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SOME ISSUES OF HISTORICAL MATERIALISM

Thesis submitted for the degree of Doctor of Philosophy

DEREK SAYER

September 1975

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Preface

This thesis owes its title to my hope that the discussions it contains may shed some light, here and there, on various issues in historical materialism. However, I rarely situate my arguments in the context of marxist debates as such, and as rarely seek to draw out their implications for such debates. My aims are very much more circumscribed. They are to provide what might be termed an analytic commentary on a restricted set of issues, as they arise in the work of one man, Karl Marx. Rather than scan too widely, I have preferred to focus very narrowly indeed. I treat of a limited number of questions, on the basis of as limited a corpus of texts. The result, I hope, is that both the questions and the texts have been treated with the seriousness they merit.

The questions in which I am interested are indicated, somewhat obliquely, by the metaphor of Marx's from which I have culled the titles of the two chapters which comprise this thesis. As I use it, the metaphor has a double reference. In Chapter One, I show how Marx explains how the constitution of the phenomena of everyday life in the capitalist world is accomplished, in reality and in ideology. At the same time, I treat those analyses of Marx's I present as themselves being a set of accomplished phenomena, whose conditions are in need of explication. In Chapter Two, I attempt to unearth the 'internal machinery' of Marx's own analyses. I aim to at least begin to unravel the methodology which made it possible for Marx to provide the kind of account of the machinery behind the phenomena of capitalist production that Capital offers. Less metaphorically, and more briefly, what I attempt to do in this thesis is to proceed from the presentation of two exemplary pieces of analysis of ideology accomplished by Marx, to a consideration of the scientific procedures by means of which he accomplished them. I attempt an analytic reconstruction of the methodology of historical materialism on the basis of Marx's analytic practice.

I see no point in attempting to summarise further what remains to be argued in the pages that follow; I hope I have given enough of an indication of the general character of my project. However, various prior clarifications are called for.

The two analyses discussed in detail in Chapter One, those of the fetishism of commodities, and the 'trinity formula', are chosen

primarily for their capacity to allow me to develop my thesis on their foundation. Their detailed exegesis sustains my argument very much more effectively than general summary supported by selective quotation could ever do. At the same time, I have no wish to produce a thesis pertaining exclusively to these two analyses; I regard them, rather, as paradigms from which more general points can be developed. This consideration has obviously also affected my choice. Both analyses have the additional advantage of enabling me to range fairly widely over Marx's texts. In the case of the trinity formula, the critique Marx mounts of necessity entails coverage of a wide variety of the phenomena of capitalist production, and adequate presentation of this critique demands the rehearsal of many of the major theses of Capital. In the case of the analysis of commodity fetishism, the phenomena Marx deals with are very much more limited: but it is in this analysis that many of Marx's critical differences with the political economists, both classical and vulgar, are definitively established. Presenting the two analyses together in Chapter One, therefore, enables me to begin my excavation of Marx's analytic procedures, in Chapter Two, having already accomplished much of the preliminary labour. I will have already shown, on what amounts to a fairly broad textual basis, the workings of an analysis that is simultaneously a critique; I will, as it were, have demonstrated what remains to be explicitly stated. In Chapter Two, I will be particularly concerned with precisely what, between them, these two analyses illustrate on a practical level; the structure of Marx's own analysis, and his methodological distance from his predecessors and antagonists. It is through consideration of these that I arrive at my own characterisation of what Marx does. This, in turn, enables me to draw on a wider range of his texts.

In sum, therefore, I have endeavoured to choose examples that allow me as wide a textual reference as is consistent with an enterprise which departs from particular pieces of analytic work. On the other hand, my study remains a restricted one, both thematically and textually, and the restrictions are best stated. In general, my concern lies with the methodology of what Marx called his 'critique of the economic categories', i.e., with the procedures of what is conventionally, and misleadingly, bracketted off as Marx's economics. I deal with how Marx analyses modes of production, and the way in which their phenomena are apprehended in the ideologies of everyday life and their theoretical systematisations. It is hardly a matter for surprise, therefore, if I show a textual bias towards works like the Grundrisse, Capital, or Theories of Surplus Value.

The consequence is that two broad classes of Marx's work are comparatively neglected - though by no means ignored - in this thesis. Relatively little attention is paid either to what we might call Marx's 'historical' studies, like The Eighteenth Brumaire or The Civil War in France, or to his 'early works', by which I mean, specifically, those which preceded the composition of The German Ideology in 1845.

Marx's historical studies are rarely considered because, simply, they clearly represent a different kind of analysis from that employed in Marx's 'critique of the economic categories', which merits separate study. Rather than deal with them inadequately in passing I have preferred not to deal with them at all. I do not, therefore, contend that my thesis applies directly to works of this type.

The early works present a different kind of problem. To begin with, my subject matter and method of approach clearly precludes their playing any central role in this thesis. I argue from the 'accomplished phenomena' of Marx's 'critique of the economic categories', and it is the plain fact that this critique was mainly accomplished after 1857. I am concerned, furthermore, merely to begin to reconstruct Marx's methodology, not to give an account of its genesis. But beyond this, there is a further difficulty concerning the status of these early writings as such. Reputable scholars disagree violently about their place in Marx's evolution; The Paris Manuscripts, in particular, have been proclaimed as the philosophical key to Capital, and as the representatives of a humanist problematic whose abandonment was the sine qua non of its composition. There are a wide variety of intermediary positions. For myself, I believe that the history of Marx's development remains to be written, and that if it is to be a history, it must avoid both the Scylla of teleology and the Charybdis of the magical coupure. However, I do not, for the purposes of this thesis, need to take a position. Important as the debate might be, it is marginal to my aims.

To argue from the early works would obviously render me open to criticism from the advocates of the 'epistemological break'. I can avoid this criticism by the simple expedient of confining my comment to the Marx of The German Ideology and after, which is, in any case, the sensible thing to do given the nature of my project. To do so, incidentally, is by no means ipso facto to deny whatever continuities might exist between the 'young' and the 'old' Marx; if they exist, then a study of the later texts should reveal them, and it will do so all the more convincingly if they are not presupposed. I have,

therefore, steered clear of the early writings; not because I adhere to the Althusserian view of Marx (which I do not), but because, since the nature of my enterprise does not oblige me to use them, I would, once more, rather leave the issue aside than treat it in a cavalier fashion. I do not, as a matter of fact, entirely ignore Marx's early writings; I happen to think that their study is important to an understanding of the 'mature' Marx. However, I have no need to base my case on them, for the reasons I have explained. I therefore, with one notable exception, confine my observations on their relevance to footnotes.

There remain various points of a more technical nature.

I provide an explanatory note on the style and use of footnotes below, which also contains the necessary information on the structure of my bibliography. As regards the latter, it remains only to add that it pretends to be no more than a list of works cited in this thesis. It is neither exhaustive, nor annotated. A good deal of information about Marx's texts, however, is provided in footnotes, and in my Appendix, which gives some background information on the manuscripts of Capital. The footnotes themselves are not gratuitous. I have used them, in particular, to do two things apart from simply indicate sources. Often, they provide fuller or additional quotation to that given in the text, together with cross-reference to Marx's work; occasionally, they extend points mentioned in the text, which are of interest without being central to the thesis as such. They should be regarded, therefore, as an integral part of the thesis, and not as a mere scholastic addendum.

I have to thank, in particular, John Jervis, and Philip Corrigan, both of whom have given me a good deal of encouragement over the last three years, and both of whom have read, criticised, and stimulated my work, including this thesis; and Tony Needham, who was good enough to spend a lot of time and trouble helping me to understand some of the intricacies of classical and marxist economics. I also have to make an acknowledgement of a different kind, which is no less felt for being anonymous. I have been lucky to work in a Department that saw fit to give me ample opportunity to teach, and excellent working conditions in which to write. Had I not been put in the position of having to convey my ideas to others, they would have remained a good deal murkier than they are. And had I not been given the privacy of a room in which to think, write, and type, it is doubtful whether they would have achieved expression in thesis form at all. To those who recognised this, my thanks.

FOOTNOTES AND BIBLIOGRAPHY - AN EXPLANATORY NOTE

1. All sources are indicated in footnotes. The notes are also used to provide additional quotation, and, on occasion, to take up points related to those argued in the text, but not central to the thesis as such.

2. Footnotes are numbered sequentially by chapter section (as listed in the Contents), not by chapter. All notes are placed at the end of the thesis, between the Appendix and the Bibliography. Each page of notes is headed with a Roman and an Arabic numeral (e.g., II/3). The Roman numeral indicates the chapter, and the Arabic numeral the section, to which the notes on the page in question refer.

3. Within footnotes, sources are identified either by date-code alone (e.g. 1846a:156) or by author and date-code (e.g. Rubin, 1928:3; or, if an author has been previously mentioned in a footnote, "... in his 1928:3). References of the first form, i.e., where no author is specified, in all cases are to works written by Marx or jointly by he and Engels. All other references take the second form. Full publication details are given not in the footnotes themselves, but in the Bibliography.

4. The Bibliography is divided into two sections, (1) Works by Marx, or co-authored by Marx and Engels; and (2) Other Works cited. In the first section, items are listed according to the year of their composition; in the second, alphabetically by author, and, where more than one work by the same author is cited, chronologically. Thus, a citation of the form 1846a:156 may be traced in the first section of the Bibliography, and a citation of the form Rubin, 1928:3, in the second.

5. Abbreviations in footnotes are, in general, standard ones. One point may require prior clarification. The symbol 'f.' stands here for "following": thus 1846a:156f. means page 156 of The German Ideology and the pages immediately following; the symbol 'fn.' refers to a footnote, and where it is succeeded by a number, it is the number of the footnote on the cited page which is indicated: thus 1867a:80fn. 2 refers to the second footnote on page 80 of Capital volume I.

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

Marx and Engels
The German Ideology

(1846a:37)

If we deduce world schematism not from our minds, but only through our minds from the real world, deducing the basic principles of being from what is, we need no philosophy for this purpose, but positive knowledge of the world and of what happens in it; and what this yields is also not philosophy, but positive science.

Frederick Engels
Anti-Duhring

I. Preliminary Remarks.

In his famous 1859 Preface, Marx speaks of "two large octavo volumes" in which he and Engels, in 1845, "decided to set forth together our conception as opposed to the ideological one of German philosophy, in fact to settle accounts with our former philosophical conscience".¹ The manuscript, which Marx and Engels, lacking a publisher, abandoned "to the gnawing criticism of the mice"², was not published until 1932.³ It was, of course, The German Ideology. In this work, which remains the most comprehensive statement we have anywhere in Marx of the principles of the materialist conception of history⁴, the raison d'etre of philosophic enquiry is forcefully challenged, and the banner of "real, positive science" raised⁵. This science is by no means devoid of premises⁶; but, unlike those of the philosophers, the latter are

not arbitrary ones, not dogmas, but real premises from which abstraction can only be made in the imagination. They are the real individuals, their activity and the material conditions under which they live, both those which they find already existing and those produced by their activity. These premises can thus be verified in a purely empirical way. 7

As I hope to be able to show, Marx never subsequently abandoned either these premises, or the claim that his mode of investigating them was scientific as opposed to ideological.

This stance, Marx and Engels held, has immediate implications for what we are to understand by consciousness. The Young Hegelians, who form the immediate target of The German Ideology, are castigated for attributing to all the products of consciousness "an independent existence"⁸; for them "the starting point is consciousness taken as the living individual"⁹. Marx and Engels, on the contrary, seek to depart from "the real living individuals themselves"; the corollary being that "consciousness is considered solely as their consciousness".¹⁰ Consciousness is therefore defined, inter alia, as "my relationship to my surroundings"; ideas as but "the independent expression in thought of the existing world";

and language itself as "practical consciousness", the "language of reality"¹¹. Etymological evidence is brought to bear on the latter point; a habit, incidentally, Marx by no means abandoned along with his philosophical youth.¹² As for the concepts of the philosophers, they are no more than "the distorted language of the ordinary world"; and if philosophers cannot see this, it is because they have not yet grasped that "neither thoughts nor language ... form a realm of their own, that they are only manifestations of actual life".¹³ In fine: consciousness "can never be anything else than conscious existence".¹⁴ Marx and Engels show no reluctance in drawing out the implication, however embarrassing it might have proved to later generations of their followers:

Morality, religion, metaphysics, all the rest of ideology and their corresponding forms of consciousness, thus no longer retain the semblance of independence. They have no history, no development ... 15

This is no aberration: the point is emphatically repeated on more than one occasion.¹⁶

These theses, however, are deceptively simple. A long tradition of interpretation, which can claim the authority of the later Engels, has accustomed us to see the inversion of the priority of the ideal over the material which Marx read in Hegel and his followers as the key tenet of Marx's critique.¹⁷ But to draw attention to such an alleged inversion is to seize on a very secondary point, if not to positively mislead. For what The German Ideology and other works of that period are challenging is the very possibility of distinguishing the material and the ideal as separate spheres, at least where human activity and history are concerned.¹⁸ The primacy of the ideal is not denied simpliciter; this denial is a consequence of one that is logically prior, that of the existence of the ideal as an independent entity. Whereas the idealists, according to Marx (and Engels in 1846) severed consciousness and its products from the real individuals whose consciousness it was, and thus constructed the fictitious subjects of their ideology, the solution offered in The German Ideology is not merely to turn the idealists right side up again. For if the ideal, as constituted by the philosophers, is fictitious as a subject, then it would be no less so as an object. No: Marx and Engels focus their attack on precisely that separation of consciousness and its products from "the individuals who are its

basis and from their actual conditions" which makes idealism possible.¹⁹ It is thus perfectly true to say that Marx denied the primacy of the ideal, insofar as he held the ideal to be a fiction, without distinct ontological status, and a fiction cannot determine the course of history; and insofar as the ideal, when properly analysed, resolves itself into a part of precisely what it is supposed to determine. It is equally true to say that Marx asserted the primacy of the material; provided, that is, that we realise that what was previously misunderstood as something separate from it now becomes one of its attributes. This latter point requires a little elaboration.

If, as I have suggested, the object of Marx's critique is only secondarily the alleged primacy of the ideal, but first and foremost the material/ideal distinction on the basis of which the ideal can be constructed as an autonomous subject in the first place, then it follows that the conclusions of the critique apply mutatis mutandis to any form of materialism which supposes this or any equivalent distinction. If, on the one hand, consciousness is now shown to be one facet of human activity, then, ipso facto, human activity is shown to have consciousness as one of its attributes. And it is to be recalled that it is precisely this activity, together with its empirical subjects and conditions, which forms the premise of that science which Marx described as materialist. If this reading is legitimate, such a statement as "life is not determined by consciousness, but consciousness by life"²⁰ is not, for Marx, so much a declaration of militant materialism (except within its immediately polemical context) as a simple tautology. To say this is not, of course, to deny that as an attribute of human existence consciousness may well generally operate post festum (which was, within limits, Marx's view²¹).

These preliminary remarks are not the place for a full consideration of Marx's materialism, and I have emphasised only those points necessary to an understanding of what immediately follows.²² But some exemplification is worthwhile nonetheless, in addition to those quotations given above.

There are at least three occasions on which Marx and Engels provide us with a recipe for being "German, profound and speculative"²³, the most detailed of which is the celebrated account of "the mystery of speculative construction" in The Holy Family.²⁴ Of more direct relevance here is the one which occurs in the first part of The German Ideology, which is sufficiently germane to be worth

quoting in full. It requires no comment:

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

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

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

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

... 25

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

... instead of real people and their real consciousness of their social relations which apparently confront them as something independent, he has the mere abstract phrase: self-consciousness; just as, instead of real production, he has the activity, made independent, of this self-consciousness. On the other hand, instead of real nature and the actually existing social relations, he has the philosophical summing-up of all the philosophical categories or names of these relations in the phrase: substance; ... It is obvious that with these two abstractions, which have become senseless and empty, he can perform all kinds of tricks without knowing anything at all about actual people and their relationships. 26

Stirner's understanding of matter is summarily dealt with as just as much an "abstraction, an idea"²⁷ as is Bauer's: his opposition of "nature" (qua "the world of things") to "consciousness" is contemptuously dismissed with the aid of a comment of Hegel's on Schelling:

It is no more difficult to handle the instrument of this monotonous formalism than a painter's palette which has

only two colours, say black ... and yellow ... in order to use the former to paint a surface when something historical ... is required, and the latter when a landscape ... is needed. 28

With Stirner too, concepts, "if they are divorced from the empirical reality underlying them, can be turned inside out like a glove..."²⁹. We will not stop to consider the speculative constructions which the separation of ideal from material makes possible at this point³⁰. It suffices to emphasise the two points which these passages make eminently clear. The first is that it is this initial separation, and this alone, which grounds the subsequent idealist "conjuring tricks"³¹; the second that in and through their separation, both terms of the distinction are rendered, as far as The German Ideology is concerned, "senseless and empty". This point is immediately relevant to Feuerbach, the third of the philosophical trinity treated in The German Ideology, and one for whom, both here and elsewhere,³² Marx and Engels showed considerable sympathy. Feuerbach's superiority is seen as lying in his materialism, which, deficient as it may be, is regarded as providing some basis for the transition to an adequate conception³³; but this materialism is crucially vitiated by not being a materialism of human practice, and, a fortiori, not being historical. As the first of Marx's famous Theses³⁴ has it:

The chief defect of all hitherto existing materialism (that of Feuerbach included) is that the thing, reality, sensuousness, is conceived only in the form of the object or of contemplation, but not as sensuous human activity, practice, not subjectively. Hence, in contradistinction to materialism, the active side was developed abstractly by idealism - which, of course, does not know real, sensuous activity as such. Feuerbach wants sensuous objects, really distinct from the thought objects, but he does not conceive human activity itself as objective activity. 35

In consequence,

Feuerbach's "conception" of the sensuous world is confined on the one hand to mere contemplation of it, and on the other to mere feeling; he says "Man" instead of "real historical man". ... He does not see how the sensuous world around him is not a thing given direct from all eternity, remaining ever the same, but the product of industry and of the state of society ... an historical product ... Even the objects of the simplest "sensuous certainty" are only given him through social development, industry and commercial intercourse. 36

As far as Feuerbach is a materialist he does not deal with

history, and as far as he considers history he is not a materialist. With him materialism and history diverge completely ... 37

It should not surprise us to find empiricism, because it deals with history as a collection of "dead facts", described as "still abstract";³⁸ nor to find "so-called objective historiography" branded as having a "reactionary character" on the grounds that it treats "the historical conditions independent of activity".³⁹

It remains to show, from Marx's own texts (as opposed to from the logic of his argument), that the matter in his materialism - human activity - necessarily included consciousness as one of its attributes. Since I have argued so far from The German Ideology, whose status as an 'authentically' marxist work might conceivably be disputed, we will take a text whose maturity is beyond any shadow of a doubt: volume one of Capital.⁴⁰

In The German Ideology we were told that

Men can be distinguished from animals, by consciousness, by religion, or anything else you like. They themselves begin to distinguish themselves from animals as soon as they begin to produce their means of subsistence ... 41

There is, as Marx writes elsewhere, no such thing as production in general⁴²; there are, however, certain features which are common to any mode of production whatsoever. Marx deals with these via his concept of the labour-process, which designates production considered "independently of the particular form it assumes under given social conditions"⁴³, i.e., insofar as it is a process which, as "the everlasting Nature-imposed condition of human existence" is "independent of every social phase of that existence, or, rather, is common to every such phase".⁴⁴ Features of the labour process are, ipso facto, constants of social life. Amongst these features, we are told, is the following:

At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but he also realises a purpose of his own that gives the law to his *modus operandi*, and to which he must subordinate his will. 45

It is, further, what Marx explicitly calls this "purposive"⁴⁶ character of "labour in a form that stamps it as exclusively human" that

distinguishes "the worst architect from the best of bees".⁴⁷

I have sought, thus far, to indicate some of what is involved in Marx and Engel's claim to provide a historiography which "does not explain practice from the idea but explains the formation of ideas from material practice"⁴⁸. Further elaboration of this formula can best be provided through the detailed examination of specific instances of how Marx actually does explain the formation of ideas; a task I shall move on to shortly. But general as the project outlined in The German Ideology might be, it does have some very precise implications for the way in which ideology can be treated. Before going any further, these must be spelled out.⁴⁹

Following Marx, I use the term ideology to denote an account of the world which is characterised, inter alia, by its overall falsity. This does not preclude certain of the propositions within an ideology being true, though by definition not all can be. Prima facie, this raises a problem.

If, like Marx, we assume a general relation of correspondence between men's action in and consciousness of the world, then this implies that all consciousness, including ideology, must possess a minimum of empirical adequacy. I use the terms 'correspondence' and 'empirical adequacy' very loosely here: the first is intended to convey that consciousness must allow men to make sense of and conduct their practical activity; the second that it must be assumed to be either true or at least apparently true in respect of practical experience. To specify the latter further, let us say that the implication of Marx's assumption of correspondence is that the contents of consciousness at any given point will seem to be true vis-a-vis the experience of those whose consciousness it is, and, at any rate, will certainly not be such as to be falsifiable by that experience. To argue otherwise would be to concede precisely what is denied in the critique of idealism, namely, the independence of consciousness from activity. Further: since all human activity⁵⁰, as Marx repeatedly tells us, involves both relations between man and nature, and social relations among men⁵¹, it follows that the requirement of empirical adequacy holds for both spheres; men's consciousness, be it ideological or not, must be assumed to be true or apparently true with regard to such features of both the natural and the social world as fall within the province of their experience. But if this is the case, then the putative falsity of ideology becomes relatively

problematic.

In the first place: the assumption of correspondence precludes our accounting for ideology in general on the basis of alleged inadequacies of perception ("seeing things wrong") on the part of the knowing subject, whether these inadequacies be inherent or coerced. For example: Marx could not hold to the view of consciousness propounded above and at the same time consistently assert that the subordination of the working class to bourgeois ideology is a consequence of their indoctrination by the ruling-class owned mass media simpliciter; for to do so would be to assume that the experience of the proletariat was limited to the reading of bourgeois newspapers (which would be consistent, but wrong) or that their consciousness was a tabula rasa open to infinite manipulation (which would not be consistent at all). This is not to say that, insofar as the reading of newspapers is one facet of working class activity, their contents (and a fortiori whose class interests they express) might not be one, possibly very important element in the explanation; so long as it was accepted that the possibilities of indoctrination were ultimately limited by the compatibility of what was being said with the totality of the other elements of proletarian experience. The question would therefore finally resolve itself into one of the capacity of a particular life-experience to sustain a given interpretation.⁵²

This negative injunction can be put in positive form. Marx's view of consciousness allows one, and only one, type of explanation of ideology. If ideological accounts of the world are false, then this falsity must itself be explained in terms of the nature of the experience which is capable of sustaining such illusions; illusions, moreover, which we must assume to be empirically adequate in respect of the experience of the knowing subject. Any other explanatory strategy would involve abandoning either the postulate of the experiential basis of consciousness, or the claim as to the falsity of ideology.

But, secondly: to account for the falsity of ideology this way is implicitly to query the adequacy of the criteria to which the 'truths of experience' make appeal, and to suppose the existence (and superiority) of some higher set of such criteria, which I will call scientific ones. But then science itself is a form of human consciousness; we must therefore expect the possibility of this, too, to be accounted for in similarly material terms. Marx, in short, must not only be able to tell us why the world is constituted in such a way as to sustain more or less ideological accounts of itself; he must also elaborate why the same world can support its scientific

analysis; and he must explain ideology without ipso facto precluding science, and vice versa.⁵³ This second problem will be considered in the next chapter; we will confine our attention here to the first, that of the material foundations of ideology.

To clarify how Marx deals with the problem, it is necessary at this point to introduce a distinction which is central to his developed critique of political economy and arguably implicit in his writings from The German Ideology onwards.⁵⁴ I refer to the distinction between phenomenal forms and essential relations, or, for short, phenomenon and essence. In the course of his work Marx uses numerous other synonyms to express the same idea.⁵⁵ This central distinction will be further examined in Chapter Two, after we have looked at various instances of its employment. Here I will restrict myself to some preliminary observations which bear directly on the point at issue. Of necessity, therefore, some of what immediately follows is subject to later refinement.

Phenomenal forms are most simply defined as those forms in which the external world 'presents itself'⁵⁶ to practical experience. To say this does not, as we shall see below, imply that human activity plays no role in constructing the world that thus presents itself, but merely that at any point there exists a constituted world with which men are confronted as a datum. Nor does it entail denying that what presents itself is already conceptually mediated (though it is of course an implication of what has been argued above that how the world can be conceptualised is itself limited by the nature of that world, as encountered by men in their practical activity). More briefly put: phenomenal forms are simply forms of experience. As noted above, for Marx "language is the language of reality"; I will term the categories through which forms of experience are immediately grasped phenomenal categories.

The concept of essential relation is more complex, and cannot be elucidated at this point. It suffices, for present purposes, to anticipate a future argument (and demonstration) and assert that by essential relations Marx means those relations whose existence must be postulated in order to render explicable the existence of the phenomena themselves. Essential relations are essential, therefore, in the sense that they constitute the conditions of existence of the phenomenal forms themselves.

Unlike phenomenal forms (for which it is the case as a matter of definition), essential relations need not be transparent to direct experience. Conversely, experience need not directly be experience

of things in their 'essential' as opposed to their phenomenal form. In short, phenomenal forms may diverge from, and to that extent mask or obscure, the essential relations of which they are the form of manifestation. This divergence, in turn, forms the foundation of Marx's conception of ideology and at the same time defines the project of his science. For a consciousness grounded in direct experience will be ideological to the extent that phenomenal forms diverge from, and thereby distort, the essential relations they express; whereas it is the task of science to lay bare the essence 'within' or 'behind' these phenomena, and at the same time reveal why the two should diverge in the first place. Assuming this can be done, Marx will have satisfied the conditions of the first problem outlined above: he will have established the possibility of an illusory or ideological consciousness without abandoning the postulate of the experiential basis of all consciousness, or infringing the requirements of correspondence and empirical adequacy that this postulate implies.

Before passing on to a consideration of its employment, a further point remains to be made in respect of the phenomenon/essence distinction itself.

As we shall see, the distinction, and the demarcation of ideology from science which it sustains, are fundamental to Marx's work, and particularly to its centrepiece, the four⁵⁷ volumes of Capital. It is hardly surprising, therefore, to find that assertions of the following kind are widespread:

... the philistine's and vulgar economist's way of looking at things stems from ... the fact that it is only the direct form of manifestation of relations that is reflected in their brains and not their inner connection. Incidentally, if the latter were the case what need would there be of science ? 58

If, as the reader will have realised to his great dismay, the analysis of the actual intrinsic relations of the capitalist process of production is a very complicated matter and very extensive; if it is a work of science to resolve the visible, merely external movement into the true intrinsic movement, it is self-evident that conceptions which arise about the laws of production in the minds of agents of capitalist production and circulation will diverge drastically from these real laws and will merely be the conscious expression of the visible movements. 59

And then, of course, there is the famous aphorism which encapsulates them all:

... all science would be superfluous if the outward appearance and the essence of things directly coincided. 60

But if they are taken out of their context, such remarks are apt to mislead. For their proper conclusion is not, as some have asserted, that ideology is the inevitable accompaniment of all forms of social life, but that there are indeed circumstances in which science - or at least, a science of the social - is superfluous.⁶¹ The most obvious case in point is communism.⁶²

So far as Marx was concerned,

The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan. 63

In a communist society, we are to infer, "the practical relations of everyday life" would "offer to man none but perfectly intelligible and reasonable relations with regard to his fellowmen and to nature".⁶⁴ Nor is this, in Marx's view, merely a rationalist utopia, it is solidly grounded in the potentialities of the present. In 1849 we find him hailing the passage of the Ten Hours Bill in the following terms:

This struggle about the legal restriction of the hours of labour raged the more fiercely since, apart from frightened avarice, it told indeed upon the great contest between the blind rule of the supply and demand laws which form the political economy of the middle class, and social production controlled by social foresight, which forms the political economy of the working class. Hence the Ten Hours Bill was not only a great practical success; it was the victory of a principle; it was the first time that in broad daylight the political economy of the middle class succumbed to the political economy of the working class. 65

Co-operative factories are acclaimed in the same text as an equal, if not greater, proof "by deed, instead of by argument" of the viability of "the political economy of labour" - "social production controlled by social foresight" - over "the political economy of property".⁶⁶

But we need not look only to the future, or Marx's anticipation of it in the present, for relations whose form of manifestation is

not such as to mislead the subject. Marx on several occasions⁶⁷ contrasts feudalism and capitalism in terms of the transparency of their respective production relations. Under the rule of capital, he argues, surplus-labour is never evident on the phenomenal level; its products take the form of profit and interest⁶⁸, which seem to originate from capital, and rent, which appears to derive from the land. We will investigate the reasons for this in due course. In feudalism, on the other hand, surplus-labour has "an independent and palpable form"⁶⁹ in the corvee; and though the serf may labour, he does not do so under the same illusions as his proletarian counterpart. For here the direct producer works, say, three days a week on his own land, feeding himself and his family, and three days a week on the lord's domain, feeding him and his retainers; hence,

this identity of surplus-value with unpaid labour of others need not be analysed here, because it still exists in its visible, palpable form, since the labour of the direct producer for himself is still separated in space and time from his labour for the landlord, and the latter appears directly in the brutal form of enforced labour for a third person. 70

All this yields the following conclusion.

We have no license to assume, a priori, that spontaneous consciousness will necessarily be ideological, or, what comes to the same thing, that essential relations will always take a phenomenal form which conceals their true substance. The reason is not only that, as we have seen, Marx himself does not: he could not, without relinquishing all materialist claims of whatever nature. In order to sustain his claim as to the falsity of ideology, without abandoning his materialist view of consciousness, Marx is obliged, as I sought to show above, to employ a phenomenon/essence distinction. Its use enables him to reconcile his conception of consciousness and his critique of ideology in so far as, and only in so far as, he is able, via the distinction, to explain why experience itself should be such as to mislead the subject. But this explanation will itself be materialist only to the extent that the misleading properties of the phenomenal forms are explicable in terms of distinctive features of the essential relations held to underly them. Should they not be, Marx will be forced back into precisely the dilemma the phenomenon/essence distinction is needed to resolve. The corollary, however, is unavoidable: the derivation of essential relations, and a fortiori the explanation of ideology, must be empirically specific.

Hence, a further specification: we may legitimately regard the

distinction between phenomenal forms and essential relations as a methodological invariant of Marx's conceptual apparatus, inasmuch as his analyses always seek to establish the grounds of possibility of defined groups of phenomena. But to use the distinction does not per se imply that phenomenal forms are illusory; and where this is held to be the case, then an empirical explanation of their alleged opacity must be given.

In the remaining sections of this chapter I will extend, illustrate and further substantiate the foregoing arguments in the context of an examination of two of the most celebrated analyses in Capital: that of the fetishism of commodities in volume one, and that of the so-called 'trinity formula' in volume three, and part three of Marx's intended fourth volume, his Theories of Surplus Value. In so far as Capital is, as its subtitle⁷¹ states, 'a critique of political economy', it is, as we might expect in view of what has been suggested already, heavily laden with analyses of the material foundations of political economy's errors, and can very usefully be read as an extended treatise on the nature and sources of bourgeois ideology. I can, therefore, make no claims to exhaustiveness. The points I wish to make are however quite adequately supported by these two analyses, which I regard as paradigmatic. I will of course take every opportunity to refer elsewhere where relevant, whether in my text or its supporting documentation.

2. The Language of Commodities.¹

The difficulties of the opening chapters of the first volume of Capital are notorious. Marx himself wrote that "To understand the first chapter, especially the section that contains the analysis of commodities, will ... present the greatest difficulty"²; a difficulty he felt himself powerless to overcome, despite frequent attempts at revising those "arduous" first chapters, simply because in his view

There is no royal road to science, and only those who do not dread the fatiguing climb of its steep paths have a chance of gaining its luminous summits. ³

Commentators otherwise as far apart as Althusser and Korsch agree in

disregarding Marx's somewhat comfortless homily; both advise reading Capital in an order other than that in which Marx presented it to his public.⁴ Marx himself put his finger on the main source of difficulty: "To the superficial observer, the analysis ... seems to turn upon minutiae. It does in fact deal with minutiae ...".⁵ But for Marx these minutiae are of supreme importance: "they are of the same order as those dealt with in microscopic anatomy".⁶ I hope to show that he was right, at least as far as their importance in his own science was concerned. What Marx sets out to analyse in Part I of Capital is what he calls "the economic cell-form" of bourgeois society - "the commodity form of the product of labour - or the value-form of the commodity".⁷ The analysis does indeed rest on the most subtle distinctions, but this cannot be dismissed as the mere consequence of Marx's belated flirtation with Hegelian "modes of expression";⁸ it has quite another source: the commodity itself is "a very queer thing, abounding in metaphysical subtleties and theological niceties".⁹ If, then, we wish to comprehend this economic cell-form of bourgeois society, we ignore Marx's apparent sophistries at our peril.¹⁰

Marx begins Capital with the commodity on the (not unimportant¹¹) grounds that it is as "an immense accumulation of commodities" that wealth in capitalist society "presents itself".¹² He begins, that is to say, with a phenomenal form. Its analysis rests on a number of distinctions which it is essential to grasp. The first, and probably the simplest, lies between the use-value, or utility of the commodity and its exchange-value. The second, and undoubtedly the most difficult, lies between the exchange-value or value-form of the commodity and its value. The third, which Marx describes as "the pivot on which a clear comprehension of Political Economy turns"¹³ lies between labour which produces use-values, useful or concrete labour, and labour which produces value, abstract labour. All three are necessary to what follows, although it is with the second distinction that I shall be mainly preoccupied. Before proceeding any further, I will briefly discuss each distinction in turn; though this will entail a little subsequent repetition, it is justified in the interests of clarity.

Use-value/Exchange-value.

Marx's initial definition of a commodity is "an object outside us, a thing that by its properties satisfies human wants of some sort or another."¹⁴ As he goes on to show, this does not suffice to define

the commodity; not all objects which fall under this definition are commodities. But this initial definition does allow us to derive the concept of use-value: the utility of a commodity lies in its capacity to satisfy these needs, its particular use-value varying according to which needs it satisfies and how it does so. It follows that, firstly, the use-value of a commodity is limited by its physical properties, and, secondly, this use-value is not related to the amount of labour involved in producing the commodity in question. Use-values are therefore specific to particular kinds of commodity, and differences between use-values are of a qualitative kind. Qua use-values, commodities are incommensurable; they cannot be substituted for one another. It is this, in fact, which provides the rationale for their exchange. Marx tells us, further, that use-values constitute "the substance of all wealth, whatever may be the social form of that wealth"; and since exchange-value is one such form, use-values are, a fortiori, "the material depositories of exchange-value".¹⁵ By implication, therefore, use-value is a category applicable to all modes of production, a trans-historical category; and this, in fact, is why it can be derived from an incomplete definition of a commodity, one which abstracts precisely from its distinctive features as a social form of wealth.

A more adequate definition of the commodity would be an object with a use-value which is produced for the purpose of exchange; the product of labour becomes a commodity only as and when it is offered for sale. In the course of exchange (and, in its seller's imagination, prior to it) it acquires a form which differs from its simple physical form, that of its use-value; Marx calls this new form its exchange-value. The exchange-value of a commodity expresses, say in the form of a price, its propensity to exchange with other commodities; more precisely, it expresses, in quantitative terms, the proportion in which it will exchange with them. In their exchange-values, therefore, all commodities acquire a common form in which their differences as use-values are effaced. Whereas use-values express the qualitative incommensurability of different commodities, their exchange-value or value form expresses their quantitative commensurability; whereas the use-values of commodities are specific to their kind, exchange-value is a property common to all commodities. Finally, in contrast to the concept of use-value, that of exchange-value is clearly a historical category; it is applicable only to those forms of society in which goods are produced for the purposes of exchange.

Exchange-value (form of value)/ Value.

We now come to the finest of Marx's distinctions, which requires extremely careful elucidation.

At first sight exchange-value appears to be "something accidental and purely relative", and therefore "an intrinsic value, i.e., an exchange-value that is inseparably connected with, inherent in commodities, seems a contradiction in terms"¹⁶. Exchange-value, after all, merely expresses the proportion in which a given commodity will exchange for another; and prima facie this would seem to depend upon entirely subjective factors (the strength of the seller's desire to sell, and the buyer's wish to buy). Exchange-value thus "presents itself as ... a relation constantly changing with time and place"¹⁷; as an attribute of the commodity which is both momentary and variable. It seems to be subject to no law other than that of caprice.¹⁸

But, says Marx, this is a superficial view. If we look beyond the isolated transaction, he argues, we will find that any commodity is potentially exchangeable for any other. Its exchange-value can thus be expressed in the form of definite quantities of all other commodities; or, to put it another way, any single commodity has as many exchange-values as there are commodities against which it can exchange. It follows that, qua exchange-values, these latter commodities too are mutually exchangeable in exactly the same proportions. From this Marx draws two conclusions, which are of cardinal importance to an understanding of his theory of value:

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

19

My resume is scarcely less baldly stated than Marx's own argument as he presents it in the opening few pages of Capital; and he is far from over-generous with elaboration. A fuller statement would run rather as follows.

Why commodities are exchanged in the first place can perfectly well be explained via the concept of use-value. It is the incommensurability of commodities, qua use-values, which constitutes the rationale for their exchange. But whilst exchange thus presupposes the qualitative incommensurability of commodities, it also supposes their quantitative commensurability; and it is this that is expressed in their exchange-

values, whether in the simple value-relation x commodity A = y commodity B, or in the more elaborate form of commodity prices. However,

It is apt to be forgotten that the magnitudes of different things can be compared quantitatively, only when those magnitudes are expressed in terms of the same unit. It is only as expressions of such a unit that they are of the same denomination, and therefore commensurable. 20

Therefore, Marx reasons, commodities must share some common property which allows of their being thus compared. Since it has already been shown that as use-values commodities are not commensurable, and, indeed, precisely this incommensurability has been appealed to in order to explain the necessity of exchange, this common property can have nothing to do with use-value. Marx consequently designates it by another name: value.

