product of their activity. This is alienated to the capitalist. The labourer obtains 'material cause' (*hyle*) as the means of consumption and engages in labour that is merely physical. This is 'efficient cause' (*arche*) under capitalist control. The capitalist has exclusive ownership over the means of production or 'material cause' (*hyle*), and then takes on the task of mental labour as 'final cause' (*telos*). This is not the same 'final cause' as occurs in the labour-process, but is rather an alienated, abstract practice that pursues an increase in the value of capital through identifying and

manipulating its various shapes. In that way Aristotle's four causes are linked within the production-process of capital, pursued through the relation of commodity-exchange.

Because there is a motive for obtaining surplus-profit, each individual capitalist manages and controls the production-process at the micro-level through rational planning. Capitalist practice at that level is 'final cause'. On the macro-level, however, the practice of capitalists considered as a whole becomes 'efficient cause', and this brings two unexpected effects: relative surplusvalue, and a decrease in the general rate of profit. Each capitalist aims to reduce the value of each individual product in order to obtain a margin between socially established value and the value of an individual product, thus obtaining a surplus-profit, for which capitalists compete with each other. To obtain this margin, capitalists introduce machinery in order to increase the productivity of labour, and so the value of an individual product decreases. This innovative aspect of competition transforms the process of production into a scientific process of industrial development. It also pushes individual labourers to realise their collective power in terms of scientific knowledge. The capitalist must educate the labourer as manager and controller of this scientific production-process, so a process of education, which is initially in the interest of the capitalist, paradoxically realises some of the labourer's potential power. This change occurs in the development of the means of production which proceeds from tools, used by skilled labourers, up to machinery, in which human skills are overtaken by a scientific analysis of production as a mechanised process. Skilled physical labour is then replaced by machinery, which is the power of science made manifest. In Aristotle's terms 'efficient cause' in the productive process is no longer human hands but machinery. Marx writes:

No longer does the labourer insert a modified natural object as middle link between the object and himself; rather, he inserts the process of nature which he transforms into an industrial process, as means between himself and inorganic nature, mastering it. He steps to the side of the production process instead of being its main agency. In this transformation, it is neither the direct human labour he himself performs, nor the time during which he

works, but rather the appropriation of his own general productive force, his understanding of nature and his mastery over it through his existence [*Dasein*] as social body - it is, in a word, the development of the social individual which appears as the great foundation-stone of production and of wealth. The *theft of alien labour-time, on which the present wealth is based*, appears a miserable foundation in the face of this new one, created by large-scale industry itself (N 705, M 581).

It [fixed capital] ... [now] exists merely as agency for the transformation of the raw material into the product (N 691, M 570).

... to the degree that large industry develops, the creation of real wealth comes to depend less on labour-time and on the amount of labour employed than on the power of the agencies set in motion during labour-time, whose powerful effectiveness is itself in turn out of all proportion to the direct labour-time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production (N 704-5, M 581).

In the production process 'efficient cause' or 'agent' is thus transformed from physical labour into machinery. At the same time, the labourer, rather than the capitalist, takes on the role of 'final cause'. The labourer changes from 'efficient cause' (*arche*) to 'final cause' (*telos*), and tools are converted from 'material cause' (*hyle*) into machinery or 'efficient cause'. Simultaneously physical labour as 'efficient cause' becomes mental labour or 'final cause'. The main 'efficient cause' of the capitalist production-process changes from skilled labour or 'living labour' to automatic machinery or 'dead labour'.

This transition suggests that 'living labour', which has hitherto been the 'general substance' of capital and the mediator in reproducing the material and subjective conditions of the capitalrelation, now begins to vanish from the production-process. This means that capitalist development tends to let the substance of value diminish almost to zero, and so it destroys its own basis:

... the value objectified in machinery appears as a presupposition against which the value-creating force of the individual labour-power is an infinitesimal vanishing magnitude ... (N 694, M 573).