He then goes on to argue that commodities possess only one such common property: they are all²¹ products of human labour. The value of a commodity is therefore a function of the labour socially necessary to its production. The qualification 'socially necessary to' is important; for, according to Marx, it is not the labour actually embodied in any given commodity that constitutes its value, but that labour which would be required to produce a commodity of that kind under socially average²² conditions. Providing we remember this qualification (and certain others which I will discuss in the context of the third of Marx's distinctions) we may accurately regard value as simply materialised, congealed, or, metaphorically speaking, "dead" labour. The measure of labour is time: it therefore follows that the value of a commodity will vary directly with the duration, and inversely with the productivity, of the labour required to produce it. Exchange-values (or, in their developed form, relative prices²³) thus express nothing but relations between definite quantities of labour, or, in the final analysis, a set of social relations between commodity producers.

So much for the "something equal" which Marx considers exchange-values to express, and his grounds for positing it. We now come to his second conclusion. Why should value, thus defined, assume the phenomenal form of exchange-value? Marx's answer lies in the nature of value itself.

Value, according to Marx, has "a purely social reality"; it is "a non-natural property... something purely social"²⁴. To say this does not imply that value is in any way fictitious; Marx clearly

believes that value is real²⁵, inasmuch as human labour (and, moreover, a historically specific kind of human labour²⁶) is really embodied in the commodity. But because the reality of value is social rather than natural, it has no independent mode of existence; or, what comes to the same thing, the social reality of the commodity, as a value, directly coincides with its natural, bodily, physical form. The value of a commodity is not evident in the same way as are its colour, shape, hardness, etc.; and nor, in consequence, is it phenomenally distinguishable from any of these properties or their ensemble:

The value of commodities is the very opposite of the coarse materiality of their substance, not an atom of matter enters into its composition. Turn and examine a single commodity, by itself, as we will, yet in so far as it remains an object of value, it seems impossible to grasp it. 27

In the production of the coat, human labour-power, in the shape of tailoring, must have been actually expended. Human labour is therefore accumulated in it. In this aspect the coat is a depository of value, but though worn to a thread, it does not let this fact show through. 28

Value, in sum, is not capable of presenting itself phenomenally as such: it "does not stalk about with a label describing what it is"²⁹.
Therefore:

If we say that, as values, commodities are mere conglations of human labour, we reduce them by our analysis, it is true, to the abstraction, value; but we ascribe to this value no form apart from their bodily form. 30

But it has previously been argued that a commodity's bodily form is that of its use-value: "Use-value as an aspect of the commodity coincides with the physical palpable existence of the commodity".³¹
The conclusion is inescapable. Value per se does not present itself on a phenomenal level, within the commodity, as distinct from that commodity's use-value.

Here, therefore, arises the difficulty. Value, according to the foregoing analysis, is the basis of the commensurability of commodities; it is the common property which allows of their exchange in definite quantitative proportions. But we are now told that the immediate form of existence of value is indistinguishable from use-

value; and the use-value of a commodity, as we know already, expresses not what is common to it and all others, but precisely what differentiates it from all others. The immediate form of existence of value, therefore, is not one in which the commensurability of all commodities is expressed. From this follows the necessity of value assuming, on the phenomenal level, a form which differs from what I have termed its immediate form (the use-value of the commodity in question); a form in which the value of a commodity is expressed as, firstly, independent of the use-value of the given commodity, and, secondly, something which is common to all commodities.³² The same point may be put the other way around: we know from experience that the commensurability of commodities is expressed, in the form, for example, of their prices. Our analysis tells us both that the basis of this commensurability is value, and that value is incapable of phenomenal expression per se. If our analysis is correct, then it must be the case that the phenomenal form of value, exchange-value - the form, in other words, in which that which makes commodities commensurable is expressed in our experience - differs from value in its immediate form. We have arrived, by a rather long detour, at the second of Marx's conclusions.

I will say no more at this point about what phenomenal form value does assume; for this is of supreme importance to Marx's analysis of fetishism, and will be considered in detail shortly. What matters here is simply to clarify the nature, and grounds, of Marx's three basic distinctions. We will therefore pass at once to the third.

Useful Labour/Abstract Labour.

This third distinction parallels the first, and follows on the second. Just as the commodity can be considered from two aspects, that of its use-value and that of its value, so too can the labour involved in its production. The use-value of a commodity is always produced by means of "productive activity of a definite kind and exercised with a definite aim"³³. Labour, regarded from this point of view, Marx terms useful labour: "a special sort of productive activity, the nature of which is determined by its aim, mode of operation, subject, means, and result."³⁴ Just as the use-value of a commodity is specific to commodities of its kind, so is the type of useful labour by means of which it is produced; to use Marx's own examples, weaving and tailoring, as forms of useful labour, are

as different, and differ in the same way, as linen and coats (when considered as use-values). Different kinds of useful labour are thus no more commensurable than are the use-values they create; what count in both the productive activity and the product are the specific differences.

Lastly, and as once again with use-value, the concept of useful labour is a trans-historical category:

So far, therefore, as labour is a creator of use-value, is useful labour, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life. 35

All that Marx says here in respect of useful labour he subsequently³⁶ extends and systematises through his concept of the labour-process (as distinct from the production process), one aspect of which I had occasion to touch upon above.

The concept of useful labour is not one which presents particular difficulty, for the simple reason that what it designates is labour in its natural form. The same, however, cannot be said of the other term of the distinction, abstract labour. It is not an easy concept, and Marx's own exposition of it is one which, as we shall see, leaves plenty of room for misunderstanding. But before we confront the difficulties, let us clarify their context by looking at why Marx requires such a concept as abstract labour in the first place.

The reason is basically simple, and Marx's argument only the corollary of that he advanced in the course of deriving the concept of value itself. The value of a commodity, we saw, is defined in terms of the labour socially necessary to its production, on the grounds that commodities are only commensurable when regarded as embodiments of definite quantities of materialised labour. But this, Marx holds, supposes that the kinds of labour embodied in commodities are themselves commensurable (and therefore quantifiable); or, to express the same thing differently, only labour in a form that is common to all commodities can be regarded as constitutive of value. If we do not recognise this, we end up by re-creating precisely the impasse we found ourselves in when trying to compare commodities as use-values, only in this case the problem is confronted on a deeper level. If this is the case, it cannot be labour in its specifically

useful form, or useful labour, which creates value; for we have seen that while useful labour is involved in the production of all commodities, it is common to them only in the sense that use-value itself is; useful labour is common, but only inasmuch as it takes a different form in the production of each kind of commodity. When, in other words, we speak of useful labour, we indicate not what is common to but precisely what differentiates human labour's various forms. In seeking for what all forms of commodity producing labour share, therefore, we must abstract from the useful character of labour, just as we did from the utility of its products. And to designate the labour involved in producing commodities as regarded from this second viewpoint, we will need a second concept. This concept is abstract labour. Thus, the concept of abstract labour refers to commodity producing labour viewed in terms of its common characteristics, or, more precisely, according to those common characteristics which make it value producing, as opposed to use-value producing, labour.

It is here that our difficulties begin. For Marx's texts tend to conflate, or at least do not adequately distinguish or define the relations between, different aspects of the concept of abstract labour; whilst a failure to examine the concept in the full range of its uses can, as Rubin and Colletti³⁷ have shown, sustain disastrously restricted definitions. As with so much else in the analysis of commodities, we are once again in the realm of minutiae, but minutiae whose theoretical implications are immense. I will focus here upon only those aspects of the problem relevant to my subsequent argument, and in consequence its presentation is deliberately simplified; for its full and more than adequate elaboration, I can only refer to Isaak Rubin's superlative discussion.³⁸

In Capital, Marx's first substantial definition of abstract labour is in terms of what Rubin calls 'physiologically equal labour':

Productive activity, if we leave out of sight its special form, viz., the useful character of the labour, is nothing but the expenditure of human labour-power. Tailoring and weaving, though qualitatively different productive activities, are each a productive expenditure of human brains, nerves and muscles, and in this sense are human labour. They are but two different modes of expending human labour-power. 39

Thus defined, abstract labour is simply any labour whatsoever viewed as a process of consumption of definite quantities of human energy. As such, it is at least theoretically subject to quantification,

according to its duration on the one hand and its intensity on the other⁴⁰. The conditions of the problem of commensurability outlined above have apparently been satisfied.

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

The first, which is unavoidable once abstract labour has been assimilated to physiologically equal labour simpliciter, is that the concept of abstract labour, just like that of useful labour, is yet a further trans-historical category. Marxists have in fact held this; we may cite, by way of example, Karl Kautsky's Economic Doctrines of Karl Marx:

On the one hand, labour appears to us as the productive expenditure of human labour-power in general, on the other hand, as specific human activity for the attainment of a given object. The first aspect of labour forms the common element in all the productive activities carried on by men; the second varies with the nature of the activity. 41

Whereas Marx entitled the section of Capital from which his above-quoted 'physiological' definition of labour is taken, 'The Two-fold Character of the Labour embodied in Commodities', Kautsky blithely transfers the distinction to "all the productive activities carried on by men". Isolated passages in Marx⁴², when taken out of context, might seem to support this; but it is not justified when his analysis of abstract labour as a whole is considered. However, the main point is this: having identified abstract with physiologically equal labour, Kautsky was not only justified in universalising Marx's third distinction, but could not do otherwise. For if we assert (as Marx does) the physiologically equal character of human labour in general, then we cannot deny it of any particular social form of human labour; and if we then regard physiologically equal labour as synonymous with abstract labour (as Kautsky does), it follows that all human labour, and not just that involved in the production of commodities, can be regarded as both useful and abstract.

The second inference is perhaps less obligatory, but there is no good reason to stop its being drawn: it is that abstract labour is merely a theoretical construct, a 'mental generalisation', as Colletti has phrased it.⁴³ By this I mean not that abstract labour is a

theoretical construct in the obvious sense that any concept must be, but that it is, specifically, an abstraction to which there corresponds no distinct object of an empirical order, whether natural or social. In this it would differ from both a concept like useful labour, which refers to labour in, so to speak, its natural form, and a concept like exchange-value, which designates a definite and distinctive social reality. Abstract labour, if defined in purely physiological terms, clearly has no natural existence outside useful labour itself, and thus appears to be merely an abstraction from the latter; but nor does it have any particular social form of existence either, since all social forms of labour can be described as abstract. It is therefore difficult to avoid the conclusion that abstract labour, thus defined, is a mere theoretical construct whose rationale is no more than a rather dubious heuristic one. Such a conclusion is, of course, extremely damaging to Marx, given the crucial role which, as he repeatedly emphasised⁴⁴, the distinction between useful and abstract labour plays in his analysis. Critics have never been slow to haul Marx over the coals as a builder of elegant systems vitiated by the arbitrariness of their premises.⁴⁵

To appreciate fully the damage done by identifying abstract with physiologically equal labour, however, we need to cast our minds back to what abstract labour was intended to explain in the first place. Here the full significance of the inferences I have drawn from this identification is palpably evident.

What Marx sets out to explain in Chapter One of Capital is, in his own words, "the commodity form of the product of labour - or the value-form of the commodity". Commodity form and value-form are not in fact strictly synonymous, though Marx frequently elides the two terms. The value-form (exchange-value) is, strictly speaking, one aspect of the commodity form itself, the other being use-value. But the elision is quite comprehensible, for the simple reason that the problem of explaining the commodity form ultimately resolves itself into the problem of explaining the value-form. Use-value is an attribute of the product of labour under all conditions, and cannot, ipso facto, be used to explain that which differentiates the commodity from other social forms of the product, viz., its value-form. To explain the value-form is therefore precisely to elucidate the differentia specifica of the commodity form itself. But this means that what we have to explain is a phenomenon which, to use a phrase Marx employed of another social relation of capitalist production, "has no natural basis,

neither is its social basis one that is common to all historical periods".⁴⁶

It is in this context, that of a very definite kind of problem, that Marx introduces the concepts of value and abstract labour. The problem is defined in such a way that it only allows of a certain kind of solution. The goal of the analysis must be to elucidate not only those conditions of existence of the commodity form which coincide with the conditions of existence of the product of labour in general (as Marx does via the concepts of use-value and useful labour, and, more comprehensively, through his concept of the labour process); it must be, quite specifically, to enumerate those conditions which allow the product of labour to assume the value-form, this being what distinguishes the commodity form itself. If the value-form is a historical one, these conditions must be themselves historical, too. And in so far as the concepts of value and abstract labour purport to articulate these conditions, they must be historical categories. Conversely, in so far as the concepts of value and labour are not historical categories, but categories applicable to all modes of production, they will not be capable of explaining what we might call the differential historicity of the value-form; the mystery of the commodity form will not have been resolved. Prima facie, therefore, we would expect abstract labour to be a historical, and not a transhistorical category; and a category which grasped a distinctive set of socio-historical conditions (i.e., a particular social form of labour), a category to which, in other words, there corresponded a distinctive object of an empirical order. But as we have seen, both of these conditions are violated so soon as abstract labour is defined as physiologically equal labour.

If, therefore, Kautsky et al are correct in their interpretation of Marx's distinction, the riddle of the commodity-form remains to be solved, and the place of the concepts of value and abstract labour in the analysis becomes inexplicable. Instead, we have a new twist to the problem; which is to explain why, if the existence of abstract labour is a sufficient condition for the production of value, and abstract labour is universal, the product of labour does not always assume the value-form. Alternatively, we have to concede that the existence of abstract, qua physiologically equal labour, is a necessary, but by no means a sufficient condition for exchange-value. In either case, the best that can be said of the analysis is that it remains to be completed.

My analysis so far has concentrated upon the logical implications of reducing abstract to physiologically equal labour. I now need

to show not just that it would have made nonsense of Marx's analysis had he made this reduction, but that he did not in fact do so; and further, having suggested that physiologically equal labour does not exhaust Marx's conception of abstract labour, I have to show where and why it does fit in.

First, then: what did Marx understand by abstract labour ?

I will give as brief a definition as I can, and then expand.

Abstract labour is private labour considered from the point of view of its social character, and the only possible medium through which private labour can be established or achieve expression as a part of the total social labour. I describe abstract labour as a medium through which, rather than a form in which, the social character of private labour is established and achieves expression for quite deliberate reasons. As we shall see, the only form in which the fact that private labour is social is expressed is the value-form itself. Thus abstract labour (like value) is, for Marx, a definite social reality, but not one capable of direct phenomenal expression:

It is the expression of equivalence between different sorts of commodities that alone brings into relief the specific character of value-creating labour, and this it does by actually reducing the different varieties of labour embodied in the different kinds of commodities to their common quality of human labour in the abstract. 47

Hence, when we bring the products of our labour into relation with each other as values, it is not because we see in these articles the material receptacles of homogeneous human labour. Quite the contrary: whenever, by an exchange, we equate as values our different products, by that very act, we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this, nevertheless we do it. 48

Let me now try to clarify these theses.

All human labour (excepting that of a Robinson Crusoe, which need not concern us⁴⁹) is social. Individual labour is part of that of the society as a whole in more than a trivial sense. A moment's reflection is enough to establish that reproduction of the conditions of production is a necessary condition of any social existence, and that this is itself dependent upon the maintenance of definite proportions between different kinds of useful labour. These proportions are historically variable, depending upon the productivity of labour,

the extent and range of people's needs, etc., etc., but they are never arbitrary. Individual labour, in short, is always related to the labour of other individuals organically, as one element in a definite set of qualitative and quantitative relations of mutual interdependence. In this sense, regarded as a component of the process of social reproduction, individual labour is always social. This much can be stated a priori. However, both the ways in which the correct proportions between different kinds of individual labour are sustained, and, in consequence, the forms in which the social character of individual labour are manifested, will vary historically according to the mode of production. Both must therefore be ascertained empirically.

In societies in which the distribution of labour is subject to direct social regulation, whether communally or by a ruling class, all labour will be directly social. Useful labour (labour which produces a use-value) and social labour (labour which produces a socially required use-value) will coincide; there will be no divergence, in other words, between the natural form of labour and the form in which its social character is expressed. Marx discusses several examples in both the Critique of Political Economy and Capital:

... under the rural patriarchal system of production, when spinner and weaver lived under the same roof - the women of the family spinning and the men weaving, say for the requirements of the family - yarn and linen were social products, and spinning and weaving social labour within the framework of the family ... the product of labour bore the specific social imprint of the family relationship with its naturally evolved division of labour. Or let us take the services and dues in kind of the Middle Ages. It was the distinct labour of the individual in its original form, the particular features of his labour and not its universal aspect that formed the social ties at that time. 50

Similar points are made in respect of, for example, both primitive communes and the socialist order of the future.⁵¹ What all these cases share is the fact that labour as such is directly, and socially distributed and organised, on the basis of accumulated experience. And because of this, its social character is evident in its immediate or concrete form.

But not all societies are of this kind; and societies in which commodity production is the dominant mode most certainly is not. Here, labour is divided without being socially distributed; to put it another way, the social division of labour, both qualitative and quantitative, is spontaneous in the sense of being free from overall

social regulation. Labour, far from being directly social, is, in appearance and in fact, private. By private labour Marx means the labour of independent individuals who are linked together by no overall social connexion other than those established in the exchange of their products.

As a general rule, articles of utility become commodities, only because they are products of the labour of private individuals or groups of individuals who carry on their work independently of each other. The sum total of the labour of all these private individuals forms the aggregate labour of society. Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer's labour does not show itself except in the act of exchange. In other words, the labour of the individual asserts itself as part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers. 52

In this case, then, labour as such is not subject to direct social distribution and organisation. The producer only knows whether his labour is or is not social a posteriori, according to whether or not there is a market for its product: "In this way, the character that his own labour possesses of being socially useful takes the form of the condition, that the product must be not only useful, but useful for others ..." ⁵³. And he cannot ascertain this in advance, because of the spontaneity of the distribution of labour. Labour in its natural form, or useful labour, is therefore not immediately social; its social character is established post festum, through exchange.

Now, it was argued above that reproduction involved the maintenance of correct relations between different kinds of labour in both a qualitative and a quantitative sense. In commodity production, a qualitative imbalance will be expressed in terms of either an absolute shortage (no commodities to be had at any price) or an absolute glut (commodities unsaleable at any price) of products. Quantitative imbalances will be expressed in terms of too few, or too many, commodities of a given kind and commodity prices will vary accordingly, going above or below value according to the fluctuations of supply and demand. Equilibrium will be expressed at the point where all commodities exchange at their values; where, in other words, supply and demand coincide. ⁵⁴ Thus, the fact that (at equilibrium) useful and social labour coincide is expressed only in the form of relations between commodities (balance of demand and supply) and features of commodities (their holding their 'natural price') ⁵⁵. In short, the

social character of private labour finds expression only in the value-form of its product. This is only the corollary of the way social reproduction is ensured in practice; the proportionality of different kinds of labour is achieved only via movements of labour consequent upon price changes. Whereas, in those modes of production we have previously considered, the correct distribution of labour is brought about through social regulation, in commodity production

... in the midst of all the accidental and ever fluctuating exchange-relations between the products, the labour-time socially necessary for their production forcibly asserts itself like an over-riding law of Nature. 56

"Absurd"⁵⁷, therefore, as this way of expressing the social character of labour might be, it has an emphatically material foundation:

... the relations connecting the labour of one individual with that of the rest appear, not as direct social relations between individuals at work, but as what they really are, material relations between persons and social relations between things. 58

So: the social character of private labour assumes the value-form of the product, exchange-value, and in reality is ensured only through relations between exchange-values. But we know from our previous analysis of exchange-value that it presupposes value, and value in turn presupposes the commensurability of different kinds of labour. This necessarily leads to the following conclusion: where labour is private, the expression of its social character (and therefore, in practice, the maintenance of the continuity of the reproduction process) requires its equalisation. Where labour is directly and socially distributed, no such necessity arises: it does where labour is private, because, firstly, there correct proportions between different kinds of labour are effected only indirectly, through the exchange of products, and because, secondly, that the products can assume a form in which they can be universally⁵⁹ exchanged is itself contingent upon the reduction of diverse kinds of concrete labour to a form in which they are commensurable.

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

It is perfectly true to say that for Marx, once we abstract from the specifically useful characteristics of labour, nothing remains but physiologically equal labour, labour considered as the simple

expenditure of human labour-power.⁶⁰ And this, of course, constitutes the 'rational kernel' of the analysis of Kautsky et al. What their conception totally fails to express, however, in first reducing the concept of abstract labour to physiologically equal labour, and then universalising it, is the following. Abstract labour is not physiologically equal labour per se, though it is undoubtedly the case that it is only the physiological equality of labour which allows of labour being expressed in the abstract, through the value-form of the product. The physiological equality of labour is, in other words, a natural presupposition of abstract labour; the physiological equality of labour permits the quantitative commensurability of its products to be expressed in the value-form. But this, a natural attribute of labour is not in itself the significant factor, or enough to define labour as abstract. The natural attribute derives its significance wholly from the social function it performs; it is significant because, and only because, it serves as a vehicle for expressing the social character of private labour. The point may be clarified by analogy. Precious metals are capable of becoming money only because of certain of their natural features (durability, infinite and equal divisibility, standard quality, etc., etc.)⁶¹; but it is not their natural form eo ipso which makes them money. Gold is not value, but merely the form in which it is represented; money, as we shall see below, is not a natural but a social phenomenon.

Thus: abstract labour is not reducible to physiologically equal labour, though the latter is its presupposition. Conversely, physiologically equal labour is not always abstract. Abstract labour, if we wish for a functional definition, is the medium through which the social character of private labour achieves expression in the value-form of the product. If we wish for a substantive definition, it is physiologically equal labour insofar as, and only insofar as, it assumes this function. Once we have said this, it is evident that abstract labour is a historical category, one which supposes a precise set of historical conditions for its application; and it is also an implication that, as a category which designates such a specific social constellation, it is no mere abstraction in the sense specified above.

I will conclude this discussion with a passage from Marx, written before he had yet adequately distinguished useful and abstract labour. It captures the difficulties, and ambivalences I have attempted to unravel very precisely:

Labour seems quite a simple category. The conception of labour in this general form - as labour as such - is also immeasurably old. Nevertheless, when it is economically

conceived in this simplicity, 'labour' is as modern a category as are the relations which create this simple abstraction. / ... _/

/ ... _/ Indifference towards any specific kind of labour presupposes a very developed totality of real kinds of labour, of which no single one is any longer predominant. As a rule, the most general abstractions arise only in the midst of the richest possible concrete development, where one thing appears as common to many, to all. Then it ceases to be thinkable in a particular form alone. On the other side, this abstraction of labour as such is not merely the mental product of a concrete totality of labours. Indifference towards specific labours corresponds to a form of society in which individuals can with ease transfer from one labour to another, and where the specific kind is a matter of chance for them, hence of indifference. Not only the category, labour, but labour in reality has here become the means of creating wealth in general, and has ceased to be organically linked with particular individuals in any specific form. Such a state of affairs is at its most developed in the most modern form of existence of bourgeois society - in the United States. Here, then, for the first time, the point of departure of modern economics, namely the abstraction of the category 'labour', 'labour as such', labour pure and simple, becomes true in practice. The simplest abstraction, then, which modern economics places at the head of its discussions, and which expresses an immeasurably ancient relation valid in all forms of society, nevertheless achieves practical truth as an abstraction only as a category of the most modern society. /..._/

This example of labour shows strikingly how even the most abstract categories, despite their validity - precisely because of their abstractness - for all epochs, are nevertheless, in the specific character of this abstraction, themselves likewise a product of historic relations, and possess their full validity only for and within these relations. 62

Armed with these three distinctions, use-value/exchange-value, exchange-value/value, and useful labour/abstract labour, we may now pass directly to Marx's analysis of the fetishism of commodities. I will deal with the latter in three stages. First, following Marx, I will take up the distinction between value and value-form at the point where I left it above, in order to elucidate how, in the establishment of the phenomenal form of exchange-value, we have what I shall call the elementary structure of fetishism. I will then discuss what is involved in the fetishism of commodities in more general terms. Finally, I will consider Marx's analysis of the fetishism of commodities as a whole in the light of what was

argued in the first section of this chapter, and use it as a basis from which to extend those arguments.

At the beginning of the famous section of Capital in which "The Fetishism of Commodities and the Secret Thereof" is examined, Marx argues that the "mystical", the "enigmatic" character of the commodity derives neither from its use-value, nor from "the nature of the determining factors of value" per se. There is nothing mysterious about use-value; nor is either the physiological equality of labour, or the fact that the labour-time involved in the production of a use-value should be of social import, or, finally, the fact that labour is not only individual but social, difficult to grasp. "Whence, then, arises the enigmatical character of the product of labour", Marx asks, "so soon as it assumes the form of commodities. Clearly from this form itself".⁶³ We know, from what has been said already, that what distinguishes the commodity from other forms of the product of labour is its exchange-value, or value-form. It is this, therefore, that requires further analysis. I terminated my discussion above with a demonstration of why, according to Marx, this form must differ from what it expresses, namely, value (and in the final analysis, abstract labour). We must now investigate what, in positive terms, this form is; how, in other words, value is phenomenally expressed. Let us therefore follow Marx through his account of the value-form; or, to be more precise, of successive value-forms in the plural, for what he in fact presents us with is a kind of ideal reconstruction⁶⁴ of the genesis of the ultimate and only fully adequate value-form of the commodity, its money- or price-form.

The simplest value-form is the accidental or elementary form of value (Form A). This can be expressed by the simple equation:

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

Marx distinguishes the two poles of the expression as the relative and the equivalent form of value respectively: x commodity A, the quantity whose value is being expressed, is said to take the relative form because its value is expressed relative to that of B; whilst y commodity B is termed the equivalent, because in this expression it serves as the equivalent in which the value of x commodity A is expressed. The distinction is at first sight a rather puzzling

one, since in this form the equation is clearly reversible; its importance becomes fully apparent when more developed forms of value are considered, in which the value-equation cannot be reversed without another form of value altogether being derived.⁶⁵ We must, however, cling to one point, which is apparently trivial but in fact absolutely fundamental. This is that although in this form (and indeed all value-forms other than the money-form)⁶⁶ any commodity can occupy either position in the equation, no commodity can occupy both positions simultaneously. The expression x commodity A = x commodity A, in other words, would not be a value-expression. To say this is only to re-state a point argued at length above, which is that the value of a commodity is not distinguished phenomenally from its material substance, or use-value (and, likewise, the labour constitutive of this value, abstract labour, has no immediate form outside useful labour). The implication is that no commodity, when taken in isolation, is capable of expressing its own value; or, as Marx puts it,

If ... we bear in mind that the value of commodities has a purely social reality, and that they acquire this reality only in so far as they are expressions or embodiments of one identical social substance, viz., human labour, it follows as a matter of course, that value can only manifest itself in the social relation of commodity to commodity. 67

Clearly this is what happens here. The value of commodity A does achieve expression as something distinct from A's use-value; but it is by no means directly expressed as a definite quantum of congealed labour. It is expressed, on the contrary, in the "bodily form" of a definite quantity (y) of another commodity (B): "use-value becomes the form of manifestation, the phenomenal form of its opposite, value".⁶⁸ The exchange-value of the relative commodity is expressed in the form of the use-value of the equivalent. Mutatis mutandis, (i): the useful labour embodied in B stands for the abstract labour embodied in A: "concrete labour becomes the form under which its opposite, abstract human labour, manifests itself"⁶⁹; and thus (ii) the specific kind of private labour which produced B, by virtue of the fact that it is equated in the value-expression with the abstract labour spent on A, comes to stand for social labour (since, as we have seen, it is only by becoming abstract that the social character of private labour can be expressed): "the labour of private individuals takes the form of its opposite, labour directly social in its form."⁷⁰

These latter points require amplification.

I have shown previously that for Marx neither the social character of private labour, nor abstract labour, nor value are capable of immediate and independent phenomenal expression. The social character of private labour is established only post festum, through the exchange of products, and the latter supposes both the reduction of different kinds of useful labour to abstract labour, and the reduction of different use-values to values. Only thus are commodities rendered commensurable. However, the immediate form of abstract labour coincides with useful labour itself, whilst the immediate form of value coincides with use-value, the natural form of the product of labour. Hence the need for an independent phenomenal form of value. Marx has now shown how such a form may be constituted, via the relations established in exchange between two commodities. But it is clear that, whilst the value-relation x commodity A = y commodity B does indeed allow the value of A to assume, for the first time, a form independent of A's use-value, this value-form does not express the value of A as what it is, namely, materialised abstract labour. The value of A is not directly expressed in terms of labour at all; and in so far as it can be said to be thus expressed indirectly or by implication, it is not expressed in terms of the labour which created its value, abstract labour.

Specifically, the following three transformations characterise the expression of relative value in the value-form of the equivalent commodity. Firstly and fundamentally: a definite social substance, the value of A, is phenomenally expressed in or represented by a material form, the bodily form or use-value of B. Secondly, and co-relatively; to the extent that A's value is expressed in terms of labour, it is represented by the useful labour which produced B. This once again means that a definite social phenomenon, the abstract labour which, according to Marx, alone makes A and B equatable as values, is expressed in the natural form of a given kind of useful labour. Thirdly, by a final twist, the specific useful labour which produced B, a particular kind of private labour, comes, by virtue of the fact that it expresses, indirectly, the social character of the labour involved in A, to appear as directly social labour; conversely, the social character of all labour is represented in the material shape of a specific kind of private (and useful) labour.⁷¹ In sum, then, value can achieve independent expression in the value-form of exchange-value, but only on condition of these three inversions, all of which distort the essential relations involved. We

should note, incidentally, that Marx is thoroughly emphatic on this point: "exchange-value is the only form in which the value of commodities can manifest itself or be expressed".⁷²

What all these transformations, or inversions, share is that in all cases the purely social (value, abstract labour, social labour) is represented or expressed by the natural (use-value, concrete labour, private labour).⁷³ It is this mode of expression which I call the elementary structure of fetishism. At this point a corollary might be mentioned, which will show its importance below: to express the social by the natural is simultaneously to express the historical by the universal.

Form A, then, is capable of expressing the value of a commodity (A) as something distinct from the use-value of that commodity; but value is still not expressed as something common to all commodities.⁷⁴ This defect is remedied in the second form of value, which Marx calls the total or expanded form. The equation for this is:

$$z \text{ Com. A} = u \text{ Com. B} = v \text{ Com. C} = w \text{ Com. D} = x \text{ Com. E} = \dots \text{ \&c. (Form B).}$$

The expanded form is implied in the elementary form, inasmuch as the number of value-relations of the kind x commodity A = y commodity B in which commodity A can stand is limited only by the total number of commodities, and their combination yields Form B.

In Form B two points, in particular, are clarified. In the first place,

The value of a single commodity, the linen for example, is now expressed in terms of numberless other elements of the world of commodities. Every other commodity now becomes a mirror of the linen's value. It is thus, that for the first time, this value shows itself in its true light as a congelation of undifferentiated human labour. For the labour that creates it, now stands expressly revealed, as labour that ranks equally with every other sort of human labour, no matter what its form. / ... / The linen, by virtue of the form of its value, now stands in a social relation, no longer with only one other kind of commodity, but with the whole world of commodities. As a commodity, it is a citizen of that world. At the same time, the interminable series of value equations implies, that as regards the value of a commodity, it is a matter of indifference under what particular form, or kind, of use-value it appears. ⁷⁵

This passage needs to be read with care. In the expanded form of value, in which the value of a commodity is capable of representation

in the physical forms, or use-values, of any number of others, Marx argues, the status of these physical forms as modes of representation is very much more evident: for it is clear that the capacity of commodities B, C, D, ...n to express A's values is in no way a function of their physical attributes (except in the limiting sense that to be a commodity, and thus stand in one of these value-relations, a product must have some use-value). That each equivalent is a form of expression of value, rather than value per se, is clearer here than in form A. Similarly, if and insofar as what is represented or expressed is labour, it palpably cannot be labour in any particular useful form, since this differs between commodities B, C, D, &c. But it would be wrong to understand Marx as saying that in Form B the fact that it is labour which constitutes value is phenomenally evident; it remains the case, as with every value-form, that the social substance value is expressed in the material form of another commodity.

There is, however, one important distinction between the expanded form of value, and all the others with which Marx deals. In the latter, as in Form A, the role of the equivalent is played by a single commodity, whereas in Form B all commodities bar the one whose value is being expressed play this role. Form B is therefore less likely to sustain the illusion that the commodity which plays the role of the equivalent is value simpliciter than the other forms. This may seem an unlikely illusion in respect of, say, the elementary form equation 20 yards of linen = one coat; but it is, or at least historically has been, very much more plausible when the equivalent has been gold, as Marx repeatedly shows in his discussion of the Mercantile and Monetary systems of economics.⁷⁶ In the expanded form of value, by contrast, even though the fact that value is based in labour is not phenomenally evident, the fact that it is not based in the physical attributes of a distinct commodity is; this form, therefore, points to abstract labour as the substance of value much more directly than any other. This, I take it, is the meaning of Marx's above-quoted remarks.

The second clarification offered by the expanded form relates to the quantitative proportions in which commodities are exchanged. In Form A the exchange proportions (x & y) could have appeared arbitrary, and thus, to a superficial analysis at least⁷⁷, the value of commodities could have been seen as the consequence of these exchange ratios.

But in Form B, Marx argues, this view can no longer be sustained: it is evident that definite proportions obtain, and the value of commodity A stays constant throughout its expressions:

It becomes plain, that it is not the exchange of commodities which regulates the magnitude of their value; but, on the contrary, that it is the magnitude of their value which controls their exchange proportions. 78

So much for the expanded form of value. Like the elementary form, it has its defects. Though it expresses the fact that value is common to all commodities by implication, it still does not do this directly; it does not yield a general expression of value common to all commodities, but merely "a many-coloured mosaic of disparate and independent expressions of value"⁷⁹ in which the fact that value is common to all commodities is merely implicit. Thus, in general, the first two forms of value serve only "to express the value of a commodity as something distinct from its use-value or material form".⁸⁰ The communality of value has yet to achieve direct phenomenal expression. We can, however, derive such an expression by reversing the equation of Form B, thus giving "expression to the converse relation already implied in the series"⁸¹. This will give us Form C, the general form of value, which can be represented by:

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

There is no formal distinction between this, and Form D, the money-form of value, to derive which we simply substitute a given quantity of money (in Marx's own formula, 2 oz gold) for z Com. A in the above equation. I will therefore deal with both together.

In Forms C & D, "All commodities now express their value (1) in an elementary form, because in a single commodity; (2) with unity, because in one and the same commodity."⁸² Both criteria for the expression of value are now satisfied:

The value of every commodity is now ... not only differentiated from its own use-value, but from all other

use-values generally, and is, by that very fact, expressed as that which is common to all commodities. By this form / Marx is talking of Form C, but the point applies equally to Form D / commodities are, for the first time, effectively brought into relation with one another as values, or made to appear as exchange-values. 83

Marx's second criterion, viz., that value be expressed as common to all commodities⁸⁴, is now satisfied because in Forms C & D all commodities (unlike in Form A) have their value expressed in a single equivalent (unlike in Form B). These developed forms thus "give to the world of commodities a general social relative form of value"⁸⁵ in so far as, and only in so far as, they exclude all but one commodity from the equivalent form. It is the social sanctioning of this exclusion that alone distinguishes the general from the money-form of value:

The particular commodity, with whose bodily form the equivalent form is thus socially identified, now becomes the money-commodity, or serves as money. It becomes the special social function of that commodity, and consequently its social monopoly, to play within the world of commodities the part of the universal equivalent. 86

Therewith all commodities assume a value-form distinct from their bodily form (a price); "the general form of relative value of the world of commodities obtains real consistence and general social validity."⁸⁷ The money-form is, conversely, "the only adequate form of existence of exchange-value."⁸⁸

The money-form of value is no less fetishistic than any of its predecessors. If anything, it is more so: for the incarnation of the social substance, value, in a thing, which was apparent in Form A and nearest to unmasking in Form B (which followed directly from A), is now thoroughly consolidated. In Form A this might have appeared accidental, while in Form B it was evident that the capacity of a commodity to assume the equivalent form was not a function of its physical attributes; but neither of these considerations apply in the case of the money-form. One and only one thing, the money-commodity, becomes the social form in which the value of all commodities is expressed, and thus the appearance of accident associated with Form A is removed; and in the same movement all other commodities are precluded from assuming the equivalent form, and thus the insights

which Form B might have made available are now denied us. Value is now unambiguously and uniquely identified with the bodily form of the universal equivalent. Marx summarises what has taken place as follows:

We have already seen, from the most elementary expression of value, x commodity A = y commodity B, that the object in which the magnitude of the value of another object is represented, appears to have the equivalent form independently of this relation, as a social property given to it by Nature. We followed up this false appearance to its final establishment, which is complete so soon as the universal equivalent form becomes identified with the bodily form of a single commodity, and thus crystallised into the money-form. What appears to happen is, not that gold becomes money, in consequence of all other commodities expressing their values in it, but, on the contrary, that all other commodities universally express their values in gold, because it is money. The intermediate steps of the process vanish in the result and leave no trace behind. 89

We should briefly recall, at this point, the fact that the three transformations or inversions discussed above in connexion with the elementary form of value are identified by Marx as characteristic of the equivalent form as such.⁹⁰ It is, in brief, the fetishistic mode of representation which constitutes the most basic link between the elementary and the money-form of value, and which leads Marx to insist that "the whole mystery of the form of value lies hidden in this elementary form"⁹¹; just as it is this same fetish which prevented economists penetrating the value-form when it was presented in its "dazzling money-form"⁹².

It is in the context of these remarks, finally, that we must interpret such statements as the following:

The general value-form, which represents all products of labour as mere congelations of undifferentiated human labour, shows by its very structure that it is the social resume of the world of commodities. That form consequentially makes it indisputably evident that in the world of commodities the character possessed by all labour of being human labour constitutes its specific social character. 93

This is true, providing we do not take "indisputably evident" to mean phenomenally evident. It is the case that (as argued above for Form B) if we have already reduced exchange-value to value, and value to

labour, then the structure of value-forms C & D do indeed make it "indisputably evident" that the labour in question must be of a kind which is common to all commodities, i.e. abstract labour. But this supposes that we have already begun to penetrate behind the material veil⁹⁴ in which value is wrapped. In the meantime, it remains the case that in neither the general nor the money-form is value phenomenally expressed as labour. Quite the contrary: the fetishism inherent in the simplest of value-relations achieves its consumation in the money-form. Thus money may be, as Marx asserts, "the direct incarnation of all human labour"⁹⁵; but it is as well to remember that

It is, however, just this ultimate money-form of the world of commodities that actually conceals, instead of disclosing, the social character of private labour, and the social relations between the individual producers. 96

From here, we may pass to some more general remarks.

In the foregoing analysis, Marx was always very careful to distinguish between those attributes of phenomena which derived from their material form, and were thus attributes of phenomena of that type or class per se, and those attributes of phenomena which derived from their social form, and thus became attributes of phenomena of that type only as a consequence of their standing in a particular set of social relations. (The term 'phenomena' is used here, and throughout the discussion which immediately follows, to refer to both objects and activities). Each set of attributes was apprehended through categories of different orders: thus the material attributes of the commodity were grasped through the concept of use-value, its social attributes through the concepts of exchange-value and value; the material attributes of commodity producing labour through the concept of useful labour, its social attributes through the concepts of private and abstract labour. Because categories of the first order designated the material features of a given class of phenomena, they were universal or transhistorical categories, i.e. categories under which all the phenomena of that class would fall; while because categories of the second order refer-

ed to the social characteristics of phenomena, and therefore presupposed the existence of a specific set of social relations within which the phenomena acquired those characteristics, they were historical categories, i.e. categories under which only some of the phenomena of a particular class could be subsumed. The distinction between material and social attributes of phenomena is not, incidentally, confined to the analysis of the commodity: the conceptual bifurcation which it sustains is one of the methodological lynchpins of Capital. I shall therefore return to this point in Chapter Two.

A fetishised discourse is characterised, on a theoretical level, by the confusion of these two sets of attributes. What are in fact material characteristics of phenomena are misapprehended as social characteristics, whilst social characteristics are seen as deriving from material forms. Though Marx allows of and instances both types of error, it is the latter with which I shall be mainly concerned, and which alone can be properly described as fetishistic in the sense Marx gives the term.⁹⁷ We are therefore dealing with a process in which the characteristics that material phenomena take on solely as a consequence of their standing in definite social relations are ascribed to those phenomena in their material form, and thus to phenomena of that kind per se, irrespective of social context.

This has two immediate implications. In the first place, the world becomes de-socialised: relations between men take on "the fantastic form"⁹⁸ of relations between things. Secondly, and just as importantly, the world becomes de-historicised: because the properties phenomena acquire in consequence of their standing within specific social relations are seen as inherent in those phenomena per se, they are seen, ipso facto, as universals.

I will now exemplify these points with regard to Marx's criticisms of various analyses of value in political economy. The main burden of my argument will be to establish that, firstly, the fetishistic nature of these analyses in no way derives from their defective perception of the phenomena, but, if anything, from precisely their 'realism'; and secondly, that they are well-grounded empirically.

I will consider two analyses of value which are, for Marx, quite unambiguously fetishistic. These are the theories of the Monetary and Mercantile systems, which Marx regards as being to all extents

and purposes the same on this issue⁹⁹, and the polemics of Samuel Bailey and the anonymous author of Observations on certain Verbal Disputes in Political Economy...¹⁰⁰ against Ricardo and his conception of value. Though widely separated in time, political tendency (Bailey and the "Verbal Observer"¹⁰¹ were free-traders, the mercantilists protectionists), and content, these analyses, so far as Marx was concerned, shared one essential feature: both failed to distinguish the form of value from value itself.¹⁰² In other words, both were specifically fetishistic in that they saw the social characteristics of the equivalent in the value-equation as inherent in the material form of that equivalent, i.e. as a function of its natural properties. Bailey and the "Verbal Observer" are distinguished from the monetarists and mercantilists by their relative sophistication: whereas the latter identify value with the physical form of the universal equivalent (precious metals) per se, the former effect an initial analytic regress, and identify it with the physical attributes of all commodities, i.e. with use-value.

"The mercantile system ... with its crude realism" is identified as

the actual vulgar economy of that period, pushing into the background in favour of its own practical interests the beginnings of scientific analysis made by Petty and his successors. 103

Vulgar economy, for Marx, is not a pretty epithet: it designates that style of analysis which

deals with appearances only, ruminates without ceasing on the materials long since provided by scientific economy, and there seeks plausible explanations of the most obtrusive phenomena, for bourgeois daily use, but for the rest, confines itself to systematising in a pedantic way, and proclaiming for everlasting truths, the trite ideas held by the self-complacent bourgeoisie with regard to their own world, to them the best of all possible worlds. 104

Elsewhere, Marx describes vulgar economists as "hired prize-fighters" fired by "the bad conscience and the evil intent of apologetic".¹⁰⁵ We are not concerned here with the political character of vulgar

economy, however, so much as with what distinguishes it theoretically; and in this, the decisive point is precisely its "crude realism".

The monetary and mercantile systems, according to Marx, grasp value in the "purely fantastic form" of gold and silver; for them "gold and silver, i.e., money, alone constitutes wealth."¹⁰⁶ In Marx's terms, this represents the resolution of value into the "pure form of value, the form in which the product makes itself manifest as general social labour: money."¹⁰⁷ This is fetishism in its classic form: the faculty that gold and silver acquire of representing value by virtue of the fact that they stand in a given social relation is seen as an objective characteristic of precious metals per se: to the monetarists and mercantilists "gold and silver, when serving as money, did not represent a social relation between producers, but were natural objects with strange social properties."¹⁰⁸ Marx pinpoints this fetishism as the source of all the illusions of the monetary system¹⁰⁹: amongst which he numbers a conception of value based on relative perishability¹¹⁰, and of the ideal form of wealth as the hoard¹¹¹; an understanding of surplus-value as mere profit upon alienation¹¹²; and a restriction of the description 'productive' to those branches of labour whose goods were capable of yielding a favourable gold balance in international trade.¹¹³ All these Marx brands as "fatuous conceptions".¹¹⁴ In spite of this, and the labelling of the mercantile and monetary systems as varieties of vulgar economy, Marx treated them very much more generously than did many of his predecessors.¹¹⁵

Monetarism and mercantilism, Marx points out, arose in the infancy of bourgeois production, when production itself remained overwhelmingly feudal (i.e. production for use) and "the sphere of commodity circulation was the strictly bourgeois economic sphere"¹¹⁶. And it was, Marx asserts,

consistent with the rudimentary stage of bourgeois production that those misunderstood prophets should have clung to the solid, palpable and glittering form of exchange-value, to exchange-value in the form of the universal commodity as distinct from all particular commodities. 117

Marx is making more than a crude correlation between historical and theoretical immaturity here; his argument is that there is a sense in which the illusions of mercantilists and monetarists were not only comprehensible, but actually correct.

If, as argued above, value is the labour congealed in a commodity, then its existence is clearly bound up with the existence of that commodity itself. The value of a commodity will ordinarily¹¹⁸ disappear when the commodity itself is consumed or otherwise destroyed. Ceteris paribus, therefore, if one is interested in amassing wealth, as opposed to procuring consumables (use-values), one should strive to exchange perishable for less perishable commodities, or ideally, for precious metals, the most durable of all commodities and thus the most adequate receptacle for value.¹¹⁹ It is this which explains the preoccupation of the monetary and mercantile systems with the form of value, and constitutes their rational element:

They quite correctly stated that the vocation of bourgeois society was the making of money, and hence, from the standpoint of simple commodity production, the formation of permanent hoards which neither moths nor rust could destroy. It is no refutation of the Monetary system to point out that a ton of iron whose price is £3 has the same value as £3 in gold. The point at issue is not the magnitude of the exchange-value, but its adequate form. 122

Marx adds the important qualification 'from the standpoint of simple commodity production' for the following reason. Capitalist production is distinguished (as a variety of commodity production) from simple commodity production primarily by the existence of labour-power as a commodity on the market.¹²³ Labour-power is a unique commodity inasmuch as its consumption is productive of value; for the consumption of labour-power is the expenditure of labour. In this situation, therefore, a capitalist may exchange money against labour-power, and, in consuming that labour-power, produce more value than that he originally laid out in its purchase. It would thus be quite senseless for a capitalist to transform his products into money merely in order to hoard it; for though his value would thereby stay intact, it would not be augmented while it lay idle, whereas it would be if he were to retransform it into the elements of production and begin the production process anew. Indeed, other things being equal, the rate at which he could increase the value of his capital would depend upon the rapidity of these various metamorphoses, or the velocity of the turnover of his capital. All this, however, supposes the existence of labour-power as a commodity, for it is this that creates the possibility of using a sum of value to produce a surplus-value.

In simple commodity production, however, this pre-supposition is

lacking, and the original point about the durability of the material form in which value inheres becomes the over-riding consideration. Assuming all commodities exchange at their values¹²⁴, it would be as senseless for a commodity producer to exchange any more money for less perishable goods than he had to, if, that is, he wishes to amass wealth, as it would be for the capitalist producer not to. For no value can be gained from such a transaction; but, because of the change of form, much can potentially be lost. In so far, therefore, as the monetary and mercantile systems correspond to a situation of simple commodity production, their propositions have a very considerable historical validity, and their consideration with form rather than magnitude of value is quite proper.¹²⁵

But Marx goes still further than this:

Political economy errs in its critique of the Monetary and Mercantile systems when it assails them as mere illusions, as utterly wrong theories, and fails to notice that they contain in a primitive form its own basic presuppositions. These systems, moreover, remain not only historically valid but retain their full validity within certain spheres of the modern economy. 126

As Marx goes on to explain, they do so to the extent that money as the developed form of value and thus the incarnation of specifically bourgeois wealth (i.e. value, as opposed to use-value), as opposed to money in its various technical functions¹²⁷, persists in the capitalist economy; as it necessarily must do, inasmuch as the circulation of capital is accomplished by and rests upon the circulation of commodities, and the latter is achieved through all commodities assuming a money-form. A striking illustration of this argument is provided in Capital III, when Marx discusses sacrifices of real wealth (by which is meant, here, use-values) made in order to maintain wealth in monetary form in periods of crisis; he comments:

But how are gold and silver distinguished from other forms of wealth? Not by the magnitude of their value, for this is determined by the quantity of labour incorporated in them; but by the fact that they represent independent incarnations, expressions of the social character of wealth. / ... / This social existence of wealth therefore assumes the aspect of a world beyond, of a thing, matter, commodity, alongside of and external to the real elements of social wealth. 128

If we may summarise these points: Marx argues, on the one hand, that the monetary and mercantile systems represent the height of

fetishism, but insists, on the other hand, that they retain a substantial historical and a limited contemporary validity. They are fetishistic in that they explain the specifically social properties that precious metals acquire within the social relations of commodity production by natural features of those metals themselves; we might add, moreover, that this is a fetish of the crudest kind, in so far as its object is the phenomenal form of value per se. We will find, in the analyses of value yet to be discussed, that in other cases fetishism arises only after prior analytic regression. This is why the monetary and mercantile systems deserve the appellation 'vulgar'. It is, further, obviously the case that value cannot be understood historically if it is understood as a natural rather than a social attribute of phenomena; and so, despite the fact that the monetarists and mercantilists, precisely by focussing on the form of value in opposition to use-value, pointed to the differentia specifica of bourgeois wealth and the emerging mode of production (viz., that "it is dominated by exchange-value"¹²⁹), these systems express the historical as universal. There is a strong parallel here with the physiocrats, a school of economists who managed, in Marx's view, to express, for the first time, the conditions of capitalist production in what purported to be a defence of feudalism; in this case too it was fetishism which robbed them of a secure historical anchorage. But despite all this, Marx upheld the validity of the monetary and mercantile systems. He was not content, as were his predecessors, with refuting their conceptions, but sought to reveal their foundations; and these, for Marx, were emphatically real. He showed both why, given the premise of simple commodity production, these systems should be concerned with the form of value, and why this concern should focus on durability. The implication is that these systems were perfectly adequate on a practical level, even if their theoretical underpinning was faulty. This, in turn, is to be explained by precisely their phenomenal adequacy: for, on Marx's own account, it is the case that the only adequate form of value is the money-form, just as, within simple commodity production, the rational way of amassing value is by transforming commodities into money and money into a hoard. Thus it is the nature of the phenomena which explains the peculiarities of the conception; and the phenomenal adequacy of the conception which explains its tenacity. And if this involves the tenacity of an illusion, this cannot be attributed to the monetarists' and mercantilists' stupidity, and still less to any deficiencies in their perception of the phenomena:

it is the way in which the phenomena present themselves that succours the illusion. As we have seen,

Because the product is not produced as an immediate object of consumption for the producers, but only as a bearer of value, as a claim, so to speak, to a certain quantity of all materialised social labour, all products as values are compelled to assume a form of existence distinct from their existence as use-values. And it is this development of the labour embodied in them as social labour, it is the development of their value, which determines the formation of money, the necessity for commodities to represent themselves in respect of one another as money - which means merely as independent forms of existence of exchange-value - and they can only do this by setting apart one commodity from the mass of commodities, and all of them measuring their values in the use-value of this excluded commodity, thereby directly transforming the labour embodied in this exclusive commodity into general, social labour. 130

Let us now turn to Samuel Bailey and his anonymous mentor. Here we may be rather briefer, since many of the relevant points have been covered already, and repetition would be superfluous.

Both authors accused Ricardo and his followers of reifying concept of value, transforming it from a purely relative attribute the commodity acquires in exchange into an absolute property which the commodity is alleged to possess independently of and prior to it. In Marx's terms, in other words, Bailey and the 'Verbal Observer' failed (or rather refused) to distinguish value from exchange-value, holding that the latter was the sole reality and the former no more than "a scholastic invention of economists"¹³¹. So far as Bailey is concerned, therefore,

Value denotes consequently nothing positive or intrinsic, but merely the relation in which two objects stand to each other as exchangeable commodities. 132

... we may speak of it as money-value, corn-value, cloth-value, according to the commodity with which it is compared; and hence there are a thousand different kinds of value, as many kinds of value as there are commodities in existence, and all are equally real and equally nominal. 133

Value is thus not an intrinsic property of a commodity, but entirely a function of the exchange-relation. It follows, inter alia, that "'it' (value)'cannot alter as to one of the objects compared, without altering

as to the other...¹³⁴. For this not to be the case, there would have to be an independent standard in terms of which the respective values of the related commodities could be separately ascertained, and it is precisely this possibility which is denied in the assertion that value is no more and no less than value in exchange.

The 'fiction' of an intrinsic value, in Bailey's view, derives from the way in which relations between commodities are obscured by the intervention of money, and the misunderstandings of political economists in respect of the latter. First, it was (according to Bailey, wrongly) inferred that since all commodities could enter into a value-relation with money, and in practice normally did so rather than enter directly into value-relations with one another,¹³⁵ then the scale of relative prices merely expressed relative values, considered as something intrinsic and measurable in monetary terms. This is, of course, Marx's argument. Secondly, this inference led to a search for a so-called 'invariable measure of value' in terms of which these relative values could be accurately measured: various commodities played this role in the history of political economy; gold itself, corn, and, in Bailey's interpretation of Ricardo at least¹³⁶, labour. Both Bailey and Marx regarded the latter search as thoroughly misconceived: but whereas Bailey assumed that in demolishing the second problem he had similarly disposed of the first, Marx denied this.

Let us first deal with Bailey's solution to the second problem, which is as elegant as it is simple. He simply demonstrated that, assuming constant value-relations between all other commodities, the value of the equivalent in which their values were expressed could vary infinitely without the relative values of the other commodities being affected. Any change in the value of the equivalent would have the same impact throughout all the value-relations in which it stood, and thus the proportional relations between the values of the other commodities thus expressed would remain constant. Hence, an equivalent commodity, and specifically, money, could function perfectly adequately as a measure of value (on the classical economists' own assumptions) without its value having to be constant. Having summarily dealt with the problem of an invariant measure of value, Bailey assumed that he had removed the rationale for any concept of value other than that of exchange-value (or, in a monetarised economy, price); for, historically, the raison d'etre of such a concept had been precisely the wrongly assumed need for an invariant measure.

If, reasoned Bailey, the problem of an invariant measure of value is a fictional one, then so must be the various solutions to it, above all the Ricardian one which takes labour as such a measure. Given various difficulties in Ricardo's own position (particularly the fact that he tended to see labour as a solution to this misconceived problem¹³⁷, and the difficulties he had reconciling his notion of value with the empirical reality of price formation¹³⁸) Bailey's argument was apparently a strong one.

Marx is in total agreement with Bailey as to the fallacious nature of the search for an invariant measure of value, regarding his work as a significant contribution to the clarification of the role of money qua measure of value.¹³⁹ Indeed, Marx went so far as to argue that the measure of value (in the sense of the equivalent commodity) had to be variable: this followed from the fact that only an object which had a value, i.e., only a commodity, could serve as equivalent in the value-relation; for the value of all commodities must be variable, since it depends upon the productivity of the labour which produced them. "Variability is precisely the characteristic of value".¹⁴⁰ Thus he showed, firstly, that one does not have to adhere to a conception of the invariability of the value of the equivalent commodity in order to sustain a conception of value as immanent in the commodity and independent of exchange-value. But Bailey's argument implied, in his own view, that once the possibility of an equivalent of variable value is admitted, then the immanentist conception of value simply becomes redundant. It is this implication which Marx disputes.

Here, Marx asserts that Bailey and those he criticises share a common confusion, between the "external" and the "immanent" measure of value; and that while Bailey is correct in respect of the former, he cannot generalise his conclusions to the latter. By an external measure of value, Marx means simply an equivalent commodity, whether particular or universal, i.e., the commodity in terms of definite quantities of which the values of one or all other commodities can be measured or expressed. According to Marx, however, that values can be thus expressed assumes, as we have seen, the existence of value in the commodity prior to its exchange. This, in turn, assumes that it has some immanent measure: something which "constitutes value and is therefore also the immanent measure of value".¹⁴¹ In Marx (if only ambiguously in Ricardo¹⁴²) it is a measure of value in this latter sense that is constituted by labour-time. Labour-time is not a commodity¹⁴³ and hence has no value, variable or otherwise;

and it is this, Marx holds, that economists, "impelled by an instinctive thought"¹⁴⁴, were really searching for under the guise of a commodity of constant value:

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

It is this which explains Bailey's elision of external and immanent measure of value, and assumption that having shown the possibility of a commodity of variable value officiating as the former, he had at the same time dispensed with the need to determine the latter. However,

Bailey has this in common with the other fools: to determine the value of commodities means to find their monetary expression, an external measure of their value. They say, however, impelled by an instinctive thought, that this measure then must have invariable value, and must itself therefore stand outside the category of value, whereas Bailey says that one does not need to understand it, since one does in fact find the expression of value in practice, and this expression itself has and can have variable value without prejudice to its function. 146

Bailey, in short, repeats the identification of value with its phenomenal form which we saw, for example, with the mercantilists, and it is only this which allows him to think that in showing how value could be expressed in a commodity whose value was variable, he had exhausted the problem of its determination. As Marx puts it,

Because he finds it /value/ reflected in the monetary expression, he does not need to "understand" how this expression becomes possible, how it is determined, and what in fact it expresses. 147

For Marx himself, however, the necessity for answering these latter questions is imperative, and his own answers are untouched by Bailey's criticisms. The grounds for the value/value-form distinction have been explicated above, and I will not repeat them here in detail: Marx argues (in an exposition of his case which is far fuller than

that presented in the Critique of Political Economy or the opening chapter of Capital) that if commodities are capable of assuming a common value-form, then this supposes they share some property in terms of which they are (quantitatively) commensurable, and this can only be the materialised (abstract) labour which they contain. The latter is the immanent measure of value, which, however, as we have seen, can only be expressed phenomenally through the external measure of the value-form.

Let us now turn to the question of the sense in which Marx holds the analyses of the 'Verbal Observer' and Samuel Bailey to be specifically fetishistic.

Ricardo, it will be recalled, is attacked in the Observations on Certain Verbal Disputes for allegedly transforming value from something relative (i.e. exchange-value) into something absolute. Marx, to begin with, denies that this is the case:

On the contrary, as a use-value, the commodity appears as something independent. On the other hand, as value it appears as something merely contingent, something merely determined by its relation to socially necessary, equal, simple labour-time. It is to such an extent relative that when the labour-time required for its reproduction changes, its value changes, although the labour-time really contained in the commodity has remained unaltered. 148

Thus, though value is immanent in the commodity in the sense that it is a characteristic it acquires independently of, and prior to, its exchange, it is in no sense 'absolute'. Marx goes on to point out that this characteristic, furthermore, is one only acquired under a definite set of historical conditions:

Where labour is communal, the relations of men in their social production do not manifest themselves as "values" of "things". Exchange of products as commodities is a method of exchanging labour, /it demonstrates/ the dependence of the labour of each upon the labour of the others /and corresponds to/ a certain mode of social labour or social production. 149

On the other hand, Marx asserts, the "'verbal' wiseacre"¹⁵⁰, by confusing the substance of value with the form in which it is represented, "has sunk into fetishism" and indeed "transforms what is relative into something positive."¹⁵¹ Marx cites the same passage from the Observations in support of this contention in both Capital and Theories of Surplus Value, viz.: "Value is a property of things,

riches of men"¹⁵². Value, here, means exchange-value, riches, use-value. For Marx, this involves getting the material and the social attributes of the commodity precisely the wrong way around. Thus,

use-values ... as far as men are concerned, are, of course, riches, but it is through its own properties, its own qualities, that a thing is a use-value and therefore an element of wealth for men. Take away from grapes the qualities that make them grapes, and their use-value as grapes disappears for men and they cease to be an element of wealth for men. Riches which are identical with use-values are properties of things that are made use of by men and which express a relation to their wants. 153

On the other hand,

As values, commodities are social magnitudes, that is to say, something absolutely different from their "properties" as "things". As values, they constitute only relations of men in their productive activity. 154

This quid pro quo occasions the following comment:

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

Thus he, the wiseacre, transforms value into something absolute, "a property of things", instead of seeing in it only something relative, the relation of things to social labour, social labour based on private exchange, in which things are defined not as independent entities, but as mere expressions of social production. 155

Bailey commits substantially the same error, though in his case the fetishism is rather more refined:

he conceives value, though not as a property of the individual object (considered in isolation), but as a relation of objects to one another, while it is only a representation in objects,

an objective expression, of a relation between men, a social relation, the relationship of men to their reciprocal productive activity. 156

Thus, as in the monetary and mercantile systems, the fetishism here stems from the identification of value with the phenomenal form in which it is represented.¹⁵⁷ But in this case the fetish is less overt: unlike the monetarists and mercantilists, Bailey and the 'Verbal Observer' effect an initial analytic regress from the money-form to simpler forms of value. Value is not derived from the bodily form of the money-commodity per se: money is now recognised as one commodity among others, and value seen as a function of exchanges between commodities, of which the commodity/money exchange is but a special case. In all such exchanges the term value merely denotes exchangeable value, i.e. a particular quantity of any given equivalent; and in so far as these exchange-proportions are explained at all, then the explanation proceeds from the material properties of the commodities exchanged, i.e. from use-value. It is this Marx seizes upon as fetishistic.¹⁵⁸

We should note that the empirical realism which we saw to be a central feature of the monetary and mercantile systems is just as central to the theories of Bailey and the Observations. For the analytical regress upon which these theories are constructed is not, like Marx's, one which proceeds from observables to unobservables (value, abstract labour), but from one set of observable phenomena (prices) to another (direct commodity exchanges). These theories can thus claim the same kind of empirical adequacy as those of the monetarists and mercantilists. And they can, indeed, claim rather more: for the critique of the transformation of value into a fictional entity inherent in the commodity can be as well applied to the mercantilists and monetarists as Ricardo; they too were ensnared in the false problem of an invariant measure of value.

Bailey and his anonymous predecessor, in sum, appear to have wielded Occam's razor to very good effect: by demonstrating the spuriousness of the problem which provided the rationale for the construction of what they saw as fictitious entities, they at the same time did away with both the need for these entities themselves, and the basis from which the classical economists criticised previous identifications of value and exchange-value.¹⁵⁹ Bailey

and the 'Verbal Observer' thus seem to have the best of both worlds: the empirical adequacy of the mercantilist and monetarist accounts (which Ricardo so blatantly lacks), without their theoretical crudity; and Ricardo's coherence, without his alleged metaphysics.

Marx, of course, disputes these claims; but they are by no means self-evidently ludicrous. There is, therefore, no perversity in accepting the conclusions advanced by Bailey and the author of the Observations; if anything, it would be perverse not to do so given their undoubted phenomenal adequacy and apparent theoretical rigour on the one hand, and the shortcomings of competing theories on one or both of these counts on the other. In Marx's view, there are very good reasons for rejecting these superficially attractive accounts, some¹⁶⁰ of which I discussed in connexion with the distinction between the substance and form of value; in the end, Marx argues, the nature of the phenomena is such as to render empirical adequacy an insufficient criterion of truth, and hence these accounts are unacceptable. But this is far from self-evident, and needs to be demonstrated; indeed, it could not be self-evident, since the crux of Marx's argument is precisely the claim that the phenomenally evident, in commodity production, is misleading. This means that demonstration of the falsity of these accounts is problematic, in so far as further criteria of truth are implicitly appealed to. These will be further investigated in the next chapter. For the moment, however, it suffices to point out that for Marx, here as in the case of the monetary and mercantile systems, an empirically adequate view may well be fetishistic, and, conversely, a fetishistic theory can be sustained precisely by its empirical adequacy. It follows that, assuming consciousness corresponds to phenomena in the sense outlined above, the fetishism of the explanation is itself explicable in terms of the nature of the phenomena it seeks to explain. It is not an implication of this that all accounts of the phenomena of commodity production must therefore be fetishistic; it is an implication, on the other hand, that accounts which depart from phenomenal forms, without explicating their conditions of possibility adequately will and must be.

At this point, we may return to the issues raised in the opening section of this chapter.

There, I argued that Marx faced peculiar problems when it came to accounting for ideology. On the one hand, his general view of consciousness was one which assumed the correspondence of concept to

object. The implication was that men's consciousness must normally be presumed empirically adequate in respect of their subjective experience. On the other hand, Marx claims that ideology is false. Once having assumed correspondence as a general property of all consciousness, Marx is precluded from explaining ideology by any putative non-correspondence of consciousness and its objects: we must extend the presumption of empirical adequacy to ideology too. Wherever, therefore, Marx wishes to describe a form of social consciousness as ideological, he is obliged to explicate the experiential grounds for its existence; he must, in other words, account for the alleged falsity of ideology in terms of the nature of the phenomena which it purports to grasp. Only then can he consistently uphold his claim as to the falsity of ideology without relinquishing his assumptions about the nature of consciousness in general. This problem, we saw, provides the context and rationale for the essence/phenomenon distinction, through which Marx seeks to resolve his dilemma. I argued further that this strategy required that why phenomenal forms were misleading, if they were asserted to be so, itself demanded explanation in terms of the distinctive features of the essential relations underlying them. Use of the distinction in the context of the problem of ideology, in short, would always have to be empirically specific.

This is not the place to discuss the adequacy of Marx's own theory of value, upon which his explanation of fetishism is predicated. This is a matter for my next chapter, when we shall look at his procedures in greater detail. I hope, however, that I have made his intentions sufficiently clear. As my examples showed, Marx attempts to explain fetishistic discourses on the basis of their correspondence to phenomenal forms, specifically, in this case, to the value-form; and as I sought to demonstrate in my account of the theory of value itself, he argues the rationale of the value-form from the essential relations of commodity production, i.e. from private labour. We saw, further, that Marx was concerned to argue both the phenomenal adequacy of the fetishised accounts, and the historical parameters of fetishism. In sum, both of the criteria I set up earlier in this chapter for an explanation of ideology consistent with Marx's view of consciousness are satisfied by his account of the fetishism of commodities.

The so-called trinity formula attempts to specify the sources of revenue of the "three big classes"² of bourgeois society, the wage-labourers, the capitalists, and the landowners. Since, following from a convenient confusion in Adam Smith³, it explains the price of the product by the summation of these revenues, it is in addition a theory of value. For Marx, the formula marks the nadir of vulgar economy in both its functions.

In his lengthy discussion of the trinity formula in Notebook XV of Theories of Surplus Value, written in October and November of 1862, Marx commences by giving the formula as capital - profit, land - rent, labour - wages.⁴ In each pair the second term names the revenue, the first its alleged source. In the course of the discussion, however, Marx rapidly moves to an assertion that "it is interest, not profit, which appears to be the creation of value arising from capital as such and therefore from the mere ownership of capital; consequently it is regarded as the specific revenue created by capital".⁵ The 1862 discussion forms the basis for what Marx intended, according to a draft plan of January 1863, to be two concluding chapters of volume III of Capital on 'Revenue and its Sources' and 'Vulgar Economy'.⁶ These were never fully re-written. The topics were treated again fragmentarily in the voluminous manuscript of 1864-5, and these fragments served Engels as the basis from which he wove together chapter XLVIII of volume III of Capital.⁷ Here, Marx incorporates the shift from capital - profit to capital - interest foreshadowed in the earlier discussion. Having initially defined the trinity formula as capital - profit (profit of enterprise plus interest), land - ground-rent, labour - wages, Marx immediately asserts that "the above trinity formula reduces itself more specifically to" capital - interest, land - ground-rent, labour - wages.⁸ The formula is treated in this form throughout the subsequent discussion. The grounds for the shift from profit to interest are well explicated in both texts.

Given the complexity of the ideological transformations comprised in the trinity formula, which are far more complex than those we have examined in connexion with commodities and money (which Marx regarded as relatively simple mystifications), it will be wise to begin by saying a little about Marx's own views on the nature and sources of revenue in capitalist society, before dealing with the trinity formula proper.

For Marx, labour is the sole source of value, though not the

only constituent of use-value, the substance of wealth.¹⁰ We have seen that value is the social form of wealth specific to commodity production. Capitalist production is a variety of the latter. Qua quantities of value, therefore, all revenues in bourgeois society must derive from labour. Neither land, nor capital considered from the purely material point of view as "the sum of the material and produced means of production"¹¹ (in any case a fetishised view), can create value, though both must enter into the production of a commodity as use-value, and thus constitute material presuppositions of value. In short, the labour of the working class must create not only its own wages, but also the revenues of the other two classes.

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

As I have mentioned previously, the distinguishing feature and sine qua non of capitalist production is the existence of labour-power as a commodity on the market.¹² Labour-power is man's capacity to labour: it is this that the worker sells his employer, the capitalist, in return for his wages.¹³ In practice, as Marx is well aware, the level of wages will fluctuate according to a wide variety of factors, and wages will sometimes fall below, and sometimes rise above, the value of labour-power¹⁴; but Marx assumes throughout Capital that the level of wages corresponds to the value of labour-power. In part, this is consequential upon his assuming for all of volumes I and II, and part of volume III, that the law of value, which governs all commodity production, holds within the capitalist economy.¹⁵ This law states that commodities will exchange according to the amount of labour socially necessary to their production, i.e. at their values. Marx's reasons for making this assumption will be further considered below. In particular, however, Marx wished to demonstrate that exploitation (in the strict sense of appropriation of the product of unpaid labour and the value it contains) is in no way inconsistent with the operation of the law of value under capitalist conditions, but is rather its necessary corollary.

Marx assumes, therefore, that the capitalist both buys his elements of production (instruments of production, raw materials, and labour-power) and sells the commodities produced by means of their consumption in the production process at their value. The problem then is to explain how the capitalist can nonetheless appropriate

a quantity of value over and above that which he originally laid out in the purchase of his elements of production, without these conditions being breached.

Marx's solution rests on a crucial distinction between the value of labour-power and the value produced in its productive consumption. These are quite different magnitudes, and it is the increment of the latter over the former which constitutes surplus-value.

The value of labour-power, like that of any other commodity, is determined by the labour socially necessary to its production. Since labour-power does not reside outside the person of the labourer himself, this value is determined by the labour necessary to produce his means of subsistence; and since, further, labourers are produced in the physiological sense only by labourer's families, we must include their means of subsistence of well. Thus the value of labour-power is determined by the labour-time necessary to the production of the means of subsistence of the labourer and his family. We should note, in passing, that though what constitutes 'subsistence' is clearly subject to a physiological minimum, its actual level is determined historically; for, as Marx makes clear on many occasions, the nature, range and extent of people's needs vary according to the level of development of their material production and the forms of life it is capable of sustaining.¹⁶ Marx calls the labour-time required to produce the means of subsistence necessary labour-time.

It follows that the value of labour-power is determined prior to, and independently of, the production process in which labour-power is incorporated after it has been alienated.

Following this alienation, the capitalist is entitled to consume the commodity he has purchased. But the consumption of labour-power is the expenditure of labour; and the expenditure of labour is the creation of value. If, therefore, the labourer is required to work longer than the necessary labour-time, he will not only produce a new value equivalent to that embodied in his wages, i.e., replace the value expended by the capitalist in the purchase of his labour-power; he will also produce an additional, or surplus-value. Both the replaced value and the surplus-value will be contained in the product (as will the value of the means of production, which is preserved when consumption is productive¹⁷). The capitalist can therefore sell his product, at its value, and recover his original capital-value together with an increment.

Such, briefly stated, is Marx's theory of surplus-value. It hinges on a point pithily expressed by Frederick Engels, viz.: "it is ... clear that what a labourer produces and what he costs are just as much different things as what a machine produces and what it costs."¹⁸

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

Capital is a sum of value which, when expended in the way outlined above and under the conditions that presupposes, yields a surplus-value and thus augments itself.¹⁹ In the course of its career or circuit, this capital-value undergoes several metamorphoses or assumes different material forms.²⁰ I will consider the circuit starting from money-capital, since this was my point of departure in elaborating the theory of surplus-value.

Money-capital is capital in the form of money. It assumes this form prior to the purchase of the elements of production, i.e., when any capital first begins operation and after each sale of its products thereafter. All money, given the conditions of capitalist production, is capable of becoming capital, assuming only that it is available in sufficient quantity to buy elements of production of a kind consistent with the social development of technology in its chosen sphere of investment.²¹

In order to become capital, money must be invested in (a) means of production and (b) labour-power, so that the process described above may commence. The capital invested in means of production Marx terms constant capital, that expended upon labour-power variable capital. The grounds for the distinction, which is a central one in Marx, derive from the role of the two kinds of capital in the process of self-expansion of capital-value. Constant capital (c) is so called because its value remains unaltered throughout the circuit; the value of means of production is simply transferred to the product pro rata to the velocity of their consumption. No value is created in the consumption of means of production; the portion of the value of the product which derives from means of production is value that those means had prior to the production process. Variable capital (v), on the other hand, is exchanged as wages against a commodity whose consumption produces value, and, providing the working-day exceeds necessary labour-time, surplus-value. This part of capital is termed variable because the value produced as a consequence of its expenditure will vary according

to the determinants of surplus-value, viz., the productivity of labour (the main²² determinant of necessary labour-time) and the length of the working-day (which, for a given necessary labour-time, determines surplus labour-time).²³ If these are given, so will be the ratio of necessary to surplus-labour. Surplus-value will then vary directly with the magnitude of the variable capital advanced, irrespective of the size of the constant portion.

Since, ex hypothesi, variable capital is equal in value to the product of necessary labour, and surplus-value is the product of surplus-labour, the same ratio must be expressed by (i) surplus labour-time/necessary labour-time, and (ii) surplus-value/variable capital (s/v). Marx terms this ratio (which he usually calculates as a percentage) the rate of exploitation (since it also expresses the ratio of paid to unpaid labour) or rate of surplus-value. This must at all costs be distinguished from the rate of profit, which is the ratio of surplus-value to total capital, or $s/(c + v)$. The rate of profit is determined not only by the rate of surplus-value, but also by the ratio of constant to variable capital, c/v . Marx calls this latter ratio the organic composition of capital.

The concept of organic composition of capital expresses the same relation (c/v) considered from two points of view. On the one hand, from a material point of view, c/v expresses proportions of means of production to labour in the labour-process. When he wishes to refer to the composition of capital strictly in this sense, Marx talks of the technical composition of capital. On the other hand, the c/v relation is also one between quantities of value in the self-expansion process of capital. To apprehend the relation in this sense, Marx employs the concept of value-composition of capital. Organic composition is specifically defined as "the value-composition of capital, in so far as it is determined by its technical composition and mirrors the changes of the latter".²⁴

Now: clearly for any given capital at any point in time technical and value-composition will coincide, and in this sense Marx is right to assert that "between the two there is a strict correlation".²⁵ Equally clearly, however, the rates at which the two change need not coincide, and to this extent Marx is at the least misleading in his suggestion that changes in value-composition "mirror" changes in technical composition. Assuming a hypothetical normal composition of capital in terms of which deviations could be measured, it would be perfectly possible, within limits, to have a high technical and

a low value-composition, and vice versa.

The reason for this is as follows.