While the productivity of labour increases without limit, 'living labour' or  $V + S$  added to the product tends to diminish almost to zero. At the same time, the durability of machinery improves, so fixed constant capital, which is transferred to and preserved in the product, diminishes, and circulating constant capital cheapens, because of the increased productivity of labour. In that way the value of the product or  $C + V + S$  decreases. Paradoxically each capitalist's capacity for innovation, which derives from striving for surplus-profit, causes the law of value to collapse, and hence the capitalist mode of production. After that there is no capital, and therefore no capitalist or wage-labourer. Instead there are free workers, who organise themselves in a scientific system of production. They manage and control the system in accordance with high standards, so they are now free 'subjects' in social production, regaining their own 'final cause' (*telos*). Surplus-labour-time, extended under capitalist production, then becomes available for workers to apportion into material funds for social investment and 'disposable time' for individual and social development.

In history so far producers have been alienated from their 'final cause' and forced to labour as an 'efficient cause' through the capital-relation. But in Marx's view, human beings arose with the two causes united. It is because of the profit motive that capitalism develops their mental abilities ('final cause') through an educational system and network of communication. At last they can recover this 'final cause' in a highly advanced form. What nature has given to human beings ('final cause') can be separated from them by human action in society, but this 'final cause' can be regained, and Marx includes these notions in his materialism.

As explained above, 'efficient cause' as physical ability is, so to speak, 'material cause' in relation to 'final cause' as mental ability. Mental ability is 'formal cause' (*eidos*) as such, which is generated on the basis of 'material cause' in the human body. 'Efficient cause' can be temporarily suspended within social relations, but in Marx's account it is destined to be reunited with its original 'material cause' and 'final cause' after its cultivation through the historical development of alienated societies. The mental ability of the wage-

labourer undergoes a developmental process through alienation in capitalist society. This may be called Marx's phenomenology of mind, which he develops from Hegel's *Phenomenology*, and it is applied to the critique of political economy.

For Marx the human being arises from a 'material cause' as such (nature *naturans*), develops as a 'formal cause', which re-forms 'matter' (nature) and develops human nature itself. Marx's materialism is associated with a view that human alienation as 'formal cause' is destined to be transcended through its own developments. The purpose of Marx's critique of political economy is, *inter alia*, to demonstrate the validity of his materialism. In the *Grundrisse* he begins for the first time to carry out this task systematically.

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### ***Part Three: Individuality of Capital***

#### Third critique of Hegel's system

At the end of *III. Individuality of Capital* Marx again criticises Hegel's circular system, because it reflects capitalism in abstract terms. He argues that Hegel's closed, logical system is actually historical - it has an origin in the past and will vanish in future so it is open in both directions. He accomplishes this task by using his theories of primitive accumulation and 'disposable time'.

In discussing the accumulation of capital at the end of *I. Generality of Capital*, Marx presents the process of reproduction of capital as apparently eternal, but then he reveals the way that accumulation is dependent on given historical conditions. At the beginning of his *Chapter on Capital* in the *Grundrisse*, he assumes that the basic conditions of capitalism are presupposed, and he traces them logically as reproduction takes place through capital accumulation. This necessitates another discussion of the way that these 'primitive' conditions are posited historically. In other words his theory of primitive accumulations requires a theory of the accumulation of capital, which he uses as a criterion for discovering what kinds of conditions gave rise to capitalism in the past.

Marx's study of primitive accumulation is limited to an account of the way that surplus-value is generated as primitive accumulation takes place. The predominant forms of capital were mercantile capital and usury. Both forms were often linked as the surplus-labour of independent small-scale producers was absorbed as mercantile profit or interest through the putting-out system. In that way independent producers were transformed into wage-labourers as their independence became merely nominal. Eventually they were organised into manufacture, which was then transformed into industrial capital.

The commodity-relation gains ground, and the degree of this transformation - 'primitive accumulation' - can be measured. When the commodity-relation covers not only a surplus-product but also the necessary product - the fund to reproduce the labourpower of the producer - labour-power itself becomes a commodity. When the necessary product has become a commodity, labour-power is alienated from the products necessary for its own reproduction, because they are the property of another person, i.e. the capitalist. Workers buy necessary products with the money which they earn as wages. In short, there are four instances of transformation: mercantile capital into industrial capital; surplusvalue from mercantile profit into industrial profit; necessary products into commodities; and labour-power into a commodity. Marx quotes Smith's descriptions of commercial capital in *The wealth of nations* from notes that he made on the French edition, just before writing the *Economic and philosophical manuscripts (1844)*. Marx aims to show that capitalism is never a closed, eternal system, but one with an origin in the past.

Then with his theory of 'disposable time' Marx puts the future of capitalism into perspective. He has already demonstrated why, in his view, capitalism will cease to exist. He has done this through his analysis in *II. Particularity of Capital* of the way that machinery or fixed capital develops. Here again he points out that capitalism will vanish in future, losing its presuppositions. These are the presuppositions on which the alienated relation between the capitalist and the wage-labourer is grounded:

... this twisting and inversion [i.e. the conversion of actualization of labour into the loss of actuality] is a *real [phenomenon]*, not a *merely supposed*

*one* existing merely in the imagination of the labourers and the capitalists. But obviously this process of inversion is a merely *historical necessity*, a necessity for the development of the productive forces solely from a specific point of departure [i.e. primitive accumulation], or basis, but in no way an *absolute* necessity of production; rather, a vanishing one, and the result and the purpose (immanent) of this process is to transcend this basis itself, together with this form of the process. The bourgeois economists are so much cooped up within the representations of a determinate historic stage of development of society that the necessity of the *objectification* of the social powers of labour appears to them as inseparable from the necessity of their *alienation vis-a-vis* living labour (N 831-2, M 698).

Evidently Marx intends to criticise not only the bourgeois political economists, but also Hegel, since he comments that the alienation of wage-labourers is never 'an *absolute* necessity', but 'a merely historical necessity'. Therefore it is not 'a supposed' phenomenon existing merely in the imagination of the labourers and the capitalists', but 'a real [phenomenon]'.

For Marx, Hegel's idealism is not merely philosophical speculation. It is rather a real expression of the relations of modern private property. It is a philosophical expression of its own economic background, i.e. the relation of value and capital. As the basic relation of modern bourgeois society, it is inevitably conditioned by real persons when it actually appears. For that reason Marx critically suggests that Hegel's *Logic*, in which an ideal subject or 'idea' appears to posit itself and all other objects, is similar to political economy, in which value and capital do likewise.

Marx foresees the transcendence of capitalist alienation and the possibility of the realisation of freedom:

But with the transcendence of the *immediate* character of living labour, as merely *individual*, or as general merely internally [i.e. spiritually] or merely externally [i.e. physically], with the positing of the activity of individuals as immediately general or *social* activity, the objective moments of production are stripped of this form of alienation; they are thereby posited as property, as the organic social body within which the individuals reproduce themselves as individuals, but as social individuals (N 832, M 698)

We have already seen that Aristotle's theory of cause is applied by Marx in his demonstration of the way the alienation of the wage-labourer will be transcended as capitalist society develops. Here in *III. Individuality of Capital* he also relates this to 'disposable time'. In the production of relative surplus-value, he writes:

... the possibility of which [i.e. greater productive force of labour] is already posited in the presupposed growth of the population and [its] training to labour (with which determinate free time is also posited for the non-labouring, not directly labouring population, hence development of spiritual capacities etc.; spiritual appropriation of nature) (N 774, M 645).

Potential free time in capitalist society appears in alienated forms and is only partially appropriated by the non-labouring population. However, workers gradually become aware that potential free time is an estranged form of their own productive force, and that it is stimulated as productive forces develop their collective and scientific labour. This process, in which the consciousness of workers develops, is also the process in which their forces are regained. Free 'disposable time' will be realised for them as true wealth. Marx's perspective is based on his recognition of capitalist alienation and propertylessness as a 'merely *historical* necessity'. He grasps the history of alienation as a phenomenological process, so freedom becomes possible when capitalist alienation is recognised as a historical necessity. That historical necessity, in Marx's view, will eventually vanish, and he supports that judgement with his critique of political economy.