The technical composition of capital is entirely a function of the productivity of labour in the branch of production in which a given capital is employed. Productivity is expressed by the quantity of means of production a labourer will transform into products in a specified period of time; clearly, therefore, as the productivity of labour rises, so will the ratio of means of production to labour, and thus, in a capitalist economy, the technical composition of capital. For any given level of productivity, this ratio will be known; and thus, given (a) the length of the working-day and (b) the respective values of the elements of production, how capital, considered as a sum of value, must break down into constant and variable portions will directly follow.

However: the value of the elements of production is determined not by the productivity of labour in the branch of production in which they are consumed, but by its productivity in the branches in which they are produced (as is the case with all commodities). It follows that we cannot derive the value-composition of any given capital from its technical composition simpliciter; the latter will give us the respective amounts of means of production and labour requisite for a given production process, but cannot itself yield the values of those amounts. This depends, above all, upon the relative productivity of labour in those sectors in which (a) the means of production and (b) the means of subsistence (whose value determines that of labour-power and thus the variable capital outlay) are produced. Consequently, assuming no change in the value of the elements of production, a rise in technical composition will lead to a corresponding rise in value- and therefore organic composition. But equally, a situation is possible in which the productivity of labour rises faster in the sector producing means of production than in the sector in which those means are consumed. In this case, we will have both a rising technical composition of capital in the second sector (because of its rise in productivity) and a falling organic composition (because of the faster rise in productivity in the first sector).²⁶

This point is important for two reasons. In the first place, it offers an example of the distinction between the two orders of concepts Marx employs which I drew in the previous section of this chapter, and which I will discuss further in the next. Secondly, it is arguable that one of the most contentious points in Marx's

economics, his postulated tendency of the average rate of profit to fall with the development of capitalist production, is predicated upon an uncharacteristic confusion of the technical and value-composition of capital. I will take this argument no further here, since it is marginal to the aims of this thesis.²⁷

Let us return to the metamorphoses of capital.

Thus far, we have seen that money-capital is exchanged for the elements of production, as a condition of its entering the production process in which, according to Marx's theory of surplus-value, the expansion of its value takes place. In this state, as means of production and living labour, Marx terms capital productive capital. At the end of the production process a product emerges, which is sold on the market as a commodity. Capital has now assumed the form of commodity-capital.

The value of commodity capital comprises three elements. (1) The value transferred to the product by means of the productive consumption of the means of production. (2) The newly created value, equivalent to that of the original variable capital, produced in the consumption of labour-power during the necessary labour-time. (3) A wholly new value, produced by labour during the hours of surplus labour-time. On the sale of his commodity, we assume at its value, the capitalist will recover his original value intact together with an increment. At the same time, he will reconvert his capital into the form of money-capital, ready to begin the circuit anew.

So far, we have established the nature of the revenue of the working class in capitalist society, wages, and its source, their own labour.²⁸ On the above account, if we assume that production is renewed at the same level and the value of its elements remains unchanged, both the portion of the value of the product transferred from the means of production, and the portion which is equivalent to the variable capital, must be laid out once again in constant and variable capital respectively. This leaves the surplus-value as the only possible source of the revenues of all other classes. We have therefore to ascertain how surplus-value is transformed into profit, interest and rent. I will deal with these seriatim.

(i) Profit.

Hitherto, as we have seen, Marx has assumed that all commodities sell at their values. When he comes to consider the transmuted

forms of surplus-value, however, Marx drops this assumption.²⁹

If it were the case that commodities sold at their values in a capitalist economy, then, assuming a uniform rate of surplus-value (s/v), the rate of profit on different capitals ($s/(c + v)$) would vary directly with their organic compositions (c/v). But this, according to Marx, is not and could not be the case in a capitalist economy; what in fact happens is that on average, the amount of profit a capital yields is proportional to its overall magnitude ($c + v$) irrespective of its organic composition. The reason for this lies in competition between capitals³⁰; in general, over time, capitals will tend to gravitate to spheres of investment where the profit rate is highest. The consequence will be, on the one hand, a relative superfluity of commodities in sectors with a previously above normal rate of profit, and, on the other, an equivalent shortage in those sectors where the rate of profit was abnormally low before. In the first case, supply will exceed demand, and consequently market-price will fall below value. The rate of profit will therefore fall. In the second case, demand will outstrip supply, prices will rise above values, and so will the rate of profit. Thus discrepancies between organic compositions and individual rates of profit are ironed out through the deviations of prices from values consequent upon fluctuations of supply and demand.

Marx introduces the following concepts to analyse this equalisation process. Cost-price (k) is the cost-price of his elements of production for the capitalist³¹, i.e., the price of ($v + c$). Profit (p) is the percentage mark-up on cost-price consistent with the average rate of profit. The latter, which is established through the process of equalisation I have just described, is that profit rate which a capital of average organic composition (i.e. a capital whose composition is the same as that of the total social capital, total $c +$ total v) would yield. Price of production is the price at which, discounting temporary fluctuations of market-prices which Marx assumes to even out over time³², commodities will sell. Given the transformation of individual surplus-value into average profit, it will comprise cost-price plus average profit ($k + p$). In cases in which the organic composition of a capital is below average, and thus, if no equalisation took place, the rate of profit would be higher, prices of production will be below values; conversely, the products of capitals with above-average organic compositions will

have prices of production above their values. On Marx's account in Capital III³³ these deviations will mutually compensate one another, with the result that (a) total value = total prices of production, and (b) total profit = total surplus-value. Marx's own demonstration of this claim is quite inadequate, since it rests on the assumption that the cost-price of the elements of production coincides with their value and not their price of production; an assumption which is obviously not consistent with the rest of Marx's argument.³⁴ However, we need not get embroiled in the intricacies of the transformation problem here, or give detailed consideration to the formal adequacy of Marx's or any other putative solution.³⁵ The main point of relevance to the analysis of the trinity formula is the following.

Given the transformation of values into prices of production, the profit reaped by a capital will diverge from the surplus-value that capital actually appropriates, except in the exceptional case of a capital of average composition. Profit will not merely appear to be a function of total capital outlay, irrespective of composition; it will indeed be such. The magnitude of profit will be directly related to the magnitude of the investment, via the average rate of profit. The connection between surplus-value and its determinants is beginning to be obscured.

We will now turn to how it is still further obscured in the derivative forms of surplus-value, interest and rent.

(ii) Interest.

I have noted previously that all money, supposing only that it is available in sufficient quantity, is capable of being transformed into capital. Under the conditions of capitalist production, as against those of simple commodity production, therefore, money gains a new use-value: that of serving as a source of profit when employed as money-capital. Like all privately-owned use-values in any commodity economy, this use-value can be sold: it is not money as such which is being sold (which would be a meaningless procedure), but money, specifically, in its guise of potential capital. In Marx's words, "capital as capital becomes a commodity"³⁶. Interest is the 'price' of capital as a commodity.

Both the 'sale' of money as capital, and its 'price', have distinct peculiarities. In the first place, it is not the sum of money (the principal) as such which is sold, but the use-value of this

sum in its capacity of potential capital. To sell a sum of money as money would be senseless. What therefore happens is that a sum is lent for a specified period, to be repaid at the end of that period at a given rate of interest. The interest is the price of the use-value of the principal when it is employed as capital, not the price of the principal itself (which is, of course, its face-value). Marx sometimes draws an analogy with the buying and selling of labour-power as a commodity: whereas, for example, in slave societies, a man's labour-power as such are bought and sold, i.e., his person is alienated, in bourgeois society it is only the temporary use of this labour-power which the worker sells the capitalist.

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

Interest can only have one source. Previously we have assumed that the industrial capitalist operates with his own capital; now we see that he can operate on borrowed capital. He must, however, pay interest on the latter out of his own revenue. But we know that the sole source of the capitalist's revenue is surplus-value, which he receives in the transmuted form of profit. Interest must thus derive from surplus-value, and represent a deduction from the capitalist's profit. The profit remaining after this deduction Marx refers to as profit of enterprise. For reasons which we shall further investigate below, the interest/profit of enterprise distinction is habitually made in respect of all capital, not just capital which is borrowed.

(iii) Rent.

Rent, for Marx, represents a further form of surplus-value, or deduction from profit. He distinguishes two forms of rent, differential and absolute.

Rent, in general, is what the capitalist pays the landowner for the use of his land.

Differential rent is determined as follows.

In capitalist production the values of all commodities of a given kind will normally be governed by those which are produced under the most favourable conditions. Mutatis mutandis, the same is true of their prices of production. Since the main determinants of productivity are social³⁷ or technical, and to that extent replicable, the force of competition will ensure that this will be the case. Any improvements in productivity in one firm will enable it to lower the price of its products and therefore corner a larger market; hence, such improvements rapidly become generalised throughout a sector of production, either through the expansion of one firm at the expense of its competitors, or through the competitors themselves introducing the same innovations. It follows that the labour-time socially necessary for the production of a commodity will, under competitive conditions, tend to gravitate towards the minimum time in which that commodity will be produced.

Now, this will obviously be the case in agriculture as well, in that inefficient production will not determine value. Let us assume therefore that all land producing agricultural commodities for the capitalist market is worked with optimal economy. We are still left with one extremely important difference from industrial production³⁸: conditions of production in agriculture differ between enterprises for natural reasons. The fertility of land itself varies; and in consequence the same capital investment in different areas will give different amounts of crops. This remains the case when we consider improvements resulting from human endeavour: for these improvements themselves will require additional capital investment, whether as constant capital (e.g. fertilisers) or variable capital (e.g. terracing). The values, qua individual values, of crops will vary accordingly, as will individual prices of production.

In Marx's view, the value of crops of a particular kind will be governed by the individual value of those produced on the worst of the cultivated land, i.e., under the least favourable conditions. This does not represent a negation of the foregoing points concerning the effects of competition, so much as a special case of their application. We have assumed optimal economy of cultivation. A growth in demand cannot therefore be met from savings in this sphere; it can only be satisfied by extending the area cultivated. Ordinarily, this will involve bringing successively worse tracts of land under the plough. Since there is a demand for the products of this inferior land, the time spent in producing them must be socially

necessary. They will therefore sell at their prices of production. These prices of production, however, will be above those of the crops grown on better land. But these latter crops will sell at the same price of production as those of the inferior land, simply because, ex hypothesi, there is a demand for crops whose price of production is that high. There is no competitive advantage to be gained by selling cheaper, because, on our assumptions (a) more intensive cultivation (and therefore cornering the market) is not possible, whilst (b) demand is guaranteed. In practice, of course, prices will be determined through the market and thus competition will operate; but its effects will be to drive the worse cultivated land from the market if its produce is superfluous, rather than to destroy the differentials between fertility and individual prices of production on the land which is cultivated. The price of production governing that of all agricultural commodities of a given type will therefore alter with the fluctuations in demand; but at any given point, it will be that of the products of the worst land which must be cultivated in order to satisfy demand.

This implies that the profit on the products of better land will be considerably above the average profit. We can take the profit on the worst land as equal to the average: if it was below it, there would be no incentive for the capitalist to invest, while if it was above it, either still worse land could be brought into cultivation (because demand continued to exceed supply) or (if supply and demand coincided) it would be forced down to the average through competition. The cost of production of crops on better land is lower; which means that if they sell above their individual prices of production, their profits must be higher. This difference between individual and social price of production constitutes differential rent. The landowner, by virtue of his ownership of the land, is able to intercept the capitalist's surplus-profit and appropriate it as rent. Hence, (1) the worst land under cultivation at any given point bears no differential rent; here individual and social prices of production, and hence individual and average profit, coincide, and rent would thus represent a deduction from average profit and thereby constitute a disincentive to investment; and (2) the level of differential rent varies directly with the productivity of the land; the capitalist can yield up to the landlord the whole of his surplus-profit, and still make the average profit. In so far as rent is a deduction from profit, of course, it must be a form of surplus-value. Though its magnitude varies with the fertility of the land, surplus-profit

as such is not created by the land. Rather, the superior fertility of a given piece of land allows the capitalist who works it access to a greater proportion of the social surplus-value than those whose conditions of production are less favourable, and the landowner is able to intercept this excess in the shape of ground-rent.

Absolute rent is rather simpler.

Hitherto I have assumed that the products of the worst land sell at their prices of production, and that this land in consequence can yield no rent. However, on the basis of the above exposition it is clear that if, even after worse land has been cultivated, demand continues to exceed supply, the products of this land will continue to sell above their prices of production. In this situation, the capitalist could reap the average profit from the poorest land, and the landowner could still charge a rent. Rent of this kind Marx calls absolute rent, its existence being explained by the fact that, on the one hand, the landlord will not lease land unless he can get ground-rent for it while, on the other hand, the capitalist will only invest if he has a reasonable expectation of making an average profit. Thus, under capitalist conditions, it is not strictly accurate to say that the prices of agricultural products are regulated by the price of production of those grown on the worst land; they are regulated by these, together with an increment constituted by the absolute rent, which therefore constitutes the only rent on the worst land, and a portion of that on all other land. Its level is determined by supply of and demand for land, i.e. by competition amongst landowners on the one hand and agricultural capitalists on the other. According to Marx himself, absolute rent is not, strictly speaking, a monopoly rent. Its presupposition is the generally lower organic composition of capital in agriculture as compared to industry, the effect of which is that the values of agricultural products are above their prices of production. This means that the products of the poorest land can sell at market-prices which are above their prices of production, yet still below, or at least not above, their values. If this situation prevails³⁹, then the effect of the landowner's intervention is merely to forestall the entry of agrarian rates of profit into the overall equalisation: they will be equalised only after the deduction of absolute rent from surplus-value. Market prices in agriculture will therefore always be above true prices of production, since they will comprise not only the cost-price of the products on the worst land plus average profit, but also absolute rent.

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

Wherever natural forces can be monopolised and guarantee a surplus-profit to the industrial capitalist using them, be it waterfalls, rich mines, waters teeming with fish, or a favourably located building site, there the person who by virtue of title to a portion of the globe has become the proprietor of these natural objects will wrest this surplus-profit from functioning capital in the form of rent. 40

Before returning to the trinity formula, two general points which emerge from the foregoing summary bear emphasis.

Firstly, so far as Marx is concerned, only the labour of the workers creates the revenue of the three classes; the value this labour produces being divided, according to the principles set out above, between wages and surplus-value in the first instance, and between profit, interest and rent thereafter.

Secondly, the value of the product is determined directly, and its price of production indirectly, by labour-time. Value is given by the formula $c + v + s$, where c is the value of the means of production (deriving from past labour spent on their production), and $(v + s)$ is value added by the labour expended in the immediate production process itself. Prices of production, as we have seen, are transformations of values, given by the formula $k + p$, where k must itself be taken to consist of prices of production.⁴¹ The price of production of a commodity will normally differ from its value, and hence will not directly express the labour embodied in that commodity. However, it is important to realise that the concept of price of production rests on that of value, in so far as the deviations of prices from values are themselves explained by the operation of the law of value under capitalist conditions.

This can be readily demonstrated.

The immediate explanation of why prices diverge from values lies in the fluctuations of supply and demand consequent upon the movements of capital in search of higher rates of profit. These movements are

themselves explicable, however, only if, ceteris paribus, profit varies with the organic composition of capital. This is explained by the theory of surplus-value, which shows that the magnitude of the surplus-value extracted by a capital is a function of the size of its variable portion alone. But this theory in turn supposes the validity of the law of value, of which it represents the application under capitalist conditions.

With these points in mind, we may approach Marx's critique of the trinity formula. I shall first examine the three relations capital - interest, land - rent, labour - wages, individually, and then consider the salient features of the formula as a whole. Finally, I will discuss the nature of the ideological distortions accomplished in the trinity formula, and relate these to points established above. With this I shall conclude this chapter.

(i) Capital - Interest.

As we have seen, the presupposition of interest for Marx is gross profit on productive capital, of which it constitutes a secondary division. We should note, in passing, that the form of gross profit is one in which the true determinants of surplus-value are already considerably obscured. Marx gives three principal reasons for this.⁴²

Firstly, profit on capital is calculated on total outlay ($c + v$), not on variable capital alone, though given the rate of exploitation the latter is the only determinant of the surplus-value a capital produces. This mode of calculation is totally rational, since it measures what is of interest to the capitalist⁴³, namely, the self-expansion of capital-value; but its effect is to obliterate the distinction between constant and variable capital and thus make all parts of capital appear equally productive. Secondly, profit, even though it consists of a value created in the production process, is only realised through circulation upon the sale of the product in which this surplus-value is embodied. In consequence, the mass of profit yielded by a capital in a given period will vary, ceteris paribus, with its time of circulation. Thus two capitals equal in all respects save the duration of the circulation-time would give different amounts of profit in the same time, and if, then, their rates of profit were expressed as annual rates, these would differ; perhaps substantially. The turnover of capital is thus a real

determinant of the amount of the profit falling to a given capital.⁴⁴ It is, for Marx, a purely negative determinant; it in no way creates surplus-value or profit, but merely acts as a barrier to its process of realisation. Since, however, in reality it nonetheless does determine the profit falling to a given capital, it can easily appear as a creative factor in its own right. Marx is not short on instances of illusions arising from circulation.⁴⁵

In both of these cases it is only the connection between surplus-value and its determinants which is obscured; but the mass of surplus-value appropriated by a capital and the mass of the profit it will receive remain identical. But in a capitalist economy, as we have seen, this in fact occurs only exceptionally.

Thirdly, after an average rate of profit has been established and values accordingly transformed into prices of production, surplus-value and profit diverge for all capitals other than those of average composition. Here, therefore, it is not a mode of calculation that relates profit to the total capital advanced; it is a real process. There is in consequence rarely any direct correlation between outlay and magnitude of profit. Prima facie, exploitation is only relevant to the explanation of surplus-profit, if deviations can here be explained in terms of exceptional cheapness, intensity or duration of labour.⁴⁶

We are therefore dealing with a form of revenue, gross profit, whose real determinants are by no means readily apparent, even before its sub-division into interest and profit of enterprise. Nonetheless gross profit remains, for Marx, the immediate form in which surplus-value is realised in a capitalist economy, and thus constitutes the specific revenue of capital. Interest and profit of enterprise are consequently subordinate forms which pre-suppose gross profit itself. The trinity formula, however, operates with no such category: interest, the mere subdivision of profit, is elevated into the only form of revenue which derives from capital as such; and profit of enterprise, in consequence of this reasoning, is subsumed under the relation labour - wages. Since interest derives from capital per se, it accrues to the owners of capital, irrespective of how capital is actually employed; profit of enterprise, on the other hand, is viewed as stemming specifically from the productive employment of capital, and thus from the labour of the capitalist. Interest is the reward of ownership, profit of enterprise of industry or entrepreneurship.

Marx, characteristically, goes to considerable lengths to show the phenomenal support for this fallacious reasoning.

We may consider this question in two stages: first, the basis for relating interest to ownership of capital and thus capital as such, and profit of enterprise to the productive employment of capital and therefore the labour of the capitalist, in the first place; and second, the basis for generalising the distinction, which originally derives from the opposition between the revenues falling to lenders and borrowers of capital, to all capital.⁴⁷

Let us assume, to begin with, that the interest/profit of enterprise distinction applies only in respect of interest-bearing capital strictu sensu, i.e., to that capital lent by a moneyed capitalist to an industrial⁴⁸ capitalist. Here, as we have seen, interest is the portion of gross profit which falls to the moneyed capitalist, its magnitude being determined by the prevailing rate of interest, and profit of enterprise, the remainder of the gross profit, is pocketed by the industrialist himself. Since gross profit arises only as a consequence of the productive employment of the lent capital, it is the latter which in fact creates both revenues.

But, Marx argues, this is not how it will appear to the borrower. He will regard interest as a function of the ownership of capital, and therefore, by a further deduction, see interest-bearing as an attribute of capital as such; and he will see profit of enterprise as the specific product of capital in operation, working capital, and thus specifically of his labour as industrialist. Various factors reinforce this perception of the situation. On the one hand, the rate of interest is apparently (and to some extent really⁴⁹) fixed outside the production process, and, in any event, confronts any borrower as a pre-given magnitude, the price of capital. On the other hand, it is undoubtedly the case that the excess of profit above interest really does depend upon the individual capitalist's acumen and skill in a multitude of ways; economy in the use of the elements of production, ability to buy and sell when the market is most favourable, and so on⁵⁰. To recognise this is not to gainsay the laws we have discussed above; it is, rather, to point to the mechanisms through which the operation of these laws is actually enforced in the normal competitive market situation. There are, therefore, strong threads of truth lying behind the relations capital - interest and labour - profit of enterprise.

The consequence of this way of seeing things, however, is that a merely quantitative sub-division of one revenue (profit) with one source (surplus-labour) is transformed into a qualitative distinction between heterogeneous revenues (interest and profit of enterprise)

with distinct sources (capital, and the labour of the capitalist).

The illusions comprised in the formula capital - interest are thus well-founded on the phenomenal plane as regards interest-bearing capital in Marx's sense. But why should the same illusions arise in respect of all capital ?

The most general, and, in some ways, the most fundamental reason is the following.⁵¹ Given the conditions of capitalist production, it is the case that any sum of value, whether in commodity or money form, is potential capital; it can, in other words, be used as a means of extracting surplus-value. It can, further, be sold as such and thus has a price, given by the prevailing rate of interest; and can thus command a specified amount of surplus-value, in the form of interest, even when not employed productively by its owner. It is therefore true to say that once capitalist production exists, it is the immanent attribute of value to command surplus-value, or, otherwise put, of capital to bear interest. Marx, as mentioned previously, frequently has recourse to analogy with labour-power.⁵² Labour-power is a commodity which possesses the attribute of creating value when its use-value is consumed. Similarly, materialised labour or value has, within capitalist production, the attribute of being a source of surplus-value for its owner when it is used as capital. The difference between the two lies in the fact that labour can create value in all commodity-producing societies, whereas the ability of value to officiate as a means of appropriating surplus-value supposes a restrictive set of conditions, the social relations of capitalist production. But this is not phenomenally evident. All that is evident is that value, directly in its money-form and potentially in its commodity-form, is, whether its owner uses it productively on his own account or merely lends it at interest, a source of more value. Equally, profit of enterprise is self-evidently derived from the employment of capital in the production process. Analytically, we resolved interest and profit of enterprise into portions of gross profit, thereby implying that both are predicated upon the use of capital as productive capital; a resolution which, incidentally, supposes a prior reduction of value to labour and surplus-value to surplus-labour. The capitalist, however, always has the guarantee of lending his capital at the current rate of interest, and thus deriving his revenue by virtue of ownership as such. For all practical purposes, it is the attribute of money to make money; the conditions of its doing so are not evident in the process.

Again, Marx cites various reinforcing circumstances.

Firstly, the illusion that capital yields surplus-value independently of its productive employment is true for any individual capitalist; it ceases to be true only for the total social capital.⁵³ Secondly, capital may in fact bear interest even when loaned to finance non-productive consumption, as with, for example, pawnshops.⁵⁴ This is simply a development which supposes the prior existence of the typical form of interest-bearing capital, whose determinants, however, it clearly confuses. Thirdly, and more importantly,

whether the industrial capitalist operates on his own or on borrowed capital does not alter the fact that the class of money-capitalists confronts him as a special kind of capitalists, money-capital as an independent kind of capital, and interest as an independent form of surplus-value peculiar to this specific capital. 55

Several points are involved here. Money-capital gains interest independently of production, by virtue of being money-capital. The rate at which this occurs is determined independently of production. Though there is a relation of long-term dependence of the rate of interest on the rate of profit, it is a tenuous one at best⁵⁶; the main determinant is the supply of money-capital in respect of the existing demand. The rate of interest is, in addition, given in advance at any point in time, and the same for all borrowers. This is in sharp contrast to the rate of profit, which is unstable, never known a priori, and equalised over time only through the forces of competition working within and between different sectors of production. We may also note here that the time of return of interest, being fixed contractually, is nowhere directly related to the real turnover of capital⁵⁷; whilst, finally, the form of interest-bearing capital is unitary (money).⁵⁸ These are all factors which, in Marx's view, strengthen the illusion that the bearing of interest is an immanent attribute of money as such, hence of all capital in that it is capable of assuming the money-form, and hinder any accurate perception of the true relation between gross profit, profit of enterprise, and interest. All these circumstances which conspire to directly relate interest to capital in its money-form, irrespective of its mode of employment, are of course complemented by the very real hazardousness of profit of enterprise, and the constant fluctuations in its magnitude as compared with that of interest.⁵⁹

For the sake of completeness, a fourth point must be mentioned.

Marx more than once cites the historical priority of usurer's capital (which, unlike interest-bearing capital proper, does not suppose the conditions of capitalist production⁶⁰) as an additional reason for why interest-bearing capital should be seen in the popular imagination as capital par excellence, and interest as the defining revenue of capital.⁶¹

So far, I have mainly discussed Marx's attempts to establish the phenomenal rationale behind the contention that interest is the form of revenue typical of capital as such, and profit of enterprise a by-product of one of its modes of employment. But we should not overlook the fact that Marx does not regard the relating of profit of enterprise to the labour of the capitalist (as opposed to, say, its explanation in terms of selling above value) as mere apologetics; this too bears phenomenal supports. Some have already been mentioned. Others include the relative complexity of the labour of the capitalist as compared with that of his employees, where profit of enterprise is seen as 'wages of superintendence'; a point backed up by the fact that, as capitalist production develops, so does the function of management as a separate facet of the social division of labour.⁶² The confusion of profit of enterprise with genuine wages of superintendence is that much easier, given the existence of the latter in the form of managerial salaries in enterprises where ownership and management diverge; though, as Marx remarks, this becomes rather more difficult and the confusion correspondingly more apologetic as the institution of paid supervisors (from foremen up) develops, and the gap between managerial salaries and profit of enterprise widens. More generally, the reduction of profit of enterprise to a wage for the labour of the capitalist is predicated upon two sets of functions which, though analytically distinguishable, coincide phenomenally under capitalist conditions; those of the regulation of production, which, in Marx's view, is a corollary of any form of social labour⁶³, and the enforcement of exploitation, which is specific to class societies. The capitalist's exercise of the latter is readily identified with the fulfillment of the former, and thus with a kind of labour which is performed universally. The capitalist sees himself as a functionary of the simple labour-process, and his 'wage' is related to the complexity and centrality of his task as a labourer.

Let us now turn to the consequences of this first relation in the trinity formula.

Gross profit is for Marx "the specific characteristic form of surplus-value belonging to the capitalist mode of production".⁶⁴ As we have seen, it is by no means a form in which the nature and determinants of surplus-value are immediately revealed; but the relation capital - profit (gross profit, not profit of enterprise) is at least accurate. It shows that interest and profit of enterprise have the same source, appearances notwithstanding, even if this source is not transparent. The trinity formula, on the other hand, fractures the real relation existing between these two and assimilates each to an independent source, interest to capital, and profit of enterprise to the capitalist's labour. In so doing it does more than obscure the source of surplus-value, as does the form of gross profit. It positively falsifies it.

The transformation of the relation capital - profit into that of capital - interest/labour - profit of enterprise is achieved by means of the attribution of the apparent characteristics of a secondary form of capital, interest-bearing capital, to capital per se. Marx describes interest-bearing capital as that form in which "the relations of capital assume their most externalised and most fetish-like form".⁶⁵

Interest-bearing capital presents itself as simply "a relationship of magnitudes, a relation of the principal sum to itself as a self-expanding value, as a principal sum which has produced a surplus-value".⁶⁶ A given sum of money (say £1,000) has a value as money (its face value) and an incremental value as capital (say £1,050) which constitutes its price as calculated on the current rate of interest. The relation is prima facie incomprehensible, £1,000 - £1,050, M - M': "the primary and most general formula of capital reduced to a meaningless condensation".⁶⁷ The formula is meaningless because there is no apparent relation between the increment, in the form of interest, and the process of production and exploitation by means of which this increment is generated: interest is "a form in which the source of profit is no longer discernible, and in which the result of the capitalist process of production - divorced from the process - acquires an independent existence".⁶⁸ All that is evident is the transfer of money from one person to another⁶⁹, and its return with interest. Interest-bearing capital is never seen to leave the money-form,

a form in which all its specific attributes are obliterated

ated and its real elements invisible. For money is precisely that form in which the distinctive features of commodities as use-values are obscured, and hence also the distinctive features of the industrial capitals which consist of these commodities and conditions of their production. It is that form in which value - in this case capital - exists as an independent exchange-value. 70

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

Hence, Marx argues, the property of generating value appears to be an inherent attribute of value as such, especially in its money-form. Just as, to the Mercantilists and Bullionists, gold and silver were intrinsically wealth, so now money is intrinsically interest-bearing; it at any rate appears to be such in interest-bearing capital:

Capital appears as a mysterious and self-creating source of interest - the source of its own increase. The thing (money, commodity, value) is now capital even as a mere thing, and capital appears as a mere thing. The result of the entire process of reproduction appears as a property inherent in the thing itself. ... In interest-bearing capital, therefore, this automatic fetish, self-expanding value, money generating money, are brought out in their pure state and in this form it no longer bears the birthmarks of its origin. The social relation is consummated in the relation of a thing, of money, to itself. Instead of the actual transformation of money into capital, we see here only form without content. 71

"It becomes a property of money to generate value and yield interest, much as it is an attribute of pear-trees to bear pears."⁷² As we have seen, given the conditions of capitalist production, it indeed is an attribute of money to command surplus-value, and that it has a price in the form of interest merely serves to express this fact. But,

What makes it capital before it enters the process /of production/ so that the latter merely develops its immanent character? The social framework in which it exists. 73

The social conditions of interest are not however apparent in

the form of interest itself. The capital/labour relation through which surplus-value is in fact extracted is nowhere in evidence; all we are presented with is the mysterious $M - M'$.

Marx is not the only one to find the latter incomprehensible; and the trinity formula goes beyond this simple phenomenal form. We should note, nonetheless, that despite its mystique, the view that value per se is productive of value lies behind such thoroughly everyday notions as those of Richard Price concerning compound interest.⁷⁴ For the adherents of the trinity formula, the difficulty lies in the fact that capital appears, in its money-form, to have two different values, a face-value as money and a value as capital. Interest is therefore not explained as the product of capital as value, but by the use-value of its material factors: the vulgar economist "flees from capital as value to the material substance of capital; to its use-value as a condition of production of labour, to machinery, raw materials, etc."⁷⁵ The trinitarian sees the means of production as the source of that component of the price of the product which resolves itself into interest; by the same logic, capital is identified with the means of production, and means of production under all circumstances become capital. Needless to say, Marx finds this putative solution most unsatisfactory, since for the incomprehensible relation $M - M'$, it merely substitutes "a wholly incommensurable one between a use-value, a thing on one side, and a definite social production relation, surplus-value, on the other."⁷⁶ Surplus-value can no more be explained by use-value than can value.

Whether the mystification is taken in its simple form, or as developed in the trinity formula, it has very similar consequences. The internal relations which link interest to its true source are falsified, and another set substituted, which are specifically fetishistic.

In the simpler mystification, the capacity to generate value is seen as an inherent attribute of money. Here, the additional attributes that money and commodities acquire within the social relations of capitalism (as against those of simple commodity production), solely by virtue of their functions as money-capital and commodity-capital in the specifically capitalist mode of production, are presented in interest; but in a form in which they are completely severed from the production process in terms of which they can alone be comprehended. Thus, Marx writes that

interest in itself expresses precisely the existence of the conditions of labour as capital in their social contradiction and in their transformation into personal forces which confront labour and dominate labour. It sums up the alienated character of the conditions of labour in relation to the activity of the subject. It represents the ownership of capital or mere capital property as the means for appropriating the products of other people's labour, as the control over other people's labour. But it presents this character of capital as something belonging to it apart from the production process itself and by no means as resulting from the specific determinate form of the production process itself. 77

The presupposition of interest is profit, and of profit, the social relation between capitalist and wage-labourer which makes the relation and appropriation of surplus-value possible. This is a relation in which, on the one hand, labour-power is a commodity, and one which has the fortunate attribute (for its buyer) of being a source of more value when consumed than it itself possesses; on the other hand, that labour-power can be thus consumed by its purchaser (and, indeed, that it should appear as a commodity in the market place) assumes that the latter possesses the means of production.⁷⁸ It is this relation which transforms the means of production (or their value-equivalent in money) into capital, a means of compelling and appropriating surplus-value; capital is therefore at root a social relation, and a coercive one at that.⁷⁹ Conversely, for reasons we have investigated above, given this relation and the 'specific determinate form' of production following from it, all value is potentially capital, and gives command over surplus-labour and its products. It is this that is expressed in interest. But as we have seen the form of interest itself is not one in which any connection to production is directly apparent. More specifically, it reveals absolutely no connection to labour, its true source. As we shall see, it continues,

Interest presents capital not in opposition to labour, but, on the contrary, as having no relation to labour, and merely as a relation of one capitalist to another; consequently, as a category which is quite extrinsic to, and independent of, the relation of capital to labour. The division of the profit amongst the capitalists does not affect the worker. Thus interest, the form of profit which is the special expression of the contradictory character of capital, is an expression in which this contradiction is completely obliterated and

explicitly left out of account. Apart from expressing the capacity of money, commodities, etc., to expand their own value, interest, insofar as it presents surplus-value as something deriving from money, commodities, etc., as their natural fruit, is therefore merely a manifestation of the mystification of capital in its most extreme form; insofar as it at all represents a social relation as such, it expresses merely relations between capitalists, and by no means relations between capital and labour. 80

Here, the capital/labour relation and thereby the true source of interest are veiled because value presents itself as capital outside production. But we are no better off with the refinements of the trinity formula proper. In this case, the connection with production is re-established; but production is conceptualised in purely material fashion, as the simple labour-process, i.e., precisely in that form in which the differentia specifica of its capitalist mode is eliminated. In the trinity formula, it is not the social relations within which the material elements of production stand within capitalism which accounts for their ability to function as capital, and, in consequence, for the capacity of value per se to represent a claim on surplus-value in the form of interest by virtue of its use-value as potential capital. On the contrary, it is the use-value of means of production as means of production which is held to explain interest. Marx pinpoints the error in a justly famous passage:

... capital is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character. Capital is not the sum of the material and produced means of production. Capital is rather the means of production transformed into capital, which in themselves are no more capital than gold or silver in itself is money. It is the means of production monopolised by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this very labour-power, which are personified through this antithesis in capital. It is not merely the products of labourers turned into independent powers, products as rulers and buyers of their producers, but rather also the social forces of their labour and socialised form of this labour, which confront the labourers as properties of their products. Here, then, we have a definite and, at first glance, very mystical, social form of one of the factors in a historically produced social production process. 81

If, as argued at length above, value is not a natural but a strictly social property of material objects, and one which derives solely from "the peculiar social character of the labour that produces them",⁸² then a fortiori we cannot explain the ability of capital to produce value in the form of interest by the use-value of one of its material forms (means of production). The attempt to do so, on the other hand, has clear consequences. Capital is reduced to means of production, and means of production are seen as capital under all conditions; while in this case too, the capacity of capital to bear interest is unconnected to its relation to labour. Means of production and labour become quite distinct sources of value and revenue.

We thus arrive at a situation in which either interest is seen as stemming from value, but outside the process of production in which alone it arises; or, where it is linked to production, it is viewed as the product of one of the elements of the simple labour-process irrespective of its social form. In both cases the labour/capital relation remains unexplicated, and the property of bearing interest which value and its material embodiments acquire solely as the consequence of their role in a mode of production predicated upon this relation becomes seen as a property of either value, or one of its material forms, per se. Interest becomes the resultant not of a definite set of relations between men, but of "the relation of men to things having a definite social character".⁸³

A parallel mystification accompanies profit of enterprise, once interest has been declared the unique revenue of capital.

In this case, there is no distinction made between the labour of the capitalist and the labour he exploits. Both are regarded as labour in its natural form, i.e., to employ categories used above, useful labour. The specific product of labour, and its peculiar revenue, is declared to be the wage; profit of enterprise is thus one wage among others. Any antagonistic relation between capital and labour is immediately eliminated; capital, qua working capital, is collapsed into labour. As with the relation capital - interest, we find the same correlation of a material universal (labour) and a social particular (the wage). It is accomplished by a similar double generalisation: on the one hand, just as capital is reduced to the material form of means of production and thereby universalised, so are the distinctive labours of worker and capitalist reduced to their common material denominator of useful labour, and in this form directly assimilated to all human labour; on the other

hand, just as, in consequence of the assimilation of capital to means of production and assertion that interest is its product, interest is universalised, so, in the relation (useful) labour - wages, all labour is understood as wage-labour. Although in this case profit of enterprise is not regarded as the product of a thing, its conception remains fetishistic; the socially specific is again explained by the materially universal.⁸⁴

(ii) Land - Rent.

In order to understand Marx's account of the phenomenal bases of the land - rent relation, a further point must be elaborated. This concerns the price of land.

We saw above that the price of capital as a commodity (interest) is not a true price. Similarly with the price of land; though it is bought and sold like other commodities, land, not being a product of human labour, has no value and cannot therefore have a price in the strict sense of the word. The price of land does not therefore express its value.

However, the determination of the price of land is by no means arbitrary. We arrive at this price by what is called capitalising the ground-rent. To capitalise a sum means to express it as the yield on a (fictitious) capital, which, if invested at the current rate of interest, would give that sum in the form of interest. If, for example, the annual rent on a piece of land is £1,000 and the rate of interest 5%, capitalising the rent yields a fictitious principal of £20,000. This is then considered as the value or price of the land, neither 'value' nor 'price' of course being used in their precise senses. This mode of determination is quite rational, given the conditions of capitalist production: it treats land as equivalent to loan capital, i.e., as a medium commanding a portion of surplus-value (which, for reasons we have investigated, it in fact does). The level of the price is that above which it would be unprofitable to invest in land as opposed to employing one's capital as interest-bearing capital, and below which, we assume, it will not fall since demand would push it up again.

From this it follows that, firstly, what appears as the price of land is more accurately regarded as the price of rent: for it is the use-value of land as a means of access to surplus-value which forms the basis for this price; and, secondly, that, since the price is arrived at by capitalising the rent, rent constitutes

the presupposition of the price of land, and cannot, ipso facto, be determined by it.

To return to the illusions of the trinity formula.

The formula asserts, briefly, that rent is that portion of the value and therefore the price of the product which derives from the land, and hence naturally accrues to the landowner. The first (and most obvious) basis for this is the following.

The prevalent form of rent, upon which absolute rent constitutes a uniform surcharge, is differential rent. It arises when, under capitalist conditions, a non-replicable, i.e., a natural, productive advantage can be monopolised. By a productive advantage is meant some condition of production which, via its raising of the productivity of labour, enables a given commodity to be produced with the expenditure of less labour-time than that socially necessary for the production of commodities of that kind; i.e., at a price of production beneath the norm. As we have seen, this implies surplus-profit, which will be intercepted by the landowner in the form of ground-rent. As in the case of the interest/profit of enterprise distinction, the category of ground-rent will be extended to cover cases in which the capitalist owns the land on which he works, once it is accepted that rent is the product of land.

Now, the magnitude of differential rent will vary with the surplus-profit, and therefore according to variations of labour productivity on different areas of land; and these variations in the productivity of labour are in turn, ex hypothesi, entirely the result of variations in natural conditions of production. Thus differential rent varies directly with the latter. In the paradigm⁸⁵ case of agriculture, for example, "differential rent is bound up with the relative soil fertility, in other words, with properties arising from the soil as such".⁸⁶ More specifically,

the rent is paid on a definite area of land; it is capitalised in the value of the land; this value rises and falls in accordance with the rise and fall of rent. The rise and fall of rent is calculated with regard to a piece of land which remains unchanged (whereas the amount of capital operating on it changes); the difference in the types of land is reflected in the amount of rent which has to be paid for a given yardage, the total rental is calculated on the total area of the land in order to determine the average rental, for example, of a square yard. / ... / The farmer has to pay rent

so much per acre of land, according to the quality of the land. If its quality improves or deteriorates, then the rent he has to pay on so many acres rises or falls. He has to pay rent for the land irrespective of the capital he employs on it; just as he has to pay interest irrespective of the profit he makes. 87

On the phenomenal level, the true source of surplus-value is no more evident here than in interest or indeed gross profit. On the other hand, the relation of rent to land, and magnitude of rent to quality of land, is massively apparent: from all sides, "rent, a part of surplus-value, is represented in relation to a natural element, independent of human labour."⁸⁸ This then constitutes a first and powerful support for the trinitarian conception.

A closely related point is the following.

Land is not merely a condition of all production but a productive force in its own right. It is self-evidently productive of use-values, and, ceteris paribus, the number of use-values yielded on a piece of land will vary with its quality. We know that value is a function of labour-time, irrespective of the number of use-values in which that labour-time is materialised. But so long as value has not been reduced to labour, but is conceived fetishistically as an attribute of the product deriving from its physical qualities, then clearly land as a productive force will appear as a direct determinant of value, and thus of rent. As Marx writes,

The land or nature as the source of rent, i.e., landed property, is fetishistic enough. But as a result of a convenient confusion of use-value with exchange-value, the common imagination is still able to have recourse to the productive power of nature itself, which, by some kind of hocus-pocus, is personified in the landlord. 89

Since land is itself productive (of use-value) and is itself a living productive force (of use-value or for the creation of use-values), it is possible ... supersensitiously to confuse use-value with exchange-value, i.e., to confuse it with a specific social form of the labour contained in the product. 90

One more aspect of the phenomenal basis of the land - rent relation deserves mention.

The landowning class, according to Marx's analysis, is a totally parasitic one. It merely intercepts a portion of surplus-value

which would otherwise fall to capital. The condition of this interception is private property in land, which is a condition of capitalist production itself⁹¹; thus, though the landowning class is not constitutive of capitalism in the same sense as are the bourgeoisie and the proletariat, it is an inevitable corollary. The landed gentry, however, are unlikely to see themselves as mere parasites. On the one hand, for the reasons given above, they are likely to regard rent as the product of the land itself; and on the other, they will apparently have paid for their land at its price, and thus given a fair equivalent for their source of income. Land will be seen, as it were, as a rent-bearing capital⁹², just as means of production are seen as interest-bearing, and thus as a legitimate source of income to its owner by virtue of the value it adds to the product created with its aid. We know from our own analysis that in fact the price of land is precisely a way of expressing land as such a capital, by a process of pure analogy with interest-bearing capital, and that rent lies behind the price of land rather than the other way about: but this is not self-evident. It will seem as if both the price of land and the rent it bears are related to, and their magnitudes explained by, an independent variable, the value-creating propensity of the land itself. This view, incidentally, may be held even if the fact that the price of land is merely capitalised rent is understood, so long as rent itself continues to be regarded as value added to the product by the land.⁹³

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

(iii) Labour - Wages.

In this case, the terms of the problem are slightly different. In the case of interest and rent, it was simply untrue that they were products of capital and land respectively. Wages, however, are the product of labour, since wages are a quantity of value and labour creates all value. What needs to be explained is why labour should be regarded as the source of only this part of what it in fact creates.⁹⁴ Let us first consider the phenomenal foundations.

These are most extensively discussed in Marx's chapter on the wage-form in Capital I,⁹⁵ a chapter which has rightly been seen as central to Marx's conception of ideology.⁹⁶

Marx begins this chapter with the observation that

On the surface of bourgeois society the wage of the labourer appears as the price of labour, a certain quantity of money that is paid for a certain quantity of labour. Thus people speak of the value of labour and call its expression in money its necessary or natural price. 97

We know that for Marx labour, not being itself a product of labour, cannot have a value. 'Value of labour' is "an expression as imaginary as the value of the earth", and, a fortiori, "'price of labour' is just as irrational as a yellow logarithm."⁹⁸ When people speak of the value and price of labour, they are really, in Marx's view, talking of the value and price of labour-power. The wage is merely the phenomenal form of the value of labour-power. It should not surprise us to find that Marx lists this claim as one of "the three fundamentally new elements of the book / Capital /"⁹⁹; we have seen that the distinction between labour and labour-power is the lynchpin of the theory of surplus-value.

Marx's claim to novelty here is a justified one, for classical economy was no more immune to this confusion than its vulgar successor. Indeed, the latter is apparently far the more consistent of the two. Classical economics was predicated upon the labour theory of value, which holds that the value of commodities is a function of the labour they contain. Problems arose so soon as it was asserted that the commodity sold by the labourer to his employer was his labour simpliciter. For, on the face of it, one either had to take the value of labour as equivalent to that of its product, or one had to determine it by the production costs of labour, i.e., by wages. The first strategy precludes any explanation of profit, and therefore implies that the law of value cannot hold in a capitalist economy; the second saves the possibility of profit, but begs the question of the price of labour by surreptitiously turning it into a question of the price of the labourer himself.¹⁰⁰ The difficulties attendant upon both tend to undermine the theoretical basis of the entire classical conception. For the vulgarians, on the other hand, no such difficulties arise: since they do not adhere to the labour theory of value, they can quite happily continue to regard

wages as the price of labour. This price is only one component of the price of a good, the others comprising interest and rent. The latter, in turn, are explained by quite different sources. Wrong as they might be, the adherents of the trinity formula do not have the same problems of consistency as Smith, Ricardo or their disciples.

Marx, as we might expect, explains the tenacity of the confusion by the fact that the nature of the wage as a payment for labour-power was not phenomenally evident, whereas an apparent correlation between labour performed and wages paid was overwhelmingly so. Imaginary as the value and price of labour might be, they are not the fruit of "poetic license"¹⁰¹:

These imaginary expressions arise ... from the relations of production themselves. They are categories for the phenomenal forms of essential relations. That in their appearance things often represent themselves in inverted form is pretty well known in every science except Political Economy. 102

In this case, there are a number of relevant factors.

Most generally, the form of the labour-power/wages exchange is one consistent with all transactions in the sphere of circulation, the sphere were, according to Marx, "Freedom, Equality, Property and Bentham" reign undisturbed.¹⁰³ The exchange is one between owners of different commodities, who, we assume, exchange equivalents. The capitalist will buy labour-power at its price of production¹⁰⁴. There is no hint of exploitation here, and, indeed, it does not take place here. Further, there is nothing in the form of the transaction which is prima facie irrational: on the surface, all value relations link incommensurables to one another, use-values to the value-form; the expression value of labour is no more self-evidently absurd than the expression value of cotton.¹⁰⁵ It becomes absurd only in the light of analysis which reveals any such expression as an expression of materialised labour-time. On the face of it, therefore, the exchange is a thoroughly normal one.

It is likely to be seen as a sale of labour, rather than labour-power, because, inter alia, the labourer is paid after his work is done, ostensibly for that work; from his own point of view, it is a specific kind of useful labour which he has supplied and which he was employed to do¹⁰⁶; and it is his labour, and only his labour,

which yields him his wage.¹⁰⁷ Even if, for whatever reason, the wage he receives changes, it remains a payment for the same working-day or working-week.¹⁰⁸ Finally, the actual forms in which wages are normally paid, by the hour or by the piece, are such as to directly relate the wage to work performed.¹⁰⁹ Other factors could also be mentioned.¹¹⁰ The capitalist is no more likely to recognise what he is paying for than the labourer. We have seen various of the numerous circumstances that obscure the fact that his revenue derives from surplus-labour, and there is no point in reiterating them here. To be sure, the capitalist will attempt to keep his wage-bill down; but this economy appears no different from those he is equally constrained to practice with regard to his constant capital, his time of circulation, and so on.¹¹¹ The ultimate source of profit may be labour; but how much profit a capitalist makes is dependent, in reality as well as appearance, on a host of other factors. In sum, therefore, there is little on the surface of society to convince either the labourer or the capitalist that wages are not the price of labour, and more than enough to make both think they are.

The consequences of this misconception, however, are clear enough:

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

Marx elaborates by way of some instructive comparisons:

In the corvee, the labour of the worker for himself, and his compulsory labour for his lord, differ in space and time in the clearest possible way. In slave-labour, even that part of the working-day in which the slave is only replacing the value of his own means of existence, in which, therefore, in fact, he works for himself alone, appears as labour for his master. All the slave's labour appears as unpaid labour. In wage-labour, on the contrary, even surplus-labour, or unpaid labour, appears as paid. There the property relation conceals the labour of the slave for himself; here the money-relation conceals the unrequited labour of the wage-labourer. 112

We might note, in passing, that to regard the wage as a payment for labour in no way precludes bitter struggles being fought over what the value of labour - an inherently indeterminable magnitude -

is or should be. Enough people have died seeking a fair day's wage. The latter is for Marx a contradiction in terms, for obvious reasons. Hence the conclusion of Wages, Price and Profit, the mere corollary of all that has been presented so far:

Instead of the conservative motto, ' A fair day's wages for a fair day's work!' they ought to inscribe on their banner the revolutionary watchword, 'Abolition of the wages system!' 113

So much for the phenomenal basis of the labour - wages relation. Let us now consider its theoretical implications.

We have seen, on the one hand, that Marx arrives at his thesis that it is labour-power, and not labour, which the worker sells to the capitalist, by a consistent application of the labour theory of value; and that it is this proposition which underpins the theory of surplus-value and a fortiori Marx's explanation of the revenues of capitalists and landowners. We also saw, on the other hand, that the classical economists could only maintain both the view that wages are the price of labour, and the labour theory of value, at the cost of consistency. If, therefore, wages are to be regarded as the price of labour, then the labour theory of value (and with it, if Marx is correct, all possibility of understanding capitalist production) must be abandoned. This is the road travelled by the trinity formula. If wages are the price of labour, i.e., a full reimbursement for the share of the value of the product added by labour, then the rest of this value must derive from elsewhere and labour cannot be the sole source of value. It is no distance to the assertion that the other revenues, like wages, are proportional rewards due to the other factors of production. So soon as we substitute the relation labour - wages for the relation necessary labour - wages (which is accurate for the conditions of capitalist production) we inevitably reinforce the other two fetishistic relations in the trinity formula. Indeed, Marx goes so far as to assert that the relation labour - wages is "the basis for the other two":¹¹⁴

Since wages here appear to be the specific product of labour, its sole product (and they are indeed the sole product of labour for the wage-worker), the other parts of value - rent and profit (interest) - appear to flow just as necessarily from other specific sources. And

just as that part of the value of the product which consists of wages /is conceived/ as the specific product of labour, so those parts of value which are made up of rent and profit must be regarded as specific results of agencies for which they exist and to which they accrue, that is, as offspring of the earth and of capital, respectively. 115

Here then, not only are essential relations destroyed, as in the two previous cases, but this destruction is the keystone of the trinity formula as a whole. It is accomplished by precisely the same kind of operation as that in which interest is linked to capital (qua means of production), or rent to land. In the first place, the specifically social characteristics of the alleged source of revenue are seen as congruent with, and explained by, the material attributes of all phenomena of that kind. In this case, the capacity of wage-labour, i.e., of labour which is coupled to the means of production only through an exchange of labour-power as a commodity against variable capital, to yield a wage which forms part of the price of the product is explained with reference to the useful role of all labour in the process of production. This serves as the basis from which the characteristics of wage-labour can be predicated of all labour; we have seen a bizarre instance of this already, in the explanation of profit of enterprise as the wage for the labour of the capitalist. In the process, of course, the differentia specifica of the capitalist process of production, and the social relations within which it can alone take place, are utterly obliterated. The labour which is alleged to create wages is, so far as Marx is concerned,

a mere ghost - "the" Labour, which is no more than an abstraction and taken by itself does not exist at all, or if we take that which is behind it, the productive activity of human beings in general, by which they promote the interchange with Nature, divested not only of every social form and well-defined character, but even in its bare natural existence, independent of society, removed from all societies, and as an expression and confirmation of life which the still non-social man in general has in common with the one who is in any way social. 116

Let us now consider the salient characteristics of the trinity formula as a whole.

I have tried to show, firstly, that each of the component relations of the trinity formula is well supported phenomenally. Secondly, I have suggested that there are respects in which the explanation of revenues which the trinity formula yields is at first sight more coherent than that offered by classical political economy. Of particular importance here is that the difficulties of the latter apparently derive from its centrepiece, the labour theory of value, whilst the trinity formula is built upon the rejection of precisely this theory. I say 'apparently' derive from the labour theory, because as Marx shows it is not the theory itself which in fact creates the difficulties so much as its inconsistent application; but we should note here that the very inconsistency which vitiates the classical conception is, so far as Marx is concerned, one which is firmly predicated upon the way in which the phenomena of capitalism present themselves on the 'surface of society'. Be that as it may, the trinity formula can plausibly claim to have the same kind of advantages, both empirical and analytic, over its classical precursors as did Bailey's view of value (and, a fortiori, its neo-classical scion)¹¹⁷ over the Ricardian.

For Marx, however, this coherence of the trinity formula rests upon a specifically fetishistic foundation. We have investigated this for each individual relation in the formula, and seen that in each case the coherence is achieved only by explaining the social characteristics taken on by the elements of production within the social relations of capitalism by the material properties of these elements in their natural form. We thus end up with a formula in which there is a rigorous correlation between three revenues, and three factors of production; as revenues, i.e., quantities of value, interest, rent and wages (including, here, profit of enterprise) are quite commensurable. They are phenomena of the same kind. In the same way, land, labour and capital (understood as means of production) are also commensurable; they are the elements of any labour process whatsoever. For Marx, the mistake lies simply in the link the formula establishes between the two sets.

It is a forced link, resting upon the fallacious identification of landed property with land, capital with means of production, and wage-labour with labour. Properly conceived,

the alleged sources of the annually available wealth

belong to widely dissimilar spheres and are not at all analogous to one another. They have about the same relation to each other as lawyer's fees, red beets and music. 118

The coherence has an incoherent foundation. It is accomplished only by this initial collapse of the social into the material. Marx's analysis, on the other hand, can show, firstly, that the characteristics the trinity formula attributes to the elements of production are not present under all social regimes. Secondly, it can account for why the elements of production should acquire these specific characteristics under the conditions of capitalist production, and produce a thoroughly consistent account of rent, interest and wages in that context. Finally, it claims, via the analysis of phenomenal forms and a demonstration of the correspondence of the formula to these forms, to be able to situate the errors of the trinity formula itself within that same set of conditions.

On Marx's account, the fetishism produces rather more than a plausible ideology. As we have seen, the ideology is necessarily one in which internal relations - here, relations of exploitation - are destroyed, and historicity obliterated. As in fetishised views of value, the world is simultaneously de-socialised and de-historicised. I have commented upon this sufficiently in my account of the individual relations of the formula, and will elaborate no further here. It is, however, worth drawing attention to the political implications of these consequences.

I argued in the first section of this chapter that the tenacity of an ideology which serves the interests of a ruling class cannot, on Marx's assumptions, be explained simply by the latter's control of the 'means of ideological production'; the reason being above all that given Marx's understanding of consciousness, experience itself must be regarded as the major such 'means'. It is clear, however, that the trinity formula is such an ideology: it relates the three revenues in capitalist society to sources which are not only quite independent of one another, but are also present in all forms of society, and eliminates any perception of exploitation en route. As Marx puts it, the formula

renders a substantial service to apologetics. For in the formula/ land - rent, capital - interest, labour - wages, for example, the different forms of surplus-value

and configurations of capitalist production do not confront one another as alienated forms, but as heterogeneous and independent forms, merely different from one another but not antagonistic. The different revenues are derived from quite different sources, one from land, the second from capital and the third from labour. Thus they do not stand in any hostile connection to one another because they have no inner connection whatsoever. If they nevertheless work together in production, then it is a harmonious action, an expression of harmony, as, for example, the peasant, the ox, the plough and the land in agriculture, in the real labour process, work together harmoniously despite their dissimilarities. 119

We do not need to impute ideological intentions to the adherents of the trinity formula in order to recognise that the formula itself "corresponds to the interests of the ruling classes by proclaiming the physical necessity and eternal justification of their sources of revenue".¹²⁰ The eternal justification follows directly from the alleged physical necessity, and the latter, we have seen, is a proposition which enjoys considerable phenomenal support. Marx generalises the point against the Ricardian socialist Thomas Hodgskin, who held an intentional theory of ideology:

Hodgskin says that the effects of a certain social form of labour are ascribed to objects, to the products of labour; the relationship itself is imagined to exist in material form. We have already seen that this is a characteristic of labour based on commodity production, on exchange-value, and this quid pro quo is revealed in the commodity, in money ... and to a still higher degree in capital. The effects of things as materialised aspects of the labour process are attributed to them in capital, in their personification, their independence in respect of labour. They would cease to have these effects if they were to cease to confront labour in this alienated form. The capitalist, as capitalist, is simply the personification of capital, that creation of labour endowed with its own will and personality which stands in opposition to labour. Hodgskin regards this as a pure subjective illusion which conceals the deceit and the interests of the exploiting classes. He does not see that the way of looking at things arises out of the actual relationship itself; the latter is not an expression of the former, but vice versa. 121

It is the fetishistic basis of the trinity formula which explains its conservative bias, not the other way about. The converse holds of a theory which accurately grasps the historical basis of the capital/wage-labour relationship, and thus of the class revenues in

bourgeois society. As Marx observes in his discussion of Richard Jones, a follower of Ricardo who went beyond his mentor by showing the historicity of capitalism,

from the moment that the bourgeois mode of production and the conditions of production and distribution which correspond to it are recognised as historical, the delusion of regarding them as natural laws of production vanishes and the prospect opens up of a new society, /a new/ economic social formation, to which capitalism is only the transition. 122

In conclusion, I will not attempt to show that in his analysis of the trinity formula, just as in that of the commodity, Marx fully meets the criteria for an explanation of ideology which I set out in the first section of this chapter. That he does is, I hope, more than evident from my exposition. Instead, I wish to emphasise the systematic linkage between various properties of the ideologies examined in this chapter on the one hand, and between Marx's criticisms of these ideologies on the other. For the connexions between an account grounded in phenomenal forms and confined by phenomenal categories, its ahistoricity, and its ultimately conservative character are hardly fortuitous. As I hope I have demonstrated in both the analyses I have considered, the conservatism stems from the lack of historicity, which is in turn predicated upon the fetishism; whilst the condition of the fetishism is the lack of distinction, on a phenomenal level, between material and social attributes of phenomena and, indeed, the representation of the latter by the former. Marx therefore needs, above all, a method of analysis which will enable him to penetrate the fetishism, or, in other words, to distinguish the social and material characteristics of phenomena. He must, in brief, go from the way in which the phenomena present themselves to the conditions of that presentation. Having done that, he will then be in a position to determine the conditions under which the configuration of the phenomena can be changed. The presuppositions, procedures and criteria of proof of such an analysis form the object of my next chapter. I hope, in this first one, that I have indicated some of the reasons for its necessity.

CHAPTER TWO

INTERNAL MACHINERY

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

Karl Marx
Letter to Engels,
February 1st, 1858

(1858c)

I will begin by clarifying what I intend to try and do in this chapter.

We have seen that what Marx understood by ideology, how it arises and how it should be explained are all reasonably clearly set out in his work, most notably in the four volumes of Capital. This is not to imply that there can be no disputes of interpretation; but there is at least a clear explanatory paradigm present in the text in terms of which they can be situated.

It is rather different so soon as we try and talk about Marx's conception of science.

Though there is evidence that he intended to do so, Marx never wrote a systematic methodological text.¹ Nor did he leave enough in the way of explicit comments upon scientific method from which we could reliably attempt to reconstruct one. Here, more than almost anywhere else, he bequeathed us a legacy of fragments: disconnected and frequently obscure or ambiguous remarks scattered throughout published texts and manuscripts, most of them directly related to a particular task in hand.

Thus, amongst Marx's published writings, we have for instance the seven observations on the method of political economy which open the second chapter of The Poverty of Philosophy, or the well known discussion of dialectic which closes the 'Afterword' to the second German edition of Capital. The difficulties to which such texts give rise are well illustrated by the variety of conflicting accounts commentators offer on what Marx meant by the metaphors of 'inversion' (of the terms of Hegel's dialectic) and 'extraction' (of its 'rational kernel' from its 'mystical shell') in the latter.² Such disputes can hardly be solved by an appeal to what Marx says, since it is precisely his meaning which is at issue.

The problems are if anything even more acute in the case of works which were not revised for press by Marx himself, like the first part of The German Ideology, the 1857 'General Introduction', the many sections of Theories of Surplus Value in which Marx reflects on questions of method in his predecessors' work, or the valuable 'Marginal Notes' on Adolf Wagner's Lehrbuch. In all these cases we are faced not only with the problem of correct interpretation of difficult statements presented by the published

work, but there are further difficulties concerning the status of these texts themselves and their relation to published material. Are we, for example, to give more credence to what is said about the categories and methods of political economy in the 1857 'General Introduction' than in The Poverty of Philosophy, on the grounds that it is a later work, written in the wake of Marx's systematic study of political economy in the early fifties? Or should we rather attend to the unfinished and tentative quality of the Introduction, bearing in mind that Marx eventually suppressed it in favour of his famous 1859 'Preface'?³ What are we to make of Marx's contrary statements on correct and scientific starting-points for analysis in the 'General Introduction' and the 'Marginal Notes' on Wagner? What status, in general, should we grant to The German Ideology, a text more forthcoming on matters of method than most, but one written in advance of the vast bulk of Marx's work on political economy, and during a period, moreover, in which he still adhered to positions which conflicted with those developed subsequently?⁴ These issues are not scholastic ones; the texts frequently contradict one another on important points, and how they are interpreted has decisive implications for our general view of Marx's work.

We are faced, in short, with the need to provide criteria of interpretation other than those of simple faithfulness to the texts themselves.

We do, however, possess another resource: we have, in the shape of Capital above all, but also in historical analyses like The Eighteenth Brumaire, or political commentaries like The Critique of the Gotha Programme, the results of Marx's practice; a practice he indisputably considered scientific. It would seem sensible to try to elucidate what Marx understood by science by a conceptual reconstruction of the analytical practices through which such results were produced; to take Marx's finished analyses, and ask the simple question, "how were they possible?" Arguably, such a procedure would be worthwhile even if Marx had written his projected 'Dialectics'. There is a case to be made for learning from practice. Without that 'Dialectics', however, this strategy becomes imperative.

But to attempt such a transcendental analysis itself has definite implications for interpretation.

In attempting to elucidate the analytic conditions of possibility of finished pieces of work, both substantive and critical, we will

be confronted with decisions that have to be made concerning such matters as the definition of concepts, the status of propositions, the role of particular forms of reasoning, or the nature of Marx's claims; and they are rarely questions which admit of easy solution. Let us take, for example, the definition of concepts: we will find a concept apparently clearly defined in one context, only to be used differently in another. Are we to go by the definition, or develop a new one which provides for the concept's full range of uses? In what follows, I will do the latter, since my aim is to reconstitute Marx's procedures. Thus, I would not regard a list of quotations from Marx which prima facie contradicted my account of a concept as valid objection, unless these illustrated a significant usage of the concept in question which was actively precluded by my new definition. The criterion which governs my interpretation is, therefore, consistency with Marx's practice. This is implicit in the question "how is such and such a piece of work possible?"

But there are other difficulties of a more complex kind. Marx, for example, frequently put forward general propositions without making clear whether they were meant to be assumptions or conclusions of analysis, or on what basis their claims to truth rested. In some cases a proposition advanced in one text has its status quite explicitly clarified elsewhere; but this is by no means always the situation. And where it is not, it is sometimes possible to put forward more than one view, without there being any clear decision procedures on the basis of which we could decide between them; here, my first criterion proves insufficient. In this case, we appeal, openly or otherwise, to factors outside Marx's work itself; our interpretations are partly dependent upon commitment to models of scientific procedure in terms of which what Marx did merely can be characterised, and our support or denigration of Marx's work is in turn partially predicated upon our arguments about these models themselves. That this is a feature of marxist debate is obvious; part of the problem is that it is not admitted. In what follows, I see no point in attempting to hide the fact that I am concerned to develop an interpretation of marxism which does fit my own views of scientificity, which are not exclusively derived from the work of Karl Marx himself. Clearly, my first criterion will quite rightly limit how far I can go in this direction; but where cases of doubt arise after I have employed it, then I will be predisposed,

for reasons other than consistency with the texts simpliciter, to interpret in a particular way. There is therefore undeniably an element of construction in what follows. I do not believe there is not in any similar endeavour, and nor do I regard it as a bad thing; it becomes such only when interpretations are taken as authoritative, and the authority in question is spuriously claimed to be that of the texts themselves.

My claim, therefore, cannot be to provide an account of Marx's scientific procedures in any definitive sense. I wish, rather, to develop an account of a set of procedures which I believe to be marxist, on the basis of a consideration of Marx's texts. I would defend the account as being as consistent with the texts as any; and as more conducive to the development of a fruitful marxism than some.

1. Fundamental concepts.

The 1857 'General Introduction' (to the Grundrisse, the effective first draft of Capital) opens with the words:

The object before us, to begin with, material production.¹

I propose to take this as a definition of Marx's field of analysis, at least as it emerged by 1845.² It may of course be objected that Marx's field was very much wider, embracing entire social formations; but I hope to show, as the argument of this chapter develops, that for Marx to study material production is to study social formations, and vice versa.³

In this section, I will consider the principal general concepts through which Marx grasps material production. I will begin by distinguishing two kinds of argument in Marx which provide grounds for the study of material production, and go on to define Marx's basic concepts in a way which assumes the truth only of the least contentious of the two. These concepts, production in general, mode of production, forces of production, and relations of production, will then be examined seriatim. I will conclude with some remarks on the role such concepts can play within Marx's analysis as a whole.

First then: Marx's two arguments.

The first may be called an argument from presuppositions: Marx contends that material production is a universal condition of human existence following directly from man's "physical organisation"⁴, and therefore constitutes the sine qua non of any and all social life. It is well expressed in The German Ideology:

the first premise of all human existence and, therefore, of all history /is/ the premise ... that men must be in a position to live in order to be able to "make history". But life involves before everything else eating and drinking, a habitation, clothing and many other things. The first historical act is thus the production of the means to satisfy these needs, the production of material life itself. 5

As Marx and Engels go on to make clear, 'first historical act' is meant in a logical sense as much as a temporal one: production is "a fundamental condition of all history, which today, as thousands of years ago, must daily and hourly be fulfilled merely in order to sustain human life".⁶ As Marx put it twenty years later,

Just as the savage must wrestle with Nature to satisfy his wants, to maintain and reproduce life, so must civilised man, and he must do so in all social formations and under all possible modes of production. 7

The second argument is subtly different. It states not that production is a condition of, but that it specifically "conditions the general process of social, political and intellectual life".⁸ The verb 'conditions' (or, in some translations of this passage, 'determines') is normally, though not always, interpreted in causal terms.⁹ An elaboration of an argument of this kind might be the following:

The specific economic form, in which unpaid surplus-labour is pumped out of direct producers, determines the relationship of rulers and ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining element. Upon this, however, is founded the entire formation of the economic community which grows up out of the production relations themselves, thereby simultaneously its specific political form. It is always the direct relationship of the owners of the conditions of production to the direct producers - a relation always naturally corresponding to a definite stage in the development of the methods of labour and thereby

its social productivity - which reveals the innermost secret, the hidden basis of the entire social structure, and with it the political form of the relation of sovereignty and dependence, in short, the corresponding specific form of the state. 10

On the face of it, production is included here as the determining element in a chain of causal relations. It could be argued that in fact such arguments should not be interpreted in causal terms. But even so, there remains an essential difference between this argument and the former: the difference between postulating a merely logical connection between production and other aspects of social life, and postulating a positive connection between the specific forms of both. It is not the same thing at all to say that without production there can be no social life, which is a virtual truism, and to say that the specific mode of production is "the hidden basis of the entire social structure", which is a considerable substantive claim. Nor does the second follow from the first.

I will leave the question of whether both arguments are needed to sustain Marx's investigations into production hanging in mid-air for the time being; it is clear that in practice Marx used the second thesis, which summates certain of his general conclusions, as, in his own words, "the guiding principle" of his studies.¹¹ But this does not of itself mean that marxist analysis has to be sustained by this argument, whether we regard it as one advanced a priori or as an inductive generalisation. And clearly, there are good reasons for abandoning it as an assumption held prior to any analysis; it pre-empts rather a lot of what we might expect it to be the job of empirical analysis to reveal. As I say, I will not take up the question here; I will simply explicate the concepts by means of which Marx apprehends production, on the assumption that the first argument, which is largely unobjectionable, provides sufficient ground for studying production in the first place. The question of the relation between production and social life in general then becomes an open question. I aim to show, in the rest of this chapter, that it can remain such for marxism; that neither Marx's concepts, nor his methods, assume the truth of the second argument, whilst his analyses can be perfectly adequately generated by means of the employment of these concepts and methods themselves.

Now to production.

We may begin by looking at the concepts of production in general and mode of production.

"All epochs of production", Marx holds, "have certain common traits, common characteristics".¹² These are not accidental; the features shared by all human production processes derive from the fact that there are certain conditions shared by all productive activity. Men cannot produce, for example, without an instrument of labour, or without a raw material (in the non-technical sense¹³) to work on: similarly, they cannot produce without labour. The enumeration of these conditions constitutes a valid description of the "labour-process independently of the particular form it assumes under given social conditions".¹⁴ Conversely, what we grasp via the concept of production in general (Grundrisse) or the labour-process (Capital) is that without which "no production will be thinkable".¹⁵ It follows that the concepts through which we grasp production in general can be applied to the phenomena of all modes of production. They are transhistorical categories, in the sense in which that term was used in Chapter One. The concepts of forces and relations of production, with which I will shortly deal, are of this kind.

However, no production takes place except under some set of social conditions. The concept of production in general therefore remains an abstraction, albeit a rational one, in the sense of being a concept to which no distinct object of an empirical order corresponds. In Marx's words,

There are characteristics which all stages of production have in common, and which are established as general ones by the mind; but the so-called general preconditions of all production are nothing more than these abstract moments with which no real historical stage of production can be grasped. 16

In talking of production in general, we are abstracting precisely from the "essential differences"¹⁷ which distinguish different historical epochs, stages or modes of production. We may elaborate the concept of production in general ad nauseam, but this will never give us any empirical purchase. All we are elaborating in the end is a definition of production, a series of "flat tautologies".¹⁸ If, like Marx, we are concerned with production as it empirically occurs, then we must study not production in

general, but definite modes of production. I propose, for reasons which I hope will become clearer later, to follow The German Ideology in defining a mode of production in the simplest possible way, as "the way in which men produce their means of subsistence."¹⁹

At this point, a fine but crucial distinction is called for.

The concept 'mode of production' can be generated out of an analysis of production in general. It will thus be entirely comprised of transhistorical categories. The concepts of specific modes of production (Asiatic, feudal, capitalist, etc.), however, are arrived at differently. They are specified through historical as well as transhistorical categories, and historical categories can only be constituted through empirical research. The point is a simple one, but important: it implies, inter alia, that what is specific to marxist analysis cannot be defined solely through the enumeration of its major concepts, but must equally be defined by marxist analytic procedures, since these are themselves basic to the formation of one important class of its concepts.

In what immediately follows I will be talking solely of the concept 'mode of production'.

This concept is derived from the analysis of the characteristics of production in general in the following way. According to Marx, all production involves two conceptually distinct types of relation: (1) a relation between man and Nature; and (2) a social relation between men themselves. Thus, he defines production as "appropriation of nature on the part of an individual within and through a specific form of society"²⁰, and asserts, at slightly more length, that

In production, men not only act on nature but also on one another. They produce only by co-operating in a certain way and mutually exchanging their activities. In order to produce, they enter into definite connections and relations with one another and only within these social connections and relations does their action on nature, does production, take place. 21

We should note, in respect of this and similar statements, that the claim is not that production qua action on nature causes social relations, but that it involves them; it cannot take place outside them. Some social relations, therefore, fall within the concept of production. We should also note that there is no a priori

claim to the effect that there is a one to one relation between any given mode of material appropriation or men/nature relation, and a definite set of social relations. To say that there can be no productive action on nature outside of social relations does not in and of itself preclude the same form of action on nature (say large-scale machine production) taking place within different complexes of social relations.

From here, we may derive the concept of mode of production. If production is in general characterised by the combination of relations of men to nature and social relations between men themselves, we can distinguish different ways in which men produce according to the form these relations take in each case, and the way they are combined. A mode of production is thus a specific combination of productive forces (or relations of men to nature) and relations of production (or social relations between men). Since both my description of productive forces as relations²², and reduction of the category 'relations of production' to social relations²³ are contentious, I shall say a little more about these two concepts.

Productive forces is a very much more complicated concept than a superficial reading of Marx might suggest. Normally, its reference is assumed to be technological. Thus, we can turn to Wage Labour and Capital and find that the forces of production are unambiguously equated with "the material means of production"²⁴, a notion which is in turn clearly defined in the first volume of Capital.²⁵ But it can easily be shown that Marx rarely uses the term in so narrow a sense. A more acceptable definition might seem to be that given by Joseph Stalin in his Dialectical and Historical Materialism, which includes labour within the productive forces:

The instruments of production wherewith material values are produced, the people who operate the instruments of production and carry on the production of material values thanks to a certain production experience and labour skill - all these elements jointly constitute the productive forces of society. 26

Stalin immediately goes on to describe the social relations of production as "another aspect of production", thus definitively separating forces and relations. The separation in turn underpins the account of historical change given in the pages which directly follow, in which the dynamic is the forces/relations contradiction and the determining moment of the productive forces is the

instruments of production. Marxism is thereby effectively collapsed into technological determinism. It might be objected that we can accept Stalin's definition of productive forces without his crude historical schemas. However, this line of argument has its dangers. Once we define productive forces in a way which excludes social relations, it becomes exceedingly difficult to interpret Marx's numerous statements about forces/relations contradictions as anything but a profession of straightforward technological determinism. If he lacks the appropriate casuistry, Stalin at least has the merit of consistency.

I do not wish to claim that the concept of productive forces is reducible to that of production relations, nor to abandon any distinction between the two. I do, however, wish to show that Marx not infrequently included, amongst other things, social relations within the concept of productive force. I shall argue that in consequence the concept is best defined relationally, as a synonym for the man/nature relation spoken of above, rather than in the more restricted senses I have discussed. With such a definition, the alleged problem of technological determinism disappears, since technology simpliciter ceases to be one of the terms of the relevant contradiction.

I will instance two passages, one from The German Ideology and one from the Grundrisse, in which Marx quite categorically states, first in general and then in respect of a specific mode of production, that social relations must be considered as productive forces in their own right. I will then briefly discuss an analysis of historical change which is predicated upon a classic forces/relations contradiction, but in which the forces in question are themselves social relations. The analysis in question is important for two reasons. Firstly, it is not taken from an unrevised text, but from the centrepiece of Marx's work, volume one of Capital; and secondly, it described the 'paradigm' transformation, that between feudalism and capitalism. In passing I would suggest that analyses of this kind provide a better starting-point for commentary than the single tendentious passage in The Poverty of Philosophy²⁷ which has so often been taken (together with the 1859 'Preface') as the alpha and omega of marxism.