By contrast Hegel asserts that freedom consists in knowing 'absolute necessity' and nothing more:

... the process of necessity is so directed that it overcomes the rigid externality which it first had and reveals its inwardness, by which it then presents what are bound together as not factually alien to each other, but other moments of a whole, each of which, in its relation to the other, is with itself and combines with itself. This is the transfiguration of necessity into freedom (*Shorter Logic* § 158).

'The process of necessity' mentioned above appears at first glance to be very similar to the way Marx sees capital. He starts from money-capital as 'a whole' and in the end reveals it be 'one determinate totality' in which various moments are bound up with each other. And he shares with Hegel an understanding that knowledge involves tracing a process of necessity.

However, Hegel stays within the sphere of cognition, because for him 'knowing' is practice itself. He thinks that the world or cosmos is created in such a way that 'knowing' objectifies itself, and that 'knowing' comes to know itself. For him the universe is what 'knowing' knows. What is objectified is nothing but 'knowing' itself, so for him knowledge alone can count as practice. 'Knowing' is thus the substance of all that is objectified (i.e. that which has the appearance of an object) and presents itself as subject through its spiritual labour of objectification. Necessity for Hegel implies this process of 'knowing' coming to know itself. When 'knowing' comes to know itself thoroughly, it is transfigured into freedom, which is, in other words, 'absolute knowing'. For Hegel necessity does not vanish but reappears as freedom.

For Marx, necessity as an object of historical knowledge is a historical necessity, e.g. capital. In the process of tracing capital from 'a whole' to 'one determinate totality', he reveals the real possibility of practical transcendence. Exposing the genesis of capital indicates to wage-labourers a possibility for emancipation. Wage-labourers will develop step by step a consciousness alternative to the bourgeois value-consciousness prevalent in capitalist society. In that way they come to recognise that the force of capital is in fact a perverse form of their own potential. Marx's task is to grasp capitalism as a historical necessity, vanishing in future, and to show that it is accompanied by the discovery of the real human subject in practice and the possibility for realising freedom for all.

Freedom for Hegel is limited to the *theoria* of 'absolute necessity'. For Marx, theoretical recognition of the possibility for freedom embodies a specific claim. His claim is that the possibility for freedom can be changed into an actuality, and that such a criterion of realisation is an appropriate one against which to test his theory. Thus he points out the mission to realise this

possibility for human freedom that rests with the working class. In his critique of political economy he characterises contemporary capitalism as the last system of private property, or the last stage of prehistory of class societies in the natural history of mankind. The subjective and objective conditions for advancing to human history proper, a classless society, thus mature in capitalism:

... it is evident that the material productive force already present, already worked out, existing in the form of fixed capital, together with the scientific power and the population etc., in short all conditions of wealth, that the greatest conditions for the reproduction of wealth, i.e. the abundant development of the social individual - that the development of the productive forces brought about by the historical development of capital itself, when it reaches a certain point, transcends the self-increasing value of capital, instead of positing it. Beyond a certain point, the development of the productive forces becomes a barrier for capital; hence the capital-relation [becomes] a barrier for the development of the productive forces of labour. When it has reached this point, capital, i.e. wage-labour, enters into the same relation, [tending] towards the development of social wealth and productive forces, as the guild system, serfdom, slavery, and is necessarily stripped off as a fetter. The last shape of servitude, which human activity assumes, that of wage-labour, on one side, capital on the other, is thereby cast off like a skin, and this casting-off itself is the result of the mode of production corresponding to capital; material and mental conditions of the negation of wage-labour and of capital, themselves already the negation of earlier forms of unfree social production, are themselves results of its production process (N 749, M 622-3).

In the passage above from the *Grundrisse* Marx comes to a conclusion that enables him to rewrite his manuscript *Chapter on Money*. That rewritten version is the so-called original text of *A contribution to the critique of political economy*, and after completing that draft, he prepared the finished manuscript for publication. In the famous *Preface* to that work, published in 1859, he describes capitalism as the last stage of the prehistory of mankind, a point of entry into its universal history.