In The German Ideology Marx conceptualises production, in terms reminiscent of a passage I have already quoted, as follows:

The production of life ... now appears as a double relationship: on the one hand as a natural, on the other as a social relationship. By social we

understand the co-operation of several individuals, no matter under what conditions, in what manner, and to what end. It follows from this that a certain mode of production, or industrial stage, is always combined with a certain mode of co-operation, or social stage, and this mode of co-operation is itself a "productive force". 28

This is asserted of production in general, and is thus a fortiori true for any particular mode of production. As the Grundrisse illustrates in respect of the primitive commune:

The original unity between a particular form of community (clan) and the corresponding property in nature, or relation to the objective conditions of production as a natural being, as an objective being of the individual mediated by the commune ... has its living reality in a specific mode of production itself, a mode which appears both as a relation between the individuals, and as their specific active relation to inorganic nature, a specific mode of working (which is always family labour, often communal labour). The community itself appears as the first great force of production ... 29

In the same text Marx repeatedly points out that "life in the community" is a "basic presupposition of the reproduction of both the individual and the community".³⁰

Let us finally turn to the testimony of Capital.

In his analysis of the emergence of manufacture out of medieval handicrafts production, Marx notes, firstly, that "a greater number of labourers working together, at the same time, in one place (or, if you will, in the same field of labour), in order to produce the same sort of commodity under the mastership of one capitalist, constitutes, both historically and logically, the starting-point of capitalist production". Secondly, "with regard to the mode of production itself, manufacture, in its strict meaning, is hardly to be distinguished, in its earlier stages, from the handicrafts trades of the guilds, other than by the greater number of workmen employed by one and the same individual capital. The workshop of the medieval master handicraftsman is simply enlarged."³¹ Thus there is no technological distinction of any significance between the old and the emergent modes of production. There is, however, an important distinction between their productive forces:

The sum total of the mechanical forces exerted by

isolated workmen differs from the social force that is developed, when many hands take part simultaneously in one and the same undivided operation, such as raising a heavy weight, turning a winch, or removing an obstacle. In such cases the effect of the combined labour could either not be produced at all by isolated individual labour, or it could only be produced by a great expenditure of time, or on a very dwarfed scale. Not only have we here an increase in the productive power of the individual, by means of co-operation, but the creation of a new power, namely, the collective power of masses ... 32

Marx leaves us in no doubt as to where this power comes from:

The special productive power of the combined working-day is, under all circumstances, the social productive power of labour, or the productive power of social labour. This power is due to co-operation itself. 33

We might recall, at this point, that the ascription of this special productive power to capital, conceived as the ensemble of the means of production, is repeatedly denounced by Marx as fetishistic.³⁴

Marx then goes on to argue that this, so-called formal subjection of labour to capital both antedates and constitutes the condition for its real subordination³⁵: in other words, that the combination of producers as wage-labourers under the aegis of capital precedes the existence of a process of production which technically requires that combination, and indeed forms the basis upon which such a process can develop. It is the existence of a set of capitalist production relations which impels (and explains) the constant endeavour of capital to increase relative surplus-value (i.e. to decrease the portion of the working-day devoted to necessary labour), and it is this tendency in turn which results in the technological revolution of production:

the production of relative surplus-value revolutionises out and out the technical processes of labour and the composition of society. It therefore presupposes a specific mode, the capitalist mode of production, a mode which, along with its methods, means and conditions, arises and develops itself spontaneously on the foundation offered by the formal subjection of labour to capital. In the course of this development, the formal subjection is replaced by the real subjection of labour to capital. 36

In fine: all three of my examples show how Marx treated relations of production as productive forces; and the third illustrates how a nexus of productive forces that are in the first instance of a social and not a technical character may still "come into conflict with the existing relations of production".³⁷ If we wish to talk causally, it is not the steam-mill that gives us the industrial capitalist, but capital which gives us both modern industry and the steam-mill. This ought to suggest that Marx's statement (apparently) to the contrary should not be interpreted in causal terms at all.³⁸

Thus, Marx's concept of productive forces cannot be reduced to a synonym for the technical aspects of production. I have shown that the concept includes social relations; it could equally be demonstrated that it includes "all new developments of the universal labour of the human spirit and their social application through combined labour".³⁹ Now, I have defined the concept of productive forces relationally, as another term for the man/nature relation spoken of above. The advantages of doing so are twofold. On the one hand, this definition clearly allows us to include within the concept all factors through which men increase the productivity of their labour, or develop their productive forces, without our having to decide a priori what these factors are. It thus provides for Marx's usages, both those I have discussed and others. On the other hand, this definition is in accordance with, and derivable from, the concept of production in general as dealt with previously.

Let us now turn to the concept of relations of production. Here I may be a good deal briefer, since many of the relevant points have been made already.

I have quoted several passages, from widely separated texts, in which Marx states that production is irreducibly social, that is, that all human productive activity involves social relations. By relations of production I understand, very simply, "the social relations within which individuals produce".⁴⁰ In view of what has been said previously, this definition needs only clarification rather than further textual support. Two points are of particular importance.

In the first place, I do not describe all the social relations within which productively active individuals stand as production relations; the term applies to those social relations which are demonstrably constituents of their mode of production as defined above. However, I include within the concept all social relations which fall into this class: thus there is no a priori exclusion of

particular types of social relation (ideological or political, for example) from the category, and there is no restriction of the concept to a specific kind of substantive relation (for instance, to property relations⁴¹). What is, or is not, a production relation in any given mode remains an open question to be settled by empirical enquiry. These stipulations are consequential upon my developing the concept of mode of production, and a fortiori that of production relation, out of what can be said about production in general. That social production involves social relations is a truism, but one which sustains the definition I have advanced: it does not, however, provide grounds for saying anything a priori about what form, in any given case, the social relations in question will take. We thus possess no criterion on which we could either include all social relations within the concept, or exclude certain kinds of relation. We can only advance positive definitions of production relations in respect of definite ways in which people produce, or modes of production; but this supposes empirical investigation. Positive definitions cannot emerge out of reflection on the properties of production in general.

Should we wish for a more restrictive definition of production relations, we would have to support it with a wider set of a priori tenets than those introduced hitherto. If, for example, we chose to regard the second of Marx's arguments in support of taking material production as the object of analysis as an a priori thesis, we might then select a definition in accordance with it. Having assumed that property relations hold the key to the social structure, we might reasonably restrict the concept of production relations to relations of ownership. However, it is my intention to show that Marx's substantive analyses do not require so elaborate a scaffold of a priori propositions. I therefore choose the open-ended definition, which is all that can be validly derived from the concept of production in general. Use of the latter, of course, needs only Marx's first argument to sustain it. Though I will not do so at this point, I hope to show, as the argument of this chapter unfolds, that my definition provides for Marx's usages in a way that more restricted ones could not.

The second precision is somewhat more complicated; but it again illustrates the limitations of general concepts, and the central role that empirical work must play within marxism in the construction of analytic concepts themselves.

I have argued previously that for Marx all production entails men entering into definite social relations. I also contended that this did not involve assuming that one and only one set of social relations was compatible with a given way of productively appropriating nature. We saw subsequently that medieval handicrafts production could go on under both feudal and early capitalist social regimes; Marx similarly expected that socialist, as well as capitalist, social regimes would both make use of large-scale machine production.⁴² It is evident that insofar as the mode of material appropriation itself involves definite social relations (particular forms of co-operation or technical division of labour for example), then these relations would have to be present in all the social formations in which the given form of productive appropriation of nature occurred. But it is equally clear that these relations do not exhaust the social relations involved in any particular mode of production.

Now, it remains the case that, in any mode of production, to enter into a productive relation with nature is ipso facto to become a participant in a definite set of social relations. To talk of a mode of material appropriation independently of specific modes of production is merely to engage in abstraction: the abstraction is useful, in that it indicates that we do not assume a one to one relation between modes of material appropriation and social relations, but the fact remains that nature cannot be productively appropriated except through some definite set of social relations. At the level of a mode of production, therefore, the internality of the relation between acting on nature and being part of a specific network of social relations still holds. The fact that consideration of the characteristics of a mode of material appropriation, abstracted as a conceptual entity, does not suffice to yield the social relations which are comprised in a mode of production, however, means that we need to define the concept of relations of production, understood as the social relations within which men produce, relative to the latter and not the former. And this once again means that we are unable to construct positive or substantive definitions of production relations except on the basis of empirical research.

Let me briefly review some of the more important points in the foregoing arguments, and draw some conclusions.

I began by distinguishing two kinds of argument found in Marx which could be used as grounds for taking material production as the object of enquiry. The first, the argument from presuppositions, was unexceptionable; the second, if treated as an a priori argument, involved assuming very much more. The proposition that all social life pre-supposes material production can reasonably be treated as self-evident, but this is not the case with the claim that production determines social life, or, if we take the second argument in a weaker form, with a claim that there is a positive relation between modes of production and other areas of social life, like the state. If such assertions are true, then they are not self-evidently so. There are therefore strong reasons for not taking them as assumptions. But in that case, we need to show that Marx's substantive analyses can be generated without such assumptions. I claimed that this could be done.

I then investigated, and attempted to define Marx's key analytic concepts, mode, forces, and relations of production in a manner which did not assume the validity of his second argument. I did this on the basis of Marx's concept of production in general, taking into account Marx's usages of these concepts where difficulties arose, as in the case of the concept of productive forces. In each case we ended up with open-ended definitions, definitions without positive content: mode of production as way in which men produce their means of subsistence, and forces and relations of production as the relations between men and nature, and the social relations, involved therein. This implied that concepts of specific modes of production, and a fortiori the forces and relations of which they were comprised, could not be generated a priori.

On this account, the concepts through which Marx defines his object of analysis are constructed on the basis of two assumptions. The first is that put forward in the argument from presuppositions: social life is predicated upon material production. The second is involved in the concept of production in general: all production comprises the two kinds of relation I have discussed, or, on my own definitions, comprises a specific combination of productive forces and production relations. As I have tried to show, neither these assumptions, nor the concepts they support, allow us to advance any significant substantive claims in respect of particular modes of production or social formations. It remains the case that, in the words of Marx and Engels,

Empirical observation must in each separate instance

bring out empirically, and without any mystification and speculation, the connection of the social and political structure with production. 43

Nothing about this connection is assumed, beyond the logical relation postulated in Marx's first argument, and the claim that all material production involves some set of social relations elaborated in the concept of production in general. All we start with therefore is a mandate to investigate production. Having started on the investigation, we might find further reasons for pursuing it, like, perhaps, those expressed in Marx's second argument. For the moment, however, we dispense with any such prop.

The corollary I have mentioned already, but its repetition is justified by its importance.

We have seen that little can be achieved by means of what Marx once derisively referred to as "the German-professorial concept-linking method".⁴⁴ Try as we may, we can neither generate empirically significant knowledge by manipulating Marx's fundamental analytic categories, nor can we construct the kind of categories which do grasp empirically specific features of the social world except through empirical investigation. If, therefore, we are interested in the differentia specifica of historical materialism as a mode of social enquiry, we will not express it by listing concepts of either order: Marx's general concepts, on their own, rest on truisms, and serve only to structure a field of empirical research, whilst the concepts through which the results of that research are grasped are themselves comprehensible only in terms of its analytic procedures. It is therefore to the latter that we must attend. The same conclusion was expressed, rather more pointedly, by Georg Lukacs:

Orthodox Marxism ... does not imply the uncritical acceptance of the results of Marx's investigations. It is not the 'belief' in this or that thesis, nor the exegesis of a 'sacred' book. On the contrary, orthodoxy refers exclusively to method. 45

2. The 'General Introduction' of 1857.

I have shown the impossibility of a priori construction of the concepts of particular modes of production. Consideration of the

characteristics of production in general yields concepts of the classes whose members must enter into the definition of any mode of production. But to construct the concept of a particular mode of production is to determine which members of these classes combine to define it, and this can be ascertained only through empirical investigation. The problem therefore is to explicate the procedures through which such research is carried out, in order to establish the rules governing the formation of the historical categories through which each individual mode of production is specified.

Now, empirical investigation is not for Marx a straightforward matter. I have argued that any mode of production can be defined by a particular combination of definite forces and relations of production, and what the forces and relations are, and how they are related, must be determined empirically. But we know from the analyses considered in Chapter One that Marx held that the forces and relations constitutive of a mode of production need not be phenomenally evident, whilst what is phenomenally evident might well systematically obscure them. The implication is that we cannot assume that empirical observation alone will suffice to establish an adequate concept of a given mode of production, even if, as argued above, it must ground all our investigations. Our procedures therefore must not only enable us to identify pertinent phenomena; they must allow us to penetrate to the essential relations behind their phenomenal forms.

In these next two sections, I will be concerned with this latter set of procedures, those through which Marx reconciles the implications of his critique of ideology with the need to construct his concepts on the basis of empirical work. Here, I will present and discuss the problems of the 1857 'General Introduction', one of Marx's most explicit and renowned methodological texts. In the next section, I shall argue that the 'critique of the economic categories'¹ Marx began in 1857 with the Grundrisse entailed the progressive abandonment of those principles of analysis advanced in the 'Introduction', and evolved a strategy which resolved the problems inherent in the earlier discussion. I will argue, therefore, that Marx's 'General Introduction' cannot be read as containing a description of Marx's conception of analysis; it should be taken, rather, as a superlative formulation of the problems in whose context the methodology of Capital was developed. Commentators who attempt to directly apply the model of analysis in the 'Introduction' to Capital² do Marx a disservice.

I will begin by presenting some of the key methodological theses Marx advances in the 1857 text, . . . their rationale and some of

their difficulties. I will make ample use of quotation, for the work is frequently dense; and I will consider alternative readings where they might be thought to affect my argument. I will then consider some prima facie evidence, concerning changes in what Marx called his 'method of presentation', in support of the thesis that his conception of analysis changed as his critique progressed. This will serve as a bridge to the themes of the next section of the chapter, in which I shall attempt to reveal the methodology at work in Capital itself, and show how it resolves the difficulties thrown up in the 'General Introduction'. This initial study of the 'Introduction' should not be taken as a digression, despite my criticisms. It is necessary, for two reasons. Firstly, it is important to show that Marx advances beyond the position he took in October 1857, and this can only be done if that position itself is adequately expounded. Secondly, however, and crucially, to examine the 'Introduction' in detail is to gain an invaluable insight into the problems with which Marx grappled, and thus to be made aware of what lies behind much of what is taken for granted in Capital. Thus, although I will query the adequacy of the model of scientific analysis propounded in the 'General Introduction', I do not seek to belittle the text. I merely wish to situate it. It represents a watershed in Marx's work, insofar as it marks the start of the massive theoretical labour that produced the Grundrisse and Capital, and occupied the rest of Marx's life. Marx's methodology, I believe, was forged in the crucible of that endeavour, and cannot be entirely or properly derived from the reflections he had, at its commencement, about proper beginnings. The 'General Introduction' is a very hesitant text, as might perhaps be expected. It should be treated accordingly, as a draft that was at least partly an exercise in self-clarification, to be put aside as such later, rather than as a definitive resume of conclusions.

In the section of the 'Introduction' entitled "The Method of Political Economy", Marx begins by distinguishing two paths of analysis, each having a different starting-point and consequential sequence. "It seems to be correct", he says, "to begin with the real and concrete, with the real pre-condition"; in economics, therefore, with "the foundation and the subject of the entire social act of production", the population. But, argues Marx, this 'concrete' is in fact merely "an abstraction", "the imagined concrete", "a chaotic conception of the whole" when thus conceived. For,

The population is an abstraction if I leave out, for example, the classes of which it is composed. These classes in turn are an empty phrase if I am not familiar with the elements on which they rest. E.g. wage labour, capital, etc. These latter in turn presuppose exchange, division of labour, prices, etc. For example, capital is nothing without wage labour, without value, money, price, etc. Thus, if I were to begin with population, this would be a chaotic conception / Vorstellung / of the whole ... 3

An immediate conception of the concrete, in a category like "the population" is, in other words, vague and indeterminate; its apparent concreteness is illusory; a category like population is one which is always in need of further specification. Thus Marx, having commenced with population,

would then, by means of further determination, move analytically towards ever more simple concepts / Begriff /, from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be retraced until I had finally arrived at the population again, but this time not as the chaotic conception of a whole, but as a rich totality of many determinations and relations. 4

The history of economic thought exhibits precisely this progression:

The economists of the seventeenth century, e.g., always began with the living whole, with population, nation, state, several states, etc; but they always conclude by discovering through analysis a small number of determinant, abstract, general relations such as division of labour, money, value, etc. As soon as these individual moments had been more or less firmly established and abstracted, there began the economic systems, which ascended from the simple relations, such as labour, division of labour, need, exchange value, to the level of the state, exchange between nations and the world market. 5

The latter, Marx concludes, is "obviously the scientifically correct method. The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse".⁶ The vision of science Marx has here, then, assumes a pre-history in which a number of simple relations or categories are laboriously analysed out of immediately empirical conceptions, and then, in science proper, the systematic construction of richer concepts of the real

on the basis of these abstract categories.

It may at first sight seem strange to find the author of The German Ideology arguing the case for beginning analysis with abstract categories, rather than with "the real individuals, their activity, and the material conditions under which they live". It would be, if this were Marx's argument. But it is not. He is by no means opposing the concrete and the abstract simpliciter, but only different ways of coming to grips with the concrete conceptually, both of which are abstract in the way all thought must be, but one of which is deemed superior in its capacity to engender "a reproduction of the concrete by way of thought".⁷ The opposition lies not between thought and the world, but between ways in which the concepts through which thought grasps the world are produced.

The point is illuminated by what Marx says in his next paragraph.

In the second, scientific method of analysis, the concrete "appears in the process of thinking ... as a concentration, as a result, not as a point of departure". It is this circumstance which has misled idealists into regarding the concrete world as the product of thought. But this is to commit an elementary error. It is not the concrete world itself, but only its conceptual reproduction, "the concrete in thought", which is the end-product of conceptual thinking. It remains the case that the concrete world is "the point of departure in reality and hence also ... for observation and conception"; the 'concrete in thought' can only ever be "a product ... of the working-up of observation and conception into concepts".⁸ Hence, "in the theoretical method, too, the subject, society, must always be kept in mind as the presupposition".⁹ As Marx writes a few pages later,

In the succession of the economic categories, as in any other historical, social science, it must not be forgotten that their subject - here, modern bourgeois society - is always what is given, in the head as well as in reality, and that these categories therefore express the forms of being, the characteristics of existence ... this holds for science as well.¹⁰

There is therefore no attempt to deny the materialist view of consciousness which I discussed above. The point at issue is the most adequate way of reproducing the concrete world in a 'concrete in thought', i.e., conceptually. In neither case are we dealing directly with the real world, and to assume that the non-scientific

stratagem does is misleading. The choice lies between immediate concepts of the concrete and richer ones produced in the course of analysis, and the pertinent question is that of the procedures of the latter. Thus, Marx's decision to begin from abstract concepts by no means represents a departure from the study of "the real individuals ...": it is, rather, a means of making an adequate study possible.

Leaving aside, for the moment, all questions relating to the details of the strategy Marx proposes here, let us consider only why he should advocate it. We do not need to seek far for our answer. We need only to cast our minds back to chapter one, and recall that although in Marx's eyes "economic categories are only the theoretical expressions, the abstractions of the social relations of production"¹¹, that does not suffice to make them adequate concepts. They correspond, in the first instance at any rate, to phenomenal forms of these relations, and may therefore be misleading; the Mercantilists, for example, held extremely 'concrete' notions of value, as did the trinitarians of capital. Immediately 'concrete' categories, Marx reasons, are of this type, and therefore cannot provide a firm foundation for scientific analysis.

Having decided that the proper path of science is from abstract to concrete, Marx goes on to consider what principles govern the order of succession of the categories in analysis.

He first examines the possibility that the "simpler categories also have an independent historical or natural existence predating the more concrete ones"¹². If this were the case, then the order of appearance of the categories in analysis would replicate that of the historical genesis of the relations to which they correspond. Marx begins by pointing out, against Hegel, that any category, no matter how simple, supposes the existence of some "concrete substratum": the simple category of 'possession', for example, with which Hegel begins his Philosophy of Right on the grounds that it is the simplest of juridical relations, always supposes the existence of some social group. It therefore assumes some "'more concrete juridical category'" like family or clan. The simple and abstract thus cannot precede the complex and concrete in any ultimate sense.

But, Marx continues, there is a sense in which the question can be answered in the affirmative. Although any simple category will always assume the existence of some more concrete set of relations, it may well be the case that the relations supposed by the simpler categories antedate those denoted by more concrete ones; this will

occur where the simpler relations are preserved as subordinate relations of the whole we are concerned to analyse.¹³ Marx cites the category of money, which is both analytically simpler than that of capital, and historically prior to it. The relations presupposed by the category money long predated those expressed in the concept of capital; but the former nonetheless persist in capitalist societies. In such cases, Marx concludes, "the path of abstract thought, rising from the simple to the combined, would correspond to the real historical process".¹⁴

Marx then raises a series of objections to any attempt to generalise this conclusion.

First, there is not one and only one sequence of historical development valid for all social formations¹⁵: in Peru, for example, "the highest forms of economy, e.g., cooperation, a developed division of labour, etc., are found"¹⁶ even though money is totally absent. It follows that the historical priority of simpler categories (in the sense contemplated above) cannot be universal. Second, even where such priority does exist, the relations which the simpler category express may only achieve their full flowering in more developed forms of society. Marx illustrates his thesis in respect of the 'simple' categories money and labour. I will follow the argument in detail, since the points Marx raises are very relevant to the subsequent development of his methodology.

Although money was often present in pre-capitalist societies, its role was frequently a very marginal one. In ancient Slav communes, for example, money was not used except for traffic between different communities; internally, its importance was negligible. Hence, "it is simply wrong to place exchange at the centre of communal society as the original, constituent element".¹⁷ Much the same is true of the ancient world: money became central in the Roman Empire only in the years of its dissolution; previously, "the foundation remained taxes and payments in kind", and money-relations developed to the full only in the army. Hence, Marx argues,

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

developed in a less developed form of society. 18

The category of labour constitutes an even more striking instance of this thesis. Since I have quoted extensively from Marx's discussion of this category above, I need only reiterate its general conclusions here. Labour, Marx writes, "seems quite a simple category", and "the conception of labour in this general form - as labour as such - is also immeasurably old".¹⁹ It is "the abstract expression for the simplest and most ancient relation in which human beings - in whatever form of society - play the role of producers"²⁰; and hence "the simplest abstraction ... which modern economics places at the head of its discussions, and which expresses an immeasurably ancient relation valid in all forms of society ...".²¹ On the other hand, labour, "when it is economically conceived in this simplicity ... is as modern a category as are the relations which create this simple abstraction"²²; it "achieves practical truth as an abstraction only as a category of the most modern society", specifically the United States.²³ It is worth noting that ten years later, in Capital, Marx was to write that it was precisely the non-existence of labour in this simplicity as a 'practical truth' in ancient Greek society, founded as it was upon slavery, which prevented Aristotle from pushing through his analysis of exchange-value to its correct conclusion.²⁴ Be that as it may, Marx himself concludes here with a simple statement of the paradox:

This example of labour shows strikingly how even the most abstract categories, despite their validity - precisely because of their abstractness - for all epochs, are nevertheless, in the specific character of this abstraction, themselves likewise a product of historic relations, and possess their full validity only for and within these relations. 25

Now, if Marx were merely saying that the simple, general, abstract categories with which analysis commences can for various reasons only be arrived at in modern forms of society, but once arrived at, they do have universal validity, then the foregoing discussion might have no problematic implications for the methodological strategy he has outlined. But he goes rather further, and in a direction which threatens to undermine the general strategy, precisely because it puts a question mark over the status of the simple categories themselves; that in their content they have a historical element is

conceded. They are a product of definite historical relations "in the specific character of" their abstraction, and in consequence they "possess their full validity only for and within these relations". I will explore the implications of the problems of reconciling the universality of the simple categories with their historical character further below. For the moment, it suffices to register Marx's uncertainties on the issue. These are made clear in the next couple of paragraphs.

Marx begins with an assertion which he immediately goes on to negate in all but name:

Bourgeois society is the most developed and the most complex historic organisation of production. The categories which express its relations, the comprehension of its structure, thereby also allows insights into the structure and the relations of production of all the vanished social formations out of whose ruins and elements it built itself up, whose partly still unconquered remnants are carried along within it, whose mere nuances have developed explicit significance within it, etc. Human anatomy contains a key to the anatomy of the ape. The intimations of higher development among the subordinate animal species, however, can be understood only after the higher development is already known. The bourgeois economy thus supplies the key to the ancient, etc. 26

But, Marx hastens to add, this must not be taken to support the kind of implicitly teleological²⁷ historiography typical of the bourgeois economists "who smudge over all historical differences and see bourgeois relations in all forms of society"²⁸; to use our knowledge of ground-rent to illuminate tithes or tributes, for example, is not the same as identifying them. Furthermore, although bourgeois society may well contain "relations derived from earlier forms" it may contain them "only in an entirely stunted form, or even travestied".²⁹ Hence,

Although it is true ... that the categories of bourgeois economics possess a truth for all other forms of society, this is to be taken only with a grain of salt. They can contain them in a developed, or stunted, or caricatured form etc., but always with an essential difference. 30

Marx takes this line of argument no further here; but it is fairly easy to see the problems to which his discussion gives rise. To put

it briefly, the categories of the bourgeois economy can only give us access to its predecessors if the relations they express occur in them; but this is precisely what Marx denies, by pointing to the fact that even where these relations do occur, there is always an 'essential difference'. We need, therefore, some independent way of coming to grips with these differences; but this too is precluded, by virtue of Marx's general methodological strategy of starting from precisely the simple categories abstracted from the relations of the economy of capitalism. Hence, it seems that we must either keep the general strategy, which will allow us only to construct the concept of the capitalist mode of production³¹; or we must develop procedures which enable us to grasp 'essential differences', in which case the need for the general strategy becomes dubious.

I will pursue these difficulties further in due course, and show how Marx subsequently overcame them. In the 'General Introduction', however, his concern is not centrally with the issue of the status of the categories (which I have emphasised) but with the question of the principles governing their sequence; and on this, the foregoing discussion does allow him to give a clear answer. It is obviously not the case, he says, that the order of the categories in analysis conforms to that of their historical appearance; there need be no necessary relation between the two. We need, therefore, some other criterion. This is introduced in some famous remarks:

In all forms of society there is one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colours and modifies their particularity. It is a particular ether which determines the specific gravity of every being which has materialised within it. 32

Thus, in capitalist society for instance, "capital is the all-dominating power" which determines the form that is taken by, for example, landed property; hence, "it must form the starting-point as well as the finishing-point ...".³³ Marx makes this new principle of succession explicit:

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

to be their natural order or which corresponds to historical development. The point is not the historic position of the economic relations in the succession of different forms of society. Even less is it their sequence 'in the idea' (Proudhon) (a muddy notion of historic movement). Rather, their order within modern bourgeois society. 34

Thus, the sequence of the categories is finally founded on a structural rather than a historical (or pseudo-historical)³⁵ principle, that of the "rank and influence" of relations within the society analysed, as it is determined by its prevalent form of production. Generalising the conclusion is justified both by the logic of Marx's argument and, more particularly, by his comparative observations on communal and feudal forms of production in the remarks immediately preceding the passage I have just quoted.

I hope to show that this criterion is the one Marx actually employs in his work, even if its detailed application sometimes yields an order other than that mooted here (beginning the analysis of bourgeois society with the commodity rather than capital, for instance). But if this is correct, then the general methodological strategy discussed earlier becomes even more problematic.

Marx has already told us quite explicitly that the 'simple' categories which head the analysis of bourgeois society may either be totally inapplicable elsewhere (money in Peru, or, in the "specific character of" its abstraction, labour in any pre-capitalist social formation), or, if they are applicable, may only be so at the margins of other societies ("it is simply wrong to place exchange at the centre of communal society ..."). He now tells us that the criterion of categorial succession is internal to the societies analysed: it is the importance of the relations denoted by the categories within them. It follows that the 'simple' categories of bourgeois economics cannot head the sequence of categories in other social formations. If, therefore, Marx means the elementary categories of bourgeois economics when he talks of simple categories (and from the ones he lists it seems he must) , he cannot operate both his general methodological strategy as outlined above, and the criterion of succession he has just introduced. For cases other than capitalism, they are incompatible. Now, it might be argued that by simple categories Marx does not mean the categories of bourgeois economics simpliciter:

we might take simple categories to mean those applicable to production in general, i.e., genuinely transhistorical categories; or we might perhaps argue that the methodological progression from abstract and simple to concrete and complex holds for the analysis of all modes of production, even if the categories concerned vary between them.

In neither case could the progression from abstract to concrete be plausibly upheld as the differentia specifica of a scientific mode of procedure.

If by simple categories Marx means the categories of production in general, then, as I showed in the first section of this chapter, they do not suffice to generate the concepts of specific modes of production. In Marx's words (from this same text) they are concepts with which "no real historical stage of production can be grasped": they cannot therefore stand at the head of a chain of analysis whose goal is a conceptual reproduction of the concrete, which is what Marx envisages his simple categories doing. I hasten to add that this does not mean that such categories have no role to play in empirical work; I believe they do, and will attempt to elucidate its character below. The point is rather that if we were to interpret 'simple categories' in this fashion, then we would still be left with finding an appropriately simple starting-point for the analysis of each singular mode of production. We would, in short, end up with the problems of the second option.

But this is no more helpful. For if it is held that by simple categories Marx means categories whose simplicity and priority is established relative to each mode of production, then the obvious question becomes how are such categories produced. Marx gives us two clues in the 'General Introduction'. In his description of the history of bourgeois political economy, he tells us that the simple relations with which Smith, Ricardo, et al begin their systems are generated through preliminary abstraction from 'concrete' (phenomenal) categories like 'population'; and at the conclusion of his discussion he offers a criterion, the hierarchy of relations within the society in question, according to which we can determine the proper order of categorial sequence. We cannot employ the criterion, however, until the pertinent abstractions have already been produced. We therefore need to know the procedures which govern the initial process of abstraction from phenomenal categories, and which ensure that the abstractions are not as potentially ideological as the basis from which they are generated. On this, however, the 'General Introduction' is silent. The silence might not be important had

Marx shown that the simple categories of bourgeois economics have a universal validity. But not only has he come very close to openly denying this; he has also produced a criterion for the succession of categories in analysis whose employment precludes our starting from the categories of bourgeois economics; even where, as in the case of money in the ancient world, they do have some reference within other modes of production.

Either argument, then, forces us back into a consideration of how the simple categories which constitute the starting-point for the analytic reproduction of the concrete are produced. We cannot duck the issue of the criteria which govern the generation of abstractions out of phenomenal categories. And if this is the case, then there remains no good reason for confining the epithet 'scientific' to the passage from abstract to concrete alone; this does not suffice to distinguish a scientific from an ideological analysis. On the contrary: our first focus must surely be on the passage from concrete to abstract, since this constitutes the condition of that second moment of analysis for which (in the 'General Introduction') Marx reserves the accolade of 'scientific'. We might, indeed, go further and suggest that if either moment of the analysis should be privileged it is the first; for not only does this have logical priority; it is also at this level that the break from phenomenal forms and categories must be assured, and it is in this, as we have seen, that scientificity for Marx consists.

We might note, finally, that to interpret Marx's reference to simple categories as a reference to anything other than those of bourgeois political economy is in any case almost certainly erroneous. Marx discusses the categories of production in general in a prior section of the 'General Introduction', and explicitly concludes that such categories cannot yield concepts of particular modes of production; indeed, this text was the basis of my arguments to this effect in the first section of this chapter. The categories Marx actually lists as 'determinate, general, abstract relations' are those of classical political economy: they include value, money and exchange-value, which are hardly "general, abstract determinants which obtain in more or less all forms of society"³⁶, but quite specifically historical categories which suppose the conditions of commodity production. Lastly, when talking of the sphere of validity of the simple categories in the text itself, Marx makes it quite clear that he is talking of the categories of bourgeois economy: it is these whose universality, he says, "is to be taken only with a grain of

salt".

When, in February 1859, Marx compiled a rather full index to his Grundrisse notebooks and the two 1858 drafts of the Critique³⁷, he included all the items discussed in the 'General Introduction' bar one. The exception was the section entitled 'The Method of Political Economy'. If this were the only indication that Marx might have felt the formulations of the latter had been superceded in the course of the vast amount of work he had done in the meantime, we would be justified in attaching little if any significance to the omission. But it is not.

Let us consider first the evolution of Marx's plans.

We can date the section of the 'General Introduction' which Marx neglected to reference in his 1859 index at mid-September 1857. He closes it with the following plan:

The order obviously has to be (1) the general, abstract determinants which obtain in more or less all forms of society, but in the above-explained sense. (2) The categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage labour, landed property. Their interrelation. Town and country. The three great social classes. Exchange between them. Circulation. Credit system (private). (3) Concentration of bourgeois society in the form of the state. Viewed in relation to itself. The 'unproductive' classes. Taxes. State debt. Public credit. The population. The colonies. Emigration. (4) The international relation of production. International division of labour. International exchange. Export and import. Rate of exchange. (5) The world market and crises. 38

Now, it is obvious that there were to be a host of transformations between this early plan and the final shape Marx's critique of the economic categories did take, and it is equally clear that some of the subjects mentioned here were never treated except in passing.³⁹

I shall not be concerned with all these transformations, and nor will I need to stray into the difficult question of to what extent Marx changed the plans he elaborated in the late 1850's, and to what extent he simply failed to fulfil them. My interest lies primarily in the first two items in the table. Here, the nature of the changes is consistent and unambiguous, and it can hardly be argued that all they represent is a failure on Marx's part to attain objectives to which he continued to adhere. Let us examine the evidence.

We can trace modifications of this plan as early as in the second

notebook of the Grundrisse, which dates from around November 1857. This contains two further draft plans, both of which omit the "general, abstract determinants", and begin with capital.⁴⁰ By February of the next year, at any event, Marx had decided on the plan for six works ("brochures") which he was publicly to present in the 1859 'Preface'. He announced these in a letter to Lassalle as "1) Capital (contains some introductory chapters). 2) Landed Property. 3) Wage Labour. 4) The State. 5) International Trade. 6) World Market."⁴¹ Another letter to Lassalle, written in the following month, informs us that the first of these books would contain three sections: 1) value, 2) money, and 3) capital in general.⁴² In April 1858 Marx wrote to Engels, enlarging upon this plan: the intention of producing a six part opus is reiterated, as is the sectional subdivision of its first part, and a considerable amount of detail is given concerning the contents of the first two sections on value and money.⁴³ By this time, the familiar starting-point of the Critique and Capital is beginning to emerge. The latter is definitively enunciated on the last page of the last notebook of the Grundrisse, in a fragment dating from late May or early June 1858, which represents the beginning of an attempt to rework systematically the entire contents of the Grundrisse manuscripts. Headed '(1) Value', and marked "This section to be brought forward", the fragment opens with the words: "The first category in which bourgeois wealth presents itself is that of the commodity."⁴⁴

Thus, whilst there are recognisable continuities, there are also two clear departures from the proposals advanced at the end of the 'General Introduction' which take shape between October 1857 and June 1858, i.e., contemporaneously with the composition of the Grundrisse. First and foremost, Marx's initial conception of starting with "the general, abstract determinants which obtain in more or less all forms of society" is simply abandoned. The new beginning is not a generality but a particular. Marx makes this explicit in the 'Preface' to the Critique, which he wrote to replace the 'General Introduction':

A general introduction, which I had drafted, is omitted, since on further consideration it seems to me confusing to anticipate results which still have to be substantiated, and the reader who really wishes to follow me will have to decide to advance from the particular to the general. 45

Secondly, the particular with which Marx commences is no longer capital per se. By February of 1858 he had decided to preface his analysis of 'capital in general' with some introductory chapters. In the event, the chapters amounted to a considerable self-contained publication (the Critique) and, subsequently, to its summary and improvement in the first hundred or so pages of Capital.⁴⁶ In both cases the first category to be analysed is the commodity, and its analysis does not even assume the conditions of capitalist production.⁴⁷ In no sense, then, does capital remain "the starting-point as well as the finishing point".

Now, it might be objected that these various changes concern not the "real inner structure" of Marx's critique, but merely "the form in which he consciously presented it".⁴⁸ As it happens, Marx drew this distinction precisely of Capital; am I not, then, being somewhat disingenuous ?

Of course the method of presentation must differ in form from that of enquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connection. Only after this work is done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere a priori construction. 49

I believe the objection would be unfounded.

Clearly, it would be downright silly to identify Marx's methods of presentation and analysis, and this is not my object. But for Marx the two were not unrelated, and the question of an adequate form of presentation was not a merely stylistic matter. Ricardo, for instance, is criticised for "the very peculiar and necessarily faulty architectonics of his work"⁵⁰, for his "method of presentation (in a formal sense)"⁵¹; but Marx's criticisms are far from being purely formal. On the contrary, he contends that

the faulty architectonics of the theoretical part (the first six chapters) /of Ricardo's Principles/ is not accidental, rather it is the result of Ricardo's method of investigation itself and of the definite task which he set himself in his work. It expresses the scientific deficiencies of this method of investigation itself. 52

On the same argument, we might reasonably expect consistent changes in the architectonics of Marx's critique to express developments of a methodological order. To prove the point, of course, we need to turn to Capital itself.

Before we do so, let me recapitulate what I see as the major and unresolved tensions of the 'General Introduction'.

Marx initially defines a properly scientific procedure as one which reproduces the concrete conceptually by setting out from simple abstractions, and envisages the elementary categories of political economy playing the role of the latter. He then turns to the issue of the principles governing the sequence of the categories in the analysis. In the course of the ensuing discussion he is driven to cast increasing doubts on the status of the 'simple categories' of political economy themselves. In particular, he progressively questions their universality and emphasises their historical dimension. The criterion of categorial succession he eventually arrives at, that of the "rank and influence" of the categories in the social formation analysed, reflects this emphasis.

However, Marx has argued himself into a nasty dilemma. His recognition of the historicity of the categories of bourgeois economy, and provision of a structural criterion for their succession in analysis, imply the impossibility of constructing adequate concepts of non-capitalist modes of production on their basis. If we are to be able to construct such concepts, the model of science will have to be expanded to include procedures for the formation of abstractions in the initial passage from concrete to abstract, as well as procedures for their application on the return journey. We cannot not specify such procedures, because of the problem of ideology. If, therefore, the model of science is not expanded, it is insufficient. If, on the other hand, it is, it is ipso facto shown to be insufficient. In neither case can the passage from abstract to concrete remain the differentia specifica of a scientific analysis. Indeed, the fact that ideological and scientific categories need to be distinguished before this moment of analysis commences suggests that the latter can at most be a secondary criterion of scientificity.

These conclusions are if anything strengthened if we examine more 'sympathetic' (if dubious) ways of reading the 'Introduction'. Whether we take 'simple abstractions' to be the categories of production in general, or categories specific to the social formations analysed, we are forced back to the passage from concrete to abstract.

At this point, the converse might usefully be made explicit.

To distinguish "the correct scientific method" in the way in which Marx does in the 'General Introduction' only makes sense so long as the principles of bourgeois historiography Marx castigates in the same text are adhered to, and all historical differences effaced. For otherwise, the status of the 'simple abstractions' must be clarified: they must be either transhistorical or historical categories. In both cases, as I have shown, our model of science must be expanded to include the procedures through which adequate historical concepts are abstracted from phenomenal categories, and the locus of the science/ideology distinction shifts accordingly to the first moment of the analysis, the passage from concrete to abstract. There is therefore one overriding tension in the 'General Introduction': it lies between the explicit model of scientific procedure it contains, and Marx's historical sensitivity, which breaks through time and again to subvert it. That model of science, I have suggested, appealed to Marx at that time because it seemed to offer a way of avoiding the ideological taint he associated with phenomenal categories. It is a model - as Marx makes clear - derived from the practices of the classical economists, for whom Marx had a profound, if critical respect. He valued, above all, their endeavour "to grasp the inner connection in contrast to the multiplicity of outward forms".⁵³ But classical economy was to be put through a far-reaching critique in the coming decade, from which not one of its 'simple categories' emerged unscathed. Some, like "the simplest abstraction ... which modern economics places at the head of its discussions", labour, were to be abandoned entirely, to be replaced by new and more precise concepts. Others, perhaps rather more, were to survive, profoundly transformed, as old categories with a new content: productive labour, or the distinction between fixed and circulating capital, constitute paradigm cases.⁵⁴ It need hardly surprise us when we find that the procedures of their formation are put through the same critical mill. Marx's critique visibly takes off from some of what he says in the 'General Introduction', but it is not from the model of science proposed there. Its roots lie in the doubts and hesitations which insistently thrust their way into the text, gnawing away at its explicit proposals, harking back to The German Ideology and beyond.

3. The Critique of the Economic Categories.

In his letter to Ferdinand Lassalle of February 22nd, 1858, Marx described the work on which he was currently engaged as "critique of the economic categories".¹ Its first part, representing a tiny proportion of the projected opus, was published in 1859 under the title Zur Kritik der Politischen Oekonomie. Marx drafted out the continuation between August 1861 and June 1863: the manuscript, which filled twenty-three notebooks and ran to 1,472 pages, contained a full draft of all of volume one of Capital (except its first part, a rewrite of the 1859 Critique²), preliminary treatments of topics to be considered in volumes two and three, and the whole of Theories of Surplus Value, which Marx never subsequently revised.³ This huge manuscript also bears the title Zur Kritik der Politischen Oekonomie. The latter is, finally, the subtitle of Capital itself, whose first volume appeared in 1867, ten years after Marx had started work on his Grundrisse.

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

I do not mean by this a criticism of books and systems, but a critical inquiry into the faculty of reason ... in other words the solution of the question regarding the possibility or impossibility of Metaphysics, and the determination of the origin, as well as the extent and limits of this science. All this must be done on the basis of principles. 4

Now, I do not wish to insinuate that Marx was really a Kantian; though I do believe there is work to be done on the relation between their conceptions of analysis. Colletti's studies⁵ offer a valuable beginning. But it is not irrelevant to recall the connotations of the notion of a critique, connotations of which Marx could not have been unaware, in the tradition of classical German philosophy in which Marx was schooled. For if we were to substitute 'economic categories' for "faculty of reason", and 'Political Economy' for "Metaphysics" in the above quotation, we would, I suggest, come very close to the questions Marx addresses to classical economics in his

critique.

We may begin by rehearsing some of the themes developed so far in this thesis, thereby to reach a closer specification of what Marx's methodology must enable him to do.

We saw, at the beginning of Chapter One, that Marx adheres to a materialist theory of consciousness. Though the materialism is not of a mechanistic variety, it postulates a definite correspondence between the forms in which the world presents itself to experience, and the categories through which they are apprehended in thought. I suggested that the relation Marx assumes between forms of language and forms of life is if anything closer than the notion of correspondence might suggest: the latter is misleading if taken to refer to an external relation between independent spheres. It is more accurate to conceptualise the relation as an internal one. Thus, the hub of Marx's critique of idealism is not the latter's assertion of the priority of the ideal over the material, as is often assumed, but its folly in presuming to separate the two. Marx writes of Proudhon, for example, that

Because M. Proudhon places eternal ideas, the categories of pure reason, on the one side and human beings and their practical life, which according to him is the application of these categories, on the other, one finds with him from the beginning a dualism between life and ideas, between soul and body, a dualism which recurs in many forms. You can see how this antagonism is nothing but the incapacity of M. Proudhon to understand the profane origin and the profane history of the categories which he deifies. 6

Proudhon's cardinal error is his attempt to bifurcate what Marx, in a revealing phrase, calls a "union of realities".⁷

Economic categories, therefore, are held to be "only the theoretical expressions, the abstractions of the social relations of production"⁸: their autonomy is denied. Thus, "men, who produce their social relations in accordance with their material productivity, also produce ideas, categories, that is to say the abstract ideal expression of these same social relations."⁹ Here, as elsewhere, language is the language of real life. This implies the historicity of the categories: since "there is a continual movement of growth in productive forces, of destruction in social relations", the categories change accordingly; "these ideas, these categories, are as little

eternal as the relations they express. They are historical and transitory products."¹⁰ The historical basis of the categories in turn implies a historical restriction on their validity: they may only properly be applied where the relations they express exist.

We should note in passing that the categories I have called 'transhistorical' do not constitute an exception to this rule, and the distinction I have drawn between these and historical categories is unaffected by it. There is no contradiction in this. Transhistorical categories do not constitute a special kind of category: the point is simply that the historical conditions of their validity are strictly coterminous with the boundaries of Marx's field of analysis, as must be the case since they define it. Hence, they are transhistorical only in respect of this field. In any wider sense, of course, they must, on Marx's assumptions, be historical too: the history of humanity, after all, is no more than an episode in the history of the cosmos. But the latter is not the object of historical materialism; and within its confines, we may continue to distinguish the two orders of categories without inconsistency.¹¹

Having outlined Marx's view on consciousness, I devoted the rest of the first chapter to the problem of ideology.

Central to Marx's analysis of ideology was the distinction between phenomenal forms and essential relations; and it is the former, not the latter, which "appear directly and spontaneously as current modes of thought".¹² This necessitates a precision to the various remarks on the nature of economic categories I have quoted (mainly from The Poverty of Philosophy) in the preceding paragraphs. The categories, to be sure, express essential relations, but not in their essential but their phenomenal form. And phenomenal forms of essential relations, as we know, may obscure their true nature. Whether this will or will not be the case depends upon the character of the relations in question. It follows from this that despite Marx's assumption of an internal relation between forms of life and forms of consciousness, the categories of the latter need not constitute adequate concepts of the former. Certainly, Marx's views on consciousness imply the phenomenal adequacy of "current modes of thought"; but for him, phenomenal adequacy need not amount to truth. We saw that in fact the two could diverge dramatically, when examining vulgar theories of value, and the trinity formula.

In discussing these, we progressively unearthed a characteristic structure of mystification (in commodity production), which Marx

termed fetishism. Fetishism involves a failure to distinguish the attributes phenomena possess as a function of their material form, and the attributes they acquire by virtue of social context. The necessary corollary of this initial collapse of the social into the material is the universalisation of the historical. This, in turn, implies a conservative bias in fetishised discourses, even where, as with many of the varieties of socialism Marx criticised¹³, these are ostensibly revolutionary. Fetishism is not merely a theoretical error, but rests on a clear phenomenal basis; the fact that, so far as direct experience is concerned, the attributes it confuses are no more distinct than the component gases of the air we breathe.¹⁴

Adequate historical concepts, we must infer, are the concepts of essential relations. But science, in order to generate such concepts, must contain procedures which enable it to distinguish what is indistinct on the phenomenal plane, viz., the social and the material attributes of phenomena. Only thus can it avoid falling into fetishism and the suppression of history to which it gives rise.

From what has been said already in this chapter, it is evident where the procedures through which the scientific and the ideological are distinguished must initially be located. We have seen, in the first section, that the analysis of production in general contains no protocols for the construction of adequate historical concepts, and the latter cannot be deduced from the transhistorical concepts which this analysis yields; and I showed, in the second section, that because of this, and the nature of the problem of ideology itself, the model of science outlined by Marx in his 1857 'General Introduction' cannot be taken as an acceptable description of his procedures. It will not solve the problem of the construction of historical concepts, as developed so far in this thesis. We were forced to the conclusions that historical categories had to be generated through abstraction from phenomenal categories, and that in consequence the science/ideology distinction had initially to be founded at this level. The issue, therefore, is of the procedures through which this first process of abstraction is accomplished, and the criteria which govern it. The methodological specificity of Marx's critique had to lie here.

I will now turn to this issue. A few words on the form which my discussion will take will, I hope, be helpful.

Despite my concern to show what cannot be done with Marx's analysis

of production in general and the various concepts developed on the basis of it, I have several times intimated that this analysis and these concepts have an essential role to play in Marx's empirical work. I will begin by specifying their function. It is, I will argue, the provision of criteria by means of which Marx is able to constitute his explananda.

From there, I will pass to the question of the nature of Marx's critique itself.

I will first endeavour to give a general picture of what this critique involves by developing the Kantian analogy with which I prefaced this section. Following Kant, I will distinguish an 'analytic' and a 'dialectic' in Marx's work. Under the heading of Marx's analytic I will discuss the procedures through which he develops an analysis of the explananda isolated at the beginning of the enquiry, and the criteria which govern them. These will be considered in detail, and illustrated with reference to some of Marx's most trenchant criticisms of the procedures of classical political economy. I will then show, under the rubric of Marx's dialectic, how this analysis sustains the formation of Marx's own historical categories, and underpins the critique of ideology we saw at work in Chapter One. I will then conclude the chapter, having shown, I hope, that the procedures of Marx's critique are capable of resolving the problems outlined so far in this thesis.

My account of Marx's procedures will rest on three main sources: the structure of his own arguments, particularly those expounded in Chapter One; his criticisms of the concepts of classical economy and the procedures through which they were constituted; and his post-1857 remarks on his own methodology, as contained in Capital and Theories of Surplus Value themselves, correspondence, and the valuable Marginal Notes on Wagner.

To return, then, to the analysis of production in general.

I have spent much of this chapter attempting to establish that it is impossible to derive the concepts of particular modes of production from the concept of production in general, or, generally, to deduce historical from transhistorical categories. What the analysis of production in general does is to tell us, a priori, what must be the case if any social production whatsoever is to

take place. It therefore yields the concepts of those classes of phenomena, members of which, ex hypothesi, must be present in all empirical modes of production. We cannot, however, derive the concepts of these modes of production or their components from such an analysis. To do so would involve attempting to deduce the differences between members of the same class from what they had in common, i.e., from the concept of the class itself, a manifestly ludicrous proposition. I insisted, nonetheless, that the analysis of production in general was absolutely necessary to the performance of Marx's empirical work. Its function may now be clarified.

It is the provision of what I shall term criteria of relevance: criteria with the aid of which we can establish, and without which we could not establish, which phenomena, and which of their various attributes, need to be analysed in any given empirical context. Clearly, some such set of criteria are necessary to any empirical project, since in their absence all starting-points would be equally privileged and none would have a secure rationale. In Marx's case, the phenomenal starting-point is identified by the application of the transhistorical concepts developed in the course of the analysis of production in general, and its rationale lies in the arguments which sustain the formation of these concepts in the first place. These we have investigated at length in the first section of this chapter.

Thus, relevant phenomena are simply those which can, prima facie, be subsumed under one or more of the transhistorical concepts which were generated in the course of Marx's analysis of production in general. Armed with the concepts of forces of production, social relations of production, and so on¹⁶, we may approach the phenomena and subject them to an initial sifting, its criterion being whether, prima facie, they do or do not fall into one of these categories. The application of this particular criterion is justified by the claim that our transhistorical categories grasp elements necessary to all modes of production, and the arguments which support it. For clearly, if the claim is justified, then any phenomena which appear to fall under one of these concepts must have a prima facie relevance to the analysis of the mode (or modes) of production with which we are dealing. Conversely, we do not, at this stage of the analysis at least, have reason to believe that any other phenomena are in any way pertinent to its pursuit.

Before going any further, there is a small but important point which needs to be clarified.

In talking of the use of Marx's transhistorical concepts in the identification of relevant phenomena, I twice qualified what I said with the phrase 'prima facie'. The qualification is necessitated by the exigencies of Marx's phenomenal forms/essential relations distinction itself.

At this stage in the analysis, our enterprise is and can only be a strictly phenomenological one; we cannot hope to do more than produce an adequate description of the phenomena. By 'adequacy', here, I mean phenomenal adequacy. Now, marxists are in no sense privileged as observers; they do not have a kind of X-ray vision which allows them to see essential relations where everyone else sees mere phenomenal forms. (The question, as we saw in the first chapter, is in any case not one of perception.) In describing the phenomena, therefore, marxists will employ phenomenal categories, in all probability those already in existence. Their ensuing descriptions will thus be as subject to the kinds of distortion which support ideology as any other discourse of a phenomenal character. The use of any other categories would suppose that the analysis had already been completed, whereas we have seen that the production of adequate concepts must commence with the phenomena.

In the case of capitalism, for instance, our initial description of relevant phenomena would consist of terms like 'wages' (or even 'price of labour'), 'profit', 'interest', and so on; categories like 'value of labour-power' or 'surplus-value' would not be available to us, since they are concepts of essential relations, and the latter are precisely not phenomenally evident. This means that we cannot assume the conceptual adequacy of our initial descriptions of forces and relations; could we do so, science, as Marx was fond of pointing out, would be superfluous. Our analysis could terminate with description. It follows, therefore, that our initial identification of forces and relations of production is no more than a preliminary one, subject to revision as the analysis itself proceeds. The application of Marx's transhistorical categories to yield a phenomenal starting-point, in short, is not the analysis, but merely its prelude.

Let us specify this starting-point more precisely. To do this, we need to expound the concept of a social form. For it is not so much the phenomena identified by the above procedures per se which Marx is concerned to explain, as their social forms. The notion

may be clarified through a discussion of the 1858 fragment 'On Value' to which I alluded above¹⁷, and the opening sentences of the 1859 Critique. Both concern the commodity.

The fragment 'On Value' begins:

The first category in which bourgeois wealth presents itself is that of the commodity. The commodity itself appears as unity of two aspects. It is use-value, i.e. object of the satisfaction of any system whatever of human needs. This is its material side, which the most disparate epochs of production may have in common, and whose examination therefore lies beyond political economy. Use-value falls within the realm of political economy as soon as it becomes modified by the modern relations of production, or as it, in turn, intervenes to modify them. What it is customary to say about it in general terms, for the sake of good form, is confined to commonplaces which had a historic value in the first beginnings of the science, when the social forms of bourgeois production had still laboriously to be peeled out of the material, and, at great effort, to be established as independent objects of study. In fact, however, the use-value of the commodity is a given presupposition - the material basis in which a specific economic relation presents itself. It is only this specific relation which stamps the use-value as a commodity. 18

Marx goes on to discuss exchange-value; but the manuscript rapidly tails off. Nonetheless, what he has already said, in the section I have quoted, is very interesting indeed. That it is not a mere false start is indicated by its recapitulation in the Critique:

Although use-values serve social needs and therefore exist within the social framework, they do not express the social relations of production ... Use-value as such, since it is independent of the determinate economic form, lies outside the sphere of investigation of political economy. It belongs in this sphere only when it is itself a determinate form. Use-value is the immediate physical entity in which a definite economic relationship - exchange-value - is expressed. 19

Though Capital makes a sharper distinction of value and exchange-value, the major points Marx is making here remain unaffected.

Though Marx may have identified relevant phenomena by applying his transhistorical categories, the attributes in which he is interested are precisely those which they do not share with other phenomena of the same class. Only what they have in common (i.e.

that which makes them members of the same class, and thus capable of falling under the same transhistorical category) enables the initial identification of a set of phenomena as relevant to the analysis of a given mode of production. But what matters in that analysis, as soon as its phenomena have been identified, are the respects in which they do not fall under transhistorical categories. In other words, a set of criteria of relevance which identify phenomena by their similarities have the superficially paradoxical effect of also isolating the differences which our analysis is called upon to explain.

These remarks demand some amplification.

Transhistorical categories define classes of phenomena (as does, e.g., the concept 'product of labour') whose members are found in all modes of production, and (a fortiori²⁰) those attributes shared by all the members of the classes in question (like, in the case of products of labour, 'use-value'). Because they are transhistorical, and their being so is founded in an analysis of the prerequisites of production in general, they can function as criteria of relevance: what is true of production in general must be true of its particular modes, and hence, what has been shown to be relevant to the former must ipso facto be relevant to the latter. If, in the analysis of a mode of production, a phenomenon falls under an appropriate transhistorical category, it is thereby pertinent to the analysis. This much has been established already. Phenomena, therefore, are deemed to be relevant by virtue of their similarities. It is, for instance, only because it falls into the class 'products of labour' and possesses the attribute 'use-value' - a class whose members are present in all modes of production, and an attribute they all share - that the commodity can be identified as having prima facie relevance to the analysis of capitalist production. We know that the commodity is pertinent to our analysis because of what it shares with all other products of labour.

However, it is not this which interests Marx, or which, so far as he is concerned, needs to be analysed. Thus, in the passages I have quoted, use-value plays an antediluvian role. It is, to be sure, a presupposition of the value-form; it evidently must be, if the latter is a form of the product of labour, and use-value is an attribute of the product of labour under all circumstances. But - except in so far as use-value itself becomes "a determinate form"²¹ - its interest for political economy stops here. It lies outside

the field of investigation of political economy, which is, strictly speaking, that of the social forms of the phenomena of production. Only the latter, according to Marx, actually express the social relations of production.

To revert, for the moment, to the notion of attributes rather than that of forms, Marx's interest lies in precisely those attributes which are not common to all members of a class of phenomena, and thus which are not contained in the concept of the class. Shared attributes define phenomena as members of the same class, and hence as pertinent to analysis; differing attributes define distinct social forms of phenomena, i.e., allow us to distinguish between members of the same class of phenomena. (Such distinctions, of course, lie not between individuals, but rather between types within a class.) Now, why phenomena of a given class should have such attributes as all of them share is explained, in general terms at least, by the analysis of production in general: that commodities have use-value, for instance, is explicable in terms of the nature of the simple labour-process. Use-value is therefore contained in the concept of 'product of labour'. Exchange-value, on the other hand, is not: its grounds remain to be elucidated. What our analysis needs to tell us, then, is why specific phenomena take social forms defined by attributes which are not contained in the concept of their class. That our analysis can do so, however, is conditional upon our first possessing the concept of the class. For only then can we identify what has to be explained.

One final point of clarification needs to be made explicit, before we go on to consider what it means to analyse social forms.

I stress that I have throughout been distinguishing not phenomena per se, but their attributes, and that, specifically, the concept of social form is founded in differences between attributes of phenomena of the same class. The social forms of which Marx speaks are forms of existence of the phenomena whose classes are specified in transhistorical categories, and, further, they are their only forms of existence. Thus, the product of labour always has some social form (even where, as in cases considered in Chapter One²², it is their use-form); labour, similarly, is never merely useful, but always either private, or abstract, or communal, or whatever. This follows from a central conclusion of the analysis of production in general itself, viz., that production is always and under all conditions social production: "production by an isolated individual

outside society ... is as much of an absurdity as is the development of language without individuals living together and talking to each other."²³ Hence, empirically to study phenomena identified by the use of Marx's transhistorical categories as criteria of relevance is necessarily to study social forms. The specific focus I have been emphasising here is merely on those attributes of the phenomena by which they are distinguished as social forms; it is not a focus on a set of phenomena other than those identified by empirical application of the transhistorical categories.

We have arrived then at Marx's starting-point. He makes it explicit in some extremely sharp comments on Adolf Wagner's misinterpretations of his method of analysis, which repay careful study. These Marginal Notes are remarkable for their clarity; written in 1880, they betray none of the hesitation which we saw to characterise the 'General Introduction' of 1857. Since these notes are, in general, understudied in commentaries on Marx despite their exceptional value as a direct, and retrospective source of comment by Marx on the methodology of Capital²⁴, I will take the liberty of extensive quotation.

Wagner, Marx contends, "has not even noticed that my analytic method, which does not start from Man but from the economically given period of society, has nothing in common with the German-professorial concept-linking method".²⁵ Marx makes clear, specifically, that his method does not lie in the application of a pre-constituted theory to phenomena, but in the derivation of adequate concepts from their analysis. Thus, " I ... am concerned in my investigation of value with bourgeois relations, not with the application of the theory of value to a 'social state' which I have never constructed ..."²⁶; "according to Herr Wagner, use-value and exchange-value should be derived d'abord from the concept of value, not as with me from a concrete entity the commodity / konkretum der Ware/ ...".²⁷ The last point is made again, at rather more length, and not only the concrete but the phenomenal nature of the starting-point stressed:

De prime abord I do not start from 'concepts' and hence do not start from the 'concept' of value, and therefore do not have to 'divide' the latter in any way. What I start from is the simplest social form in which the labour product is represented in contemporary society, and this is the 'commodity'. I analyse this, and, indeed, first in the form in which it appears. Here I find that on the one hand it is in its natural form

a thing of use, alias a use-value, on the other hand a bearer of exchange-value, and in this respect itself 'exchange-value'. Further analysis of the latter shows me that exchange-value is only a 'phenomenal form', an independent mode of representation of the value contained in the commodity, and then I proceed to analyse the latter. 28

Marx could hardly be more explicit. The starting-point of the analysis lies not in abstractions, but in a concrete social form, as, moreover, it presents itself on the phenomenal level; the differentia specifica of the form is then established, by contrast with what pertains to products of labour per se, in their 'natural form'; and this is then subjected to analysis, in the course of which appropriate concepts are formulated. The progression is from the 'concrete social form', the commodity, to its attributes, use-value and exchange-value, and in turn from the one of these attributes which defines the social form, exchange-value, to the abstraction, value. Thus, Marx rightly insists that "it is not I who divide 'value' into use-value and exchange value as oppositions into which the abstraction 'value' divides itself, but the concrete social form / Gestalt/ of the labour product; a commodity is on the one hand use-value and on the other 'value'; not exchange-value, for the mere phenomenal form is not its true content." ²⁹ Similarly, after noting that use-value plays a rather more important part in his work than it has done in previous economics, Marx adds: "NB however ... it is only ever taken into account where this springs from the analysis of given economic constellations / Gestaltungen/, not from arguing 'backwards and forwards about the concepts or words 'use-value' or 'value'." ³⁰ In fine, and in Marx's words, "for me neither 'value' nor 'exchange-value' are subjects, but the commodity." ³¹

Other quotations with the same emphases could be provided from this same text ³², but I think the relevant points have been made sufficiently strongly. Instead, we may conclude this discussion of Marx's starting-points with a couple of sentences from Capital, whose spirit is very much the same. They represent a succinct statement of the leitmotif of Marx's scientific practice:

It is not a question here of definitions, which things must be made to fit. We are dealing here with definite functions which must be expressed in definite categories. 33

I have indicated where the analysis of an empirical mode of production must commence, and the principles according to which that starting-point is arrived at: we begin with social forms of relevant phenomena, and these we identify by applying categories developed in the course of the analysis of production in general. We must now turn to Marx's analysis of the social forms itself.

I will start by providing a preliminary overview of the kind of enterprise on which Marx is engaged. I will do this by extending the analogy with which I introduced this section. From there, I will pass to a more detailed description of the criteria of adequacy which Marx brings into play. These will be illustrated by reference to certain of his recurrent methodological criticisms of classical political economy. In the course of this discussion, I hope to show two things: first, that Marx's analysis of social forms is genuinely a posteriori, or that, in other words, the bounds of permissible theorising are rigorously circumscribed by the phenomena identified in the first moment of the analysis, whose procedures I have described; and second, that nonetheless, the way in which Marx constructs adequate historical concepts via this analysis is governed by clearly formulable principles. I wish to show, in short, that Marx can reconcile a phenomenal starting-point with a non-arbitrary science/ideology distinction, and thus meet the various requirements we have seen that his methodology must satisfy. Having thus established the principles according to which Marx constitutes his historical categories, I will show how they underpin the critiques of ideology presented in Chapter One.

One prior point should be made.

The account I shall give of Marx's analytic procedures must be viewed as one which is, in a sense, ideal-typical. As I have said before, I am not concerned here with the genesis of Marx's analysis. But one point is very clear: many of its crucial concepts and propositions were formulated, albeit in an inadequate form, by Marx's classical precursors, notably Smith and Ricardo; and there is, therefore, a sense in which it is true to say that Marx applied existing theory. Now, I characterise Marx's analytic method as one which derives explanatory hypotheses from phenomena, and constructs adequate concepts on the basis of these hypotheses, and argue strongly against the view that the method rests on the application of theoretical models, derived by a priori reasoning, to phenomena. I claim, further, that my characterisation is based on Marx's analytic practice. Now it might be thought, not unreasonably, that my characterisation flies in the face of the facts, and my claim is

therefore totally unfounded. Reasonable as such an argument might seem, it would nevertheless be wrong.

To be sure, Marx did not, as a matter of historical fact, start from a set of descriptions of phenomenal forms and a theoretical tabula rasa. He was personally relieved of much of the burden of inferring explicantes from phenomenal explicanda, because other theorists, from Petty to Ricardo, had done it for him. But this is not the important consideration. Economic theory was as much the object as the tool of Marx's critique; and if, in one sense, he applied it, then he never did so uncritically (in the fullest sense of the word). Now, as I hope to show, the adequacy of existing explicantes was always carefully scrutinised by Marx, and the criteria he applied were precisely those I describe below; whilst these criteria of adequacy themselves relate precisely to derivation of explicantes from explananda, and construction of concepts on their foundation. My account, therefore, is ideal-typical in the sense that I infer what Marx would have done, had not Smith, Ricardo et al done some of it before him. But the inference is thoroughly justified, in that it departs from what Marx himself did; I merely suppose that the criteria on which Marx judges existing explicantes in one situation would be equally pertinent to judging new ones in another, where, perhaps, we do not have the benefit of the prior labours of a Petty, a Smith, or a Ricardo.

Let us turn to the substantive issue.

I intimated above that Marx's critique is a very definite form of analysis, and drew an unexplained, and to many, perhaps, an inexplicable, parallel with Kant. Before I try and show the fruitfulness of the comparison, I must clarify its limitations; otherwise, a good deal of misunderstanding is liable to arise.

I am not claiming any direct influence of Kant upon Marx. There can be no doubt of Marx's familiarity with Kant's system³⁴, yet there is, to my knowledge, no important³⁵ discussion of either Kant's first Critique,³⁶ or its companion volume, the Prolegomena³⁷ (these being the works from which I am drawing my methodological parallels) anywhere in Marx. Since Marx was in general extremely painstaking in the acknowledgement of intellectual debts³⁸, we can, I think, conclude with certainty that he was not knowingly influenced by Kant. As to any unrecognised influence³⁹, we can but speculate; I find the suggestion a rather unlikely one. There is little that could count as evidence for or against. On the one hand, where, apart from in his earliest and

indisputably 'pre-marxist' writings, Marx does discuss Kant at all, it is not usually in a particularly flattering manner⁴⁰; but on the other hand, we cannot conclude much from this, since Marx's comments invariably pertain to the political and ethical dimensions of Kantian philosophy rather than to its methodology as such.

There is, of course, a strong anti-Kantian strain in marxism, which is so strong, in fact, as to make the coupling of Marx and Kant in any connection tantamount to the vilest heresy. But this derives from Engels rather than Marx. Kant is directly attacked in both Anti-Dühring (which Marx read, approved, and contributed to) and the Dialectics of Nature⁴¹ for his assertion of the unknowability of the Ding an sich, an attack taken up and extended by Plekhanov⁴², Lenin⁴³, and others with the rise of various forms of neo-Kantianism. But we need to be wary here: as Colletti has brilliantly shown⁴⁴, 'Engels's testament' was decisive for the formation of the marxism of the Second International, particularly in its philosophical orientation; and it is wrong to treat Engels as Marx's mouthpiece on all questions. I do not, therefore, take the testament and the philosophical legacy of the Second International as sufficient reason to dismiss analogies between Kant and Marx out of hand, where Marx's texts provide good reason for drawing them.

It is evident, all the same, that such analogies must be carefully circumscribed. Whether or not he ascribed to the form of materialism espoused by the later Engels, Marx was undeniably, and on his own admission, a materialist; and he was the first to stress that such a metaphysical commitment was not without methodological repercussions.⁴⁵ I will argue below that we may find, in Marx, the counterpart of Kant's transcendental analytic; but clearly a transcendental deduction of grounds of possibility was a very different enterprise for Marx than it had been for Kant. The most obvious sign of this is Marx's anticipation of Durkheim's and Mauss's claims⁴⁶ concerning the social origin of the logical categories. Marx's jubilant assertion that "the logical categories are coming damn well out of 'our intercourse' after all"⁴⁷ would have represented, for Kant, the negation of all that was critical (in all senses) to his Copernican Revolution; for the most fundamental tenet of the latter was the claim that, as Kant put it, "before objects are given to me, that is, a priori, I must presuppose in myself laws of the understanding which are expressed in conceptions a priori. To these conceptions, then, all the objects of experience must necessarily conform"⁴⁸.

We have reason, then, to be wary of any hasty or unexplained coupling of the names of Marx and Kant. But this is not my intention. I propose only to develop an analogy between the two, and it is an analogy which has strict limits; it pertains exclusively to the form of their respective critiques. Within these limits, however, I offer no apology for my heresy. I believe the analogy to be an extremely useful one, insofar as it helps focus attention, in a sharp and economical fashion, on crucial (and neglected) methodological features of Marx's enterprise. Let me now attempt to prove the point.

Marx frequently criticised his classical predecessors for their failure, when considering value, to give anything approaching an adequate account of the value-form as such.⁵⁰ Thus, for example, he writes in Capital that

Political Economy has indeed analysed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product and labour-time by the magnitude of that value. 51

The point is not made merely in respect of the value-form: this lacuna typifies what Marx refers to elsewhere as "the crudity with which the economist generally considers distinctions of form, which really concern him only from their substantive side".⁵² But the lacuna is nonetheless a crucial one: for, so far as Marx is concerned, classical economy's failure to attend sufficiently to distinctions of form is intimately wedded to its ahistorical character. Thus,

Even Adam Smith and Ricardo, the best representatives of the school, treat the form of value as a thing of no importance, as having no connexion with the inherent nature of commodities. The reason for this is not solely because their attention is entirely absorbed in the analysis of the magnitude of value. It lies deeper. The value-form of the product of labour is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production, and thereby gives it its special historical character. If then we treat this mode of production as one eternally fixed by Nature for every state of society, we necessarily overlook that which is the differentia specifica of the value-form, and consequently of the commodity-form, and of its further developments, money-form, capital-form, &c. 53

Marx makes the converse explicit elsewhere; because, he argues, Ricardo regards exchange-value "as a merely transient form, and altogether as something merely formal in bourgeois or capitalist production", this latter itself is "consequently for him not a specific definite mode of production, but simply the mode of production"⁵⁴.

The relation Marx is establishing here is not a casual one. In his view the inattention to forms, and the failure to grasp phenomena historically, mutually imply one another. Marx, it will be recalled, defines the study of social forms of productive phenomena as the only legitimate province of political economy⁵⁵. Social forms constitute his explananda. This follows readily enough from the first moment of analysis as discussed above. Social forms of productive phenomena are distinguished by such attributes as the phenomena possess as are not contained in the concepts of their classes, and which are not, therefore, explicable via the analysis of production in general. They are, in short, what remains problematic after the latter has been carried out and applied. If such are the explananda, however, then the explicantes cannot but be historical. If these attributes and forms cannot be accounted for with reference to the conditions shared by all productive activity, then their explanation can only lie in conditions peculiar to the mode or modes of production in which they occur. The twofold conclusion follows: to give an adequate explanation of social forms is necessarily to grasp them historically, whilst to grasp phenomena historically is precisely to apprehend them in their peculiar social forms. To fail in one is ipso facto to fail in the other. The goal of Marx's analysis, therefore, must be to reveal the historical conditions on whose basis the social forms isolated in the first part of the analysis can be explained.

It is here, I believe, that my Kantian analogy is an appropriate one. Marx's analysis proceeds from what experience shows to be the case, to the conditions that must prevail if experience of that kind is to be possible. Marx reasons from phenomenal forms to their grounds of possibility. It was this kind of analysis that Kant termed a transcendental analytic; inference from phenomena to their presuppositions. It is this analytic that gives Marx the principles on which he constructs adequate historical categories; at the end of the analysis, the phenomenal forms identified at its commencement are conceptualised in terms of the relations demonstrated to underly them, i.e., on the basis of the conditions of their historical existence. Further, this analytic implies and sustains a clear dialectic, again in Kant's sense of the term (and its application to Marx in any other is, to say the

least, dubious⁵⁶). The dialectic in question is the establishment of the limits of validity of the phenomenal discourse with which the analysis commences, and, a fortiori, definition of the boundaries within which such theories as assume the validity of its categories can properly be applied. This follows directly from Marx's theory of consciousness. If it is assumed that, in general, phenomenal categories correspond to their objects (phenomenal forms), then the conditions under which they can be valid must strictly coincide with the conditions of existence of the objects they apprehend. And if, as is the case with all social forms, these conditions are historical, then so must be the sphere of validity of the concepts and categories themselves.

In fine, then, we may characterise what I have called Marx's analytic as an investigation of the presuppositions of the social forms under analysis, and his 'dialectic', if the term be allowed me in its Kantian usage, as an inquiry into the concepts and theories of political economy on the basis of the conclusions of this analytic itself, with the aim of determining the historical limits of its validity.

I will now discuss these two moments of the critique in more detail, seriatim.

(i) Marx's 'Analytic'.

I will first discuss the nature of Marx's analytic in fairly general terms, in the hopes of conveying an intuitive sense of what he is trying to do. I will then examine the criteria on which its claims to truth rest, and exemplify their application in Marx's work.

Marx is concerned to establish the "material groundwork, or set of conditions of existence"⁵⁷ on the basis of which those problematic attributes of the phenomena which distinguish them as social forms can be explained. This material groundwork, ex hypothesi, will comprise a distinctive combination of those relations between men and nature, or productive forces, and those relations entered into by men in the course of producing their means of subsistence, identified above as prerequisites of any mode of production whatsoever.⁵⁸ As we have seen, these relations must be of a historical character; Marx is interested in what it is that distinguishes them in the mode or modes of production whose phenomena he is analysing, and it is from their distinctive features that explanation must proceed. When this set of conditions has been unearthed, its component relations will be termed essential relations; 'essential', here, having no mysterious⁵⁹ connotations, but simply indicating that the

existence of the relations in question is held to be a conditio sine qua non of the social forms under analysis.

For Marx, essential relations cannot be established by observation alone or induction from observed empirical regularities. True, those relations eventually claimed to be essential might be observable, and we might even be able to indicate a prima facie connection between their existence and that of the forms we are trying to explain. But that the relations constitute conditions of the forms is not something which induction alone could establish. I need not enter into the well-known logical objections to induction as such⁶⁰; it suffices to point out that induction contains no principles which would allow us to distinguish genuine and spurious correlations. Thus for example, under capitalist conditions rent varies, ceteris paribus, with fertility of land; but regularities of this kind enter into Marx's explananda, not his explanantes. It would be completely wrong, in Marx's eyes, to take this regularity as a basis for inferring that rent is explained by the productivity of the soil, as did, for instance, the advocates of the trinity formula. Explanation, for Marx, was a very different kind of enterprise. To explain a correlation of this kind would be to reveal the mechanisms through which the observed phenomena were related, and it is only through such an account that the significance of observed regularities could be determined. To this extent, as Keat and Urry⁶¹ have recently argued, Marx held a realist conception of explanation. A claim concerning conditions would rest on the capacity of the analysis to show that these conditions were those supposed for the operation of the mechanisms through which the phenomena acquired their problematic form. Hence, its evaluation would depend upon the grounds we had for believing that the postulated mechanisms were those behind the phenomena under analysis.

Our interest must lie, therefore, in the nature of Marx's reasons for believing that he had correctly identified the mechanisms of capitalist production. We must focus, in other words, on his criteria of adequacy: those criteria according to which he determines what is, and what is not, an acceptable explanatory theory. I will, as mentioned above, base my case on his application of these criteria in order to reject alternative accounts, principally those of classical economy. That his own theory is constructed in accordance with these same requirements is not something I will attempt to directly prove here; reference may be made at any point to my detailed expositions in Chapter One, and these may be contrasted with those classical analyses Marx rejects, as discussed here.

I will draw attention to relevant points of comparison in passing; to do more would involve needless repetition.

For reasons which will become clear in the course of the exposition, I will distinguish between criteria governing theory construction, and criteria governing theory testing. This distinction is based in some of the ideas of the American philosopher of science, Norwood Russell Hanson, and it is from these that we may proceed.

(a) Theory construction

Hanson takes issue with the hypothetico-deductive (hereafter H-D) model of scientific enquiry, on the grounds of its failure to provide any account of what he calls 'the logic of scientific discovery', by which he means the procedures of hypothesis and theory formation. The H-D schema, Hanson contends, "is helpful only when discussing the argument of a finished research report"; it may be adequate as a description of the procedures involved in "the pedestrian business of deducing observation statements from hypotheses" (by means of which the latter might be tested), but it ignores all the important questions: "by the time a law gets fixed into an H-D system, the original scientific thinking is over".⁶² This original thinking is that through which explanatory hypotheses and theories are produced.

Now, there are two features of Hanson's account of 'the logic of scientific discovery' of interest to us. Firstly, he insists that all important scientific thinking is a posteriori; thus he asserts,

Theories put phenomena into systems. They are built up 'in reverse' - retroductively. A theory is a cluster of conclusions in search of a premiss. From the observed properties of phenomena the physicist reasons his way towards a keystone idea from which the properties are explicable as a matter of course. The physicist seeks not a set of possible objects, but a set of possible explanations. 63

Secondly, he claims that the process of hypothesis formation is not, as H-D theorists conventionally assume, a matter only psychology or sociology can explain. Scientific discovery has a logic; inference of explicantes from explicanda proceeds according to formulable rules, within which the insight, the hunch, the flash of inspiration have to operate. Now these two features, which Hanson claims to be basic to all creative scientific thinking, are precisely those I put forward above as requirements of Marx's methodology.

His argument is therefore worth pursuing.

Following Peirce (and Aristotle) Hanson characterises the process of inference from explananda (phenomena) to explanantes (hypotheses) as one of abduction or retroduction. He schematises the inference as follows:

1. Some surprising, astonishing phenomena $P_1, P_2, P_3 \dots$ are encountered.
2. But $P_1, P_2, P_3 \dots$ would not be surprising were a hypothesis of H's type to obtain. They would follow as a matter of course from something like H and would be explained by it.
3. Therefore there is good reason for elaborating a hypothesis of the type of H; for proposing it as a possible hypothesis from whose assumption $P_1, P_2, P_3 \dots$ might be explained. 64

That H, if true, would explain $P_1, P_2, P_3 \dots$ is taken as reason to think H (or something like it) might be true, and hence as good reason for elaborating H (or something like it).

The inference is clearly neither deductive nor inductive. It is not a deduction, since H is in no sense contained in P_1, P_2, P_3 ; and nor is it an induction, since H will not emerge from any number of repetitions of $P_1, P_2, P_3 \dots$. H is not an empirical generalisation but a putative explanans: in Peirce's words, "abduction amounts to ... observing a fact and then professing to say what ... it was that gave rise to that fact"⁶⁵. Hanson insists, nonetheless, that abduction is a form of logical inference. He quotes Peirce:

It must be remembered that retroduction, although it is very little hampered by logical rules, nevertheless, is logical inference, asserting its conclusions only problematically, or conjecturally, it is true, but nevertheless having a perfectly definite logical form. 66

The grounds for this assertion lie in the fact that there are clear criteria governing what can count as an acceptable H in the inference. I will refer to these as retroductive criteria, so as to distinguish them from criteria governing the testing of hypotheses, which I will discuss below. Hanson lists two, which I will term the criterion of exhaustiveness, and the criterion of independence. The criterion of exhaustiveness states, in Hanson's words, that "the hypothesis cannot

be admitted, even as a tentative conjecture, unless it would account for the phenomena posing the difficulty - or at least some of them"⁶⁷. The criterion of independence is slightly more complicated. It states: "if H is meant to explain P, then H cannot itself rest on the features in P which required explanation"⁶⁸. Hanson evidences the hypothesis that the peculiar colour and odour of chlorine are explained by the presence within it of atoms, each of which have the odour and colour in question, as one which would be debarred on this criterion. It recalls the well known explanation of the sleep-inducing properties of opium by its dormitive powers. For the sake of completeness, a third criterion must also be advanced, which I will call the criterion of consistency. This affects not the form of the retrodution as such, but must come into play when we consider grounds for advancing explanatory theories, rather than singular hypotheses. It requires simply that where the explanans, perhaps in order to meet the first criterion, contains more than one hypothesis, all those it proposes be mutually consistent.

Now, neither Hanson nor I are proposing that retrodution can yield certainty, or that these three criteria suffice to guarantee the truth of those hypotheses which satisfy them. Clearly, for any H which is valid on retroductive criteria, there may be an H' which is equally and similarly valid. More than one hypothesis may be able to offer a putative explanation of the phenomena under analysis which is consistent and exhaustive, and does not beg the question. In order to decide between them, we would have to go outside the retroductive inference; if we required the grounds for our decision to be empirical, we would have to go to phenomena independent of those which constituted our original explananda. I will take up this question below. The point, however, is not the provision of criteria of truth simpliciter. Hanson's aim is to offer an adequate philosophical description of an important, even fundamental, aspect of scientific procedure; reasoning from phenomena to provisional explanantes. I have argued that Marx must reason thus; the retroductive inference, as set out by Hanson, merely shows that in principle he can, and that should he reason retroductively, then it is fair to say that his theory is constructed according to definite, and formulable, criteria. It remains to be shown that Marx does reason retroductively, i.e., that his explanantes are advanced in accordance with retroductive criteria. Before I attempt to do so, let me stress one last point.

Retrodution is an emphatically a posteriori procedure, both in the sense that it rests upon the identification of anomalous or otherwise problematic phenomena, which constitute, so to speak, its premises or

point of departure, and in the more important sense that, by virtue of the first criterion, exhaustiveness, it continues to be governed by these phenomena during its attempt to 'get behind them'. Hanson puts it thus:

The critical moment comes when the physicist perceives that one might reason about the data in such and such a way. One might explain this welter of phenomena P, throw it all into an intelligible pattern, by supposing H to obtain. But P controls H, not vice versa. The reasoning is from data to hypotheses and theories, not the reverse. 69

The critical point lies in the sentence I have emphasised. Let me now return to Marx, and try to show that in his case, just as in that of any of the other scientists whose reasoning Hanson has attempted to reconstruct⁷⁰, P indeed does control H, not vice versa.

It is not entirely beside the point to begin by noting that, when Marx first encountered the labour theory of value, he rejected it, as his Paris reading notes on political economy make clear.⁷¹ We need not enter into details here⁷²; I wish only to suggest that, just as in the case of philosophical conceptions of the state⁷³ (in respect of which we have the benefit of Marx's own testimony⁷⁴), Marx's grounds for rejecting the labour theory lay in its phenomenological inadequacy. The Ricardian theory of value did not, in other words, succeed in making comprehensible the observed phenomena; it did not satisfy the criterion of exhaustiveness. A passage from Marx's comments on James Mill's Elements of Political Economy illustrates the point well:

... Mill commits the mistake - like the school of Ricardo in general - of stating the abstract law without the change or continual supersession of this law through which alone it comes into being. If it is a constant law that, for example, the cost of production in the last instance - or rather when demand and supply are in equilibrium which occurs sporadically, fortuitously - determines the price (value), it is just as much a constant law that they are not in equilibrium, and that therefore value and cost of production stand in no necessary relationship. Indeed, there is always only a momentary equilibrium of demand and supply owing to the previous fluctuation of demand and supply, owing to the disproportion between cost of production and exchange-value, just as this fluctuation and this disproportion likewise again follow the momentary state of equilibrium. This real movement, of which that law is only an abstract,

fortuitous and one-sided factor, is made by recent political economy into something accidental and inessential. Why? Because in the acute and precise formulas to which they reduce political economy, the basic formula, if they wished to express that movement abstractly, would have to be: In political economy, law is determined by its opposite, absence of law. The true law of political economy is chance, from whose movement we, the scientific men, isolate certain factors arbitrarily in the form of laws. 75

Now, Marx was soon to advance beyond this denial of the (abstract) law in the name of the (real) phenomena; by the time he and Engels came to write The German Ideology, certainly, Marx had become an adherent of the labour theory of value. Mandel suggests, with some plausibility, that a decisive factor in Marx's change of attitude was his first encounter, during his visit to Manchester in July and August of 1845, with the works of some of Ricardo's socialist followers.⁷⁶ Nonetheless, it is, on this occasion more than most, worth citing Marx's juvenilia: for although his initial response to the Ricardian theory of value was soon superseded, the dissatisfaction that had occasioned that response most definitely was not. This is made abundantly clear in the methodological criticisms of the classical school which punctuate Capital, and, in particular, its fourth volume, Theories of Surplus Value. It is to these we must now turn. My aim will be to show that there is a certain constancy between Marx's criticisms of 1844 and 1862-3, despite the manifest difference in his conclusions. By 1862, to be sure, the discrepancy of law and phenomena is taken as reason for perfecting, rather than rejecting, the labour theory: Marx argues that Ricardo's "real difficulties ... arise not out of the determination of value"; where they do arise, however, is in "Ricardo's inadequate elaboration of his ideas on this basis, and from his arbitrary attempt to make concrete relations directly fit the simple relation of value ..."⁷⁷. For Marx it remains the case that an adequate explanatory theory must, minimally, render what is phenomenally evident explicable. The constancy lies in criteria: P controls H, not vice versa.

Let us now be more specific.

The substance of Marx's mature criticism of the methodology of his classical predecessors is sharply focussed in the following, rather difficult remark:

Adam Smith ... first correctly interprets value and the relation existing between profits, wages, etc. as component parts of this value, and then he proceeds the other way round, regards the prices of wages, profits and rent

as antecedent factors and seeks to determine them independently, in order then to compose the price of the commodity out of them. The meaning of this change of approach is that first he grasps the problem in its inner relationships, and then in the reverse form, as it appears in competition. These two concepts of his run counter to one another in his work, naively, without his being aware of the contradiction. Ricardo, on the other hand, consciously abstracts from the form of competition, from the appearance of competition, in order to comprehend the laws as such. On the one hand he must be reproached for not going far enough, for not carrying his abstraction to completion, for instance, when he analyses the value of the commodity, he at once allows himself to be influenced by consideration of all kinds of concrete considerations. On the other hand one must reproach him for regarding the phenomenal form as immediate and direct proof or exposition of the general laws, and for failing to interpret it. In regard to the first, his abstraction is too incomplete; in regard to the second, it is formal abstraction which in itself is wrong. 78

This comment, taken in isolation, is undoubtedly somewhat dense, if not obscure. It may best be explicated by example. But first, one or two general remarks may usefully be made, concerning the drift of Marx's criticism, and, in particular, what he means by Ricardo's dual error of incomplete and inadequate (formal) abstraction.

The problem, as in the 1844 text I have cited, is that of relations between observed phenomena and the laws alleged to explain them. Adam Smith, according to Marx, simply provides two parallel and, in all essentials, contradictory accounts, one, which Marx usually calls the 'esoteric', which more or less correctly describes the inner relationships of capitalist production, and another, which Marx refers to as 'exoteric', which is grounded in its phenomenal forms. "With Smith both these methods of approach not only run merrily alongside one another, but also intermingle and constantly contradict one another".⁷⁹ Marx explains this in terms of the nature of Smith's project, which he regards as a historically essential step in the evolution of political economy as a science.⁸⁰

With Ricardo, on the other hand, this duality disappears. The opening chapters of his Principles "provide with concise brevity a critique of the old, diffuse and meandering political economy, present the whole bourgeois system of economy as subject to one fundamental law, and extract the quintessence out of the divergency and diversity of the various phenomena"⁸¹:

But at last Ricardo steps in and calls to science: Halt !

The basis, the starting-point for the physiology of the bourgeois system - for the understanding of its internal organic coherence and life-process - is the determination of value by labour-time. Ricardo starts with this and forces science to get out of the rut, to render an account of the extent to which the other categories - the relations of production and commerce - evolved and described by it, correspond to or contradict this basis, this starting-point; to elucidate how far a science which in fact only reflects and reproduces the manifest forms of the process, and therefore how far these manifestations themselves, correspond to the basis on which the inner coherence, the actual physiology of bourgeois society rests or the basis which forms its starting-point; and in general, to examine how matters stand with the contradiction between the apparent and the actual movements of the system. This then is Ricardo's great historical significance for science. 82

Ricardo's aim, in short, is to produce "a consistent and comprehensive theoretical view of the abstract, general foundations of the bourgeois system"⁸³. He makes some serious errors, however, in its pursuit, of which we shall shortly consider some examples.

These errors, according to Marx, arise from deficiencies in Ricardo's "method of investigation" itself⁸⁴. Their origin is methodological. Ricardo's "one-sidedness", Marx argues, "arises from the fact that he wants to show that the various economic categories or relationships do not contradict the theory of value, instead of on the contrary, developing them together with their apparent contradictions out of this basis or presenting the development of this basis itself"⁸⁵; and this stratagem "leads to erroneous results because it omits some essential links and directly seeks to prove the congruity of the economic categories with one another"⁸⁶. It is this direct subsumption of phenomena under their alleged laws, without the manner in which these laws operate being adequately explicated, which Marx refers to as "formal", "forced"⁸⁷, "forcible"⁸⁸ or "violent"⁸⁹ abstraction.

The latter is not a particularly easy notion, but it is central to Marx's critique. It conveys an idea of precipitate abstraction from observed phenomena to their alleged essence, which is precipitate because the mechanisms through which the latter manifests itself in the shape of the former are inadequately specified; or, to use a different terminology, an idea of immediate identification of phenomena as supposed instantiations of general laws, when in fact these laws work in a mediate fashion, through a series of intervening links which the analysis ought to specify. The consequence is that some prima facie

contradiction between law and phenomenon remains; there is still some empirical residuum which resists explanation by the general law. This residue may be dealt with in various ways: it may simply be dismissed as secondary, 'inessential', and of no consequence; it may be explained by some notion of exceptions to the (generally valid) law, to be accounted for by the operation of independent and counteracting causes; or one may attempt to prove, as did the Ricardian school after Ricardo, that the contradiction is in fact an illusory one.⁹⁰ For Marx, as we shall see, none of these solutions are adequate, since the problem lies in explication of laws by formal abstraction in the first place.

Althusser⁹¹ has made some pertinent comments on abstractive procedures of this sort (though arguably he over-generalises his point). Where abstraction is violent, the essence/appearance distinction becomes inscribed, as it were, in the real; aspects of the phenomena themselves are declared 'inessential', apparently by mere fiat. This was, we might recall, Marx's complaint in his 1844 notes on James Mill. To overcome this, for Marx, meant the elimination of the prima facie contradiction between laws and their supposed phenomenal instantiations, by leaving no empirical residuum which defied explanation on the postulated explanantes. This is why it is correct to conceptualise what Marx calls formal abstraction as abstraction which does not meet the criterion of exhaustiveness, as defined above. Such abstraction for Marx is per se wrong.

This leads directly to the other criticism Marx made of Ricardo in the quotation with which I began this discussion, namely, 'his failure to carry his abstraction far enough. The charge is reiterated elsewhere:

Ricardo commits all these blunders, because he attempts to carry through his identification of the rate of surplus-value with the rate of profit by means of forced abstractions. The vulgar mob has therefore concluded that theoretical truths are abstractions which are at variance with reality, instead of seeing, on the contrary, that Ricardo does not carry true abstract thinking far enough and is therefore driven into false abstraction. 92

The alternative to leaving the unexplained phenomenal residuum, and the consequent prima facie contradiction between laws and phenomena, is to attempt to elaborate the mechanisms linking the two and accounting for the apparent divergence; to supply, as it were, the missing links in the argument. This, however, must entail further abstraction, since it involves precisely not regarding the phenomena as "immediate and direct proof or exposition" of their alleged explanantes. Abstraction stops

when and only when the residuum resisting explanation has been expunged; when, in short, the criterion of exhaustiveness has been satisfied.

Let me now try to clarify, substantiate and expand upon these points by means of some examples. These are mainly taken from Ricardo; but since Marx frequently locates the source of many of Ricardo's errors in what he took over from Adam Smith, it is worthwhile to begin by saying a little about Marx's analysis of the contradictions in Smith's own work.

Towards the end of his Chapter in Theories of Surplus Value on Adam Smith⁹³, Marx summarises his conclusions thus:

It is necessary ... to call attention to this peculiar train of thought in Adam Smith's book: first the value of the commodity is examined, and in some passages correctly determined - so correctly determined that he traces out in general form the origin of surplus-value and of its specific forms, hence deriving wages and profit from this value. But then he takes the opposite course, and seeks on the contrary to deduce the value of commodities (from which he has deduced wages and profits) by adding together the natural prices of wages, profit and rent. It is this latter circumstance that is responsible for the fact that he nowhere correctly explains the influence of oscillations of wages, profit, etc., on the price of commodities - since he lacks the basis / for such an explanation _/. 94

Smith's 'esoteric' analysis of value is substantially the correct one; he determines value by the labour-time requisite for the production of commodities, i.e., the labour they contain. From here, in places, Smith develops rudiments of what for Marx is a similarly correct theory of surplus-value; he sees profit as originating in surplus-labour, and views rent and interest as deductions from profit.⁹⁵ Side by side with this, however, runs the 'exoteric' view, which considers the value of a commodity to be constituted by the summation of wages, profit and rent; in Smith's own words, "wages, profit and rent, are the three original sources of all revenue, as well as of all exchangeable value".⁹⁶ This latter is wrong, so far as Marx is concerned, on two main counts; in the first place, the value of a commodity is made up of $c + v + s$, whereas the sum of revenues is only given by v (wages) + s (profit, rent and interest): Smith, because of a confusion of annual value-product and the value of the annual product, which in turn rests on a failure to distinguish concrete and abstract labour, leaves out of consideration that value transferred to the product by the productive consumption of constant capital⁹⁷; and secondly, wages, rent and profit are not in any case sources but mere divisions of value. Their magnitude is limited

by the magnitude of value, as determined by the labour materialised in a commodity, not the other way about.⁹⁸

Smith's adoption of his exoteric conception of value is facilitated by what Marx considers to be⁹⁹ a prior confusion in his work, between the labour that a commodity contains, and the labour it commands, that is to say, the number of hours that would have to be worked in order to purchase it. It was Smith's (correct) observation that these two did not coincide in capitalist production that led him to restrict his 'esoteric' theory of value to "that early and rude state of society which precedes both the accumulation of stock and the appropriation of land"¹⁰⁰, i.e., to petty commodity production.

Smith reasoned as follows.

Under conditions of simple commodity production, in which both the elements of production and the product belong to the labourer himself, the labour a commodity contains and the labour it commands will clearly be identical quantities. Ceteris paribus, an independent commodity producer will have to work the same number of hours to produce the good he sells as are contained in the good he buys. Here, then, value is a direct function of necessary labour-time; the law of value, as Marx or Ricardo understand it, will hold. However, given the development of capitalist production, this ceases to be the case. The labourer will ordinarily have to work more hours to purchase a good than those which are necessary to its production. Commodities will command more labour than they contain, and their values or 'natural prices' will be a function no longer of the labour they contain, but of that they can command. Hence, Smith concluded, there must in this case be factors which determine value other than contained labour. The law of value will no longer hold under capitalist conditions. It was to account for these independent determinants of value that Smith developed his 'exoteric' theory that value is constituted by the summation of revenues.

Now, the error of this argument, for both Ricardo¹⁰¹ (whose critique, as we shall see below, is however inconsistent) and Marx, is easily stated. Commodities continue to exchange at their values (discounting, for the time being, the transformation of values into prices of production) under capitalist conditions, that is, they exchange according to the labour they contain. However, not all of that labour is paid. The labourer is paid only for his hours of necessary labour, not for his hours of surplus-labour; or, to put it slightly differently, he receives less value for every hour that he works than the value he produces in the same hour, which is embodied in the selling-price of

the product nonetheless. Ricardo formulated this imprecisely, owing to his retention of the category 'value of labour'; Marx gave it a consistent basis with his distinction between labour and labour-power. I will discuss this below. The consequence, however, is the same in both cases: commodities are able to command more labour than that necessary to their production, not because the law of value ceases to apply under capitalist conditions, but because, unlike in simple commodity production, the labourer does not receive a full equivalent for the value created by the consumption of his labour-power. The difference between the labour contained in a commodity, and that it commands, is accounted for by the appropriation of surplus-labour; it is a precise index of exploitation. If the labourer has to work, say, twice as many hours to buy a commodity as are requisite to its production, then this indicates that he has worked half of his time without payment, i.e., that the rate of surplus-value is 100%. But it remains the case that he will nonetheless buy the commodity at its value, and that profit and rent are neither additions to, nor sources of, this value, but mere post festum divisions of it.

I have summarised Smith's two conceptions of value, and the criticisms Marx makes of the 'exoteric' one, mainly because of their relevance to Ricardo. I will return to them below, however, when I discuss Marx's use of the criterion of independence. But before we pass on to Ricardo himself, it is worth our noting one or two comments Marx makes in his discussion of Smith's 'exoteric' conception, which bear directly upon the question of the phenomenal adequacy of explanatory theories. They concern respects in which Marx acclaims Adam Smith - his numerous shortcomings notwithstanding - to be the superior of Ricardo.

First, Marx praises Smith because he "quite correctly takes as his starting-point the commodity and the exchange of commodities".¹⁰² This is noteworthy insofar as the praise is offered despite Marx's recognition (in the same paragraph) that it is from doing this that Smith's errors stem. For he is, as we have seen, misled by the equivalence between the labour contained in and commanded by a commodity in simple commodity production into taking the absence of this equivalence in capitalist production as proof of the limited scope of the law of value. Ricardo, by contrast, is criticised very heavily for supposing "all the conditions arising from the more developed capitalist relations of production"¹⁰³ in his exposition:

in this first chapter /of Ricardo's Principles/ not only are commodities assumed to exist - and when considering value as

such, nothing further is required - but also wages, capital, profit, the general rate of profit, and even ... the various forms of capital as they arise from the process of circulation, and also the difference between "natural and market-price". 104

This constitutes, as we shall shortly see, a paradigm instance of Ricardo's inadequacy of abstraction: Marx writes, for example, that "though Ricardo is accused of being too abstract, one would be justified in accusing him of the opposite: lack of the power of abstraction, inability, when dealing with the values of commodities, to forget profits, a factor which confronts him as the result of competition".¹⁰⁵

Secondly, and more specifically, Marx more than once stresses that

/Smith's/ merit is that he emphasises - and it obviously perplexes him - that with the accumulation of capital and the appearance of property in land - that is, when the conditions of labour assume an independent existence over against labour itself - something new occurs, apparently (and actually, in the result) the law of value changes into its opposite. It is his theoretical strength that he feels and stresses this contradiction, just as it is his theoretical weakness that it shakes his confidence in the general law ... Ricardo is ahead of Adam Smith in that these apparent contradictions - in their result real contradictions - do not confuse him. But he is behind Adam Smith in that he does not even suspect that this presents a problem, and therefore the specific development which the law of value undergoes with the formation of capital does not for a moment puzzle him or even attract his attention. 106

The implied criticism of Ricardo here relates to the formality of his abstraction; his assertion of the validity of the general law despite prima facie contradictions between it and the phenomena it is supposed to explain, resulting in, on the one hand, unsatisfactory ad hoc attempts to explain the discrepancies, and, on the other, a failure to develop an adequate account of the law in its 'specific development', i.e., a failure to develop the alleged law in such a way that it could explain the apparent discrepancies.' In this context, Adam Smith is lauded for his sensitivity to the phenomenal; for his recognition of the fact that there was a prima facie contradiction between the functioning of the law of value, and the manifest phenomena of capitalist production, even if he drew the wrong conclusions from the existence of the contradiction, and abandoned the law in favour of an eclectic conception of value. This empirical sensitivity is explicitly described by Marx

as, we should note, a theoretical strength. The exoteric Adam Smith, we must conclude, is theoretically superior to Ricardo insofar as he attends to the criterion of exhaustiveness. Let us now turn to Ricardo himself.

Ricardo asserted the applicability of the law of value to capitalist production, and he did so by way of a direct attack on Smith's confusion between quantity and 'value' of labour. Thus he writes:

if the reward of the labourer were always in proportion to what he produced, the quantity of labour bestowed on an object, and the quantity of labour which that object would purchase, would be equal, and either might accurately measure the variations of other things: but they are not equal; the first is under many circumstances an invariable standard, indicating correctly the variations of other things; the latter is subject to as many fluctuations as the commodities compared with it. 107

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

The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation which is paid for that labour. 108

Though, as we shall see below, Ricardo was to have problems of consistency owing to his retention of the category 'value of labour', it is easy to see how, having made this distinction, he could explain rent and profit whilst retaining the labour theory; these revenues would, as in Marx, be no more than the difference between what Ricardo continued to call the 'value of labour', and the value contained in the commodity; Marx's surplus-value. At this level, then, Marx has few disagreements with his predecessor, or at least, none pertaining to infringements of the criterion of exhaustiveness. Rather, as we saw above, Ricardo's errors lie in "his arbitrary attempt to make concrete relations directly fit the simple relation of value ...".

Two such instances, which are closely related, will be considered here: Ricardo's identification of value with 'natural price' or price of production; and his identification of surplus-value and profit. With regard to the first, a terminological point must be mentioned. Marx, in Theories of Surplus Value, habitually uses the term 'cost-price' not in the sense in which I defined it above¹⁰⁹ (which is that of its usage in the third volume of Capital), but as a synonym for what, in Capital III,

he was to call 'prices of production'.¹¹⁰ I will retain the terminology of Capital in my text. Quotations will be left unaltered.

By 'natural price' the classical economists understood that price a commodity would command when supply and demand were at equilibrium. It was around this natural price, they held, that day to day market-prices fluctuated. Now, for both Smith and Ricardo, natural price, thus understood, was the monetary expression of value, however value itself was conceived. Marx, however, denied that this was the case in a capitalist economy. His reasons have already been expounded in Chapter One; but they may briefly be recapitulated.

If, Marx argues, commodities exchanged at their values in a capitalist economy, then, supposing a uniform rate of exploitation (s/v), the rate of profit ($s/(c + v)$) of capitals of equal magnitude would vary according to their organic compositions (c/v). However, this is manifestly not what happens; ceteris paribus, the profit a capital makes varies directly with its size, whatever its composition; there is a general rate of profit. It follows, firstly, that commodities cannot exchange at their values: in order that there be a uniform rate of profit, some commodities must sell above, and others below, their values, according to the degree of deviation between their composition and that of the total social capital; secondly, and consequently, the profit yielded by an individual capital will differ from the surplus-value it actually appropriates, in accordance with the deviation of its price of production from its value: capitals may, in other words, appropriate more, or less surplus-labour in the form of profit than they actually contain. The mechanisms whereby a general rate of profit is established are easily elucidated: capitals will tend to migrate between sectors of production in search of maximum profits, and the deviations of prices of production from values will be enforced through the resulting discrepancies of supply and demand. In fine, and pace Ricardo, under normal capitalist conditions, neither value and price of production (the 'natural price' in a capitalist economy), nor surplus-value and profit, can be immediately identified. The law of value operates only in a very indirect manner: it is only on the supposition of its validity that we can explain how 'natural price' is constituted; but natural prices are not themselves values. They do not directly instantiate the law, any more than the amount of profit which falls to a capital does the theory of surplus-value.

However, it is important to realise that for Marx the deviations of prices of production from values, and of profit from surplus-value, do not constitute exceptions to or invalidate the law of value itself. They

represent, rather, its modus operandi under specific conditions, those of capitalist production; they are explained by the law itself, not by circumstances which sporadically counteract it. I showed this in Chapter One. The immediate mechanisms through which prices of production are enabled to deviate from values are those of supply and demand. Why there should be an excess or shortfall in supply in any sector relative to a given level of demand, and thus a fall in price below, or a rise above, value, is explained by movements of capital in search of high profits. But that profits should, in the absence of equalisation through capital movements, vary between sectors is explained by differences in organic composition of capital. However, differences in organic composition can only explain differences in the rate of profit of capitals equal in other respects if the theory of surplus-value holds; and this theory is itself merely a particular application of the law of value. The entire explanans, in short, rests on the law, and that 'natural prices' do not directly instantiate it is explained not by exceptions to it, but entirely by the conditions in which it operates.

Now, Ricardo's explanation has a different structure. He does not deny that, as Marx puts it, "observation of competition - the phenomena of production - shows that capitals of equal size yield an equal amount of profit on the average, or that, given the average rate of profit ... the amount of profit depends on the amount of capital advanced"¹¹¹. On the contrary: in his exposition of value itself he already presupposes the existence of an average rate of profit, and this is something which Marx strongly reproaches him for. He then tries to claim that natural price, which he regards as synonymous with value, contains profit, which he does not distinguish from surplus-value. There is an obvious prima facie contradiction here; and Ricardo, though he does not explicitly formulate it, is aware of some difficulty. He is then driven to postulate various mechanisms which counteract the law of value, and thus explain the 'exceptions' to it; effectively, independent determinants of value. These are, firstly, differences in the proportions of fixed and circulating capital between different capitals, and, secondly, differences in their periods of turnover.¹¹² How these latter are supposed to operate is not explained by the law of value itself. In consequence, the explanatory claims of the latter are considerably weakened; it becomes, as it were, a statistical generalisation. Opponents were quick to seize upon this:

Because Ricardo, instead of deriving the differences between cost-prices and values from the determination of value

itself, admits that "values" themselves ... are determined by influences that are independent of labour-time, and that the law of value is sporadically invalidated by these influences, this was used by his opponents, such as Malthus, in order to attack his whole theory of value. Malthus correctly remarks that the differences between the organic component parts of capital and the turnover periods of capitals in the different branches of production develop simultaneously with the progress of production, so that one would arrive at Adam Smith's standpoint, that the determination of value by labour-time was no longer applicable to "civilised" times. 113

Finally, we might note, Ricardo's initial identification of value with price of production has repercussions elsewhere in his system. His denial of the existence of absolute rent, for example, is directly predicated upon this; having made the identification, he could not conceive of a rent arising out of the discrepancy between the two, as Marx did. The only rent consistent with his assumption was differential rent, since this arises from the difference between price of production and market-price.¹¹⁴ But to argue thus is manifestly to gainsay the phenomena of capitalist production; for it is simply not the case that the worst land that has to be cultivated in order to meet a given level of demand bears no rent, as Ricardo's theory requires.

In fine, then: where Ricardo discovers prima facie contradictions to the law, he conceives them as exceptions to be explained on an ad hoc basis. Marx, on the other hand, insists that if the law is to count as an acceptable explanans, then the apparent exceptions must be explicable on its foundation. At this point, we may return to the question of procedures of abstraction which are simultaneously incomplete and formal.

"Instead of postulating this general rate of profit", i.e., instead of assuming a priori that value and price of production were identical, Marx argues,

Ricardo should rather have examined in how far its existence is in fact consistent with the determination of value by labour-time, and he would have found that instead of being consistent with it, prima facie it contradicts it, and that its existence would have to be explained through a number of intermediary stages, a procedure which is very different from merely including it under the law of value. He would then have gained an altogether different insight into the nature of profit and would not have identified it directly with surplus-value. 115

This is a direct appeal to the criterion of exhaustiveness; the nature of the explanans (specification of 'intermediary stages') is governed by the explanandum (general rate of profit). In failing to observe this

requirement, Ricardo exhibits the twofold error described above. Prima facie, if the law of value, as formulated by Ricardo himself, holds, then, for a given rate of surplus-value, profit will vary by organic composition. There will be no general rate of profit. Conversely, where there is a general rate of profit, commodities must exchange at prices of production which differ from their values, and in consequence the profit they realise cannot be equal to the surplus-value they contain. In seeking to identify prices of production and values, and profit and surplus-value, and thereby asserting that the phenomena of capitalist production directly instantiate the law of value, therefore, Ricardo must inevitably leave an unexplained phenomenal residuum; the 'inessential', as I termed it above, to be subsumed, under the rubric of an 'exception' of the rule, under independent explanantes, elaborated on an essentially ad hoc basis. This is why Ricardo's abstraction may be considered to be formal or violent; he abstracts, as it were, not to an explanans capable of exhaustively explaining the phenomena, but from those phenomena which prima facie contradict the explanans. To abstract, in this case, means to put on one side. On the other hand, the abstraction is incomplete in the sense that had Ricardo not precipitately identified the abstract entities through which he hopes to explain the phenomena, value and surplus-value, with the concrete phenomena, prices of production and profits, themselves, the residuum could have been eliminated, through an account of the mechanisms through which, given the conditions of capitalist production, the former are transformed into the latter. Such an account, as I have shown, does not mean abandoning the law of value, but showing why its operation should result in these transformations, given the nature of the conditions in which it operates. Ricardo was, in Marx's terms, both abstract in the wrong way, and not abstract enough: he "does not carry true abstract thinking far enough and is therefore driven into false abstraction". What I have tried to show is that these complimentary errors are erroneous precisely because they breach the criterion of exhaustiveness: for it is through the exercise of this criterion that Marx is able to determine both what constitutes a 'false abstraction', and why, and how far 'true abstract thinking' has to go before it attains its goal.

We may end this discussion where we began it; with a comment on Ricardo's disciple, James Mill. In this case, however, the comment dates not from 1844, but 1863. Marx is discussing the same problem as we have just dealt with in Ricardo, that of reconciling the price of production and average rate of profit with the labour theory of value, and theory of surplus-value it implies. "The phenomenon is very

simple", Marx writes, "as soon as the relationship of surplus-value and profit as well as the equalisation of profit in a general rate of profit is understood".

If, however, it is to be explained directly from the law of value without any intermediate link, that is, if the profit which a particular capital yields in a particular branch of production is to be explained on the basis of the surplus-value contained in the commodities it produces, in other words on the basis of the unpaid labour (consequently also on the basis of the labour directly expended in the production of the commodities), this is a much more difficult problem to solve than that of squaring the circle, which can be solved algebraically. It is simply an attempt to present that which does not exist as in fact existing. But it is in this direct form that Mill seeks to solve the problem. Thus no solution of the matter is possible here, only a sophistic explaining away of the difficulty, that is, only scholasticism. Mill begins this process. In the case of an unscrupulous blockhead like McCulloch, this manner assumes a swaggering shamelessness. 116

The scholasticism to which Marx refers is Mill's attempt to reconcile Ricardo's thesis that profit was affected by turnover with the labour theory of value, by asserting that where, as in, for example, the maturation of wine, the turnover period is excessively long, labour may be 'considered' to have been added to the commodity. Marx concludes as follows:

Here the contradiction between the general law and further developments in the concrete circumstances is to be resolved not by the discovery of the connecting links but by directly subordinating and immediately adapting the concrete to the abstract. 117

Marx has, clearly, come a long way from his position in 1844, but there is one undeniable point of continuity; the insistence that the process of abstraction be governed by the phenomena it is intended to explain.

Let me now turn to Marx's application of the criterion of independence. Here I may be briefer, since much of the necessary exposition has already been provided, in the preceding discussion of Smith and Ricardo. We may consider the paradigm example, "the difficulty over which the best economists came to grief"¹¹⁸, the notorious 'value of labour'. I will show that, for Marx, such a category cannot figure in the explanantes, because it rests upon precisely what needs to be explained.

Adam Smith, we have seen, defines the value of a commodity by the labour it can command, i.e., by the labour-time that must be worked to buy it. This, as Marx points out¹¹⁹, is tantamount to defining value by the value of labour, or the reward of the labourer, since it is the same thing to speak of the labour a commodity commands, and the commodities a given amount of labour commands, i.e., the commodities that can be purchased with that amount of living labour. In simple commodity production, in which the entire product accrues to the labourer himself, the labour a commodity commands and the labour it contains, the value of labour and the value of its product, will be the same. Under such conditions, Smith maintains, value will be a function of necessary labour-time; the law of value, as Ricardo and Marx understood it, will hold. However, Smith contends, under capitalist conditions, this will no longer be the case. The values of commodities may still be measured by the labour they command, or the value of labour; but this will now exceed the labour they contain. The labourer now has to work more hours in order to purchase a commodity than those requisite to its production. Therefore, Smith concludes, the law of value is no longer applicable; there must be some independent determinant, or determinants of value. From here, Smith develops his 'exoteric' theory of value as the summation of the revenues.

This theory, Marx argues, rests upon a petitio principii.

If it is asserted that the value of a good can be measured by the value of labour, or the amount of labour it commands, then the question "what determines the value of labour itself?" must immediately follow. Clearly we cannot reply "the value of the goods it purchases", since it is precisely this that we have invoked the value of labour to explain. To attempt this would be, as Marx puts it, to make "value ... the measuring rod and the basis for the explanation of value - so we have a vicious circle"¹²⁰. Yet, despite his attempts to avoid it, this is just what Smith, in his 'exoteric' theory of value, succeeds in doing.

The theory states that value is constituted by the summation of three independent sources, profit, rent, and wages. In order, therefore, to know the determinants of value, we need to know the determinants of the three revenues. We need, therefore, to know, inter alia, how the value of labour is constituted; and here again we relapse into the vicious circle:

When Adam Smith is examining the "natural rate" of wages or the "natural price" of wages, what guides his investigation?
The natural price of the means of subsistence required for

the reproduction of labour-power. But by what does he determine the natural price of these means of subsistence ? In so far as he determines it at all, he comes back to the correct determination of value, namely, the labour-time required for the production of these means of subsistence. But when he abandons this correct course, he falls into a vicious circle. By what is the natural price of the means of subsistence determined, which determine the natural price of wages ? By the natural price of "wages", of "profit", of "rent", which constitute the natural price of those means of subsistence as of all commodities. And so ad infinitum.¹²¹

Ricardo does not beg the question quite so spectacularly as Adam Smith. Indeed, he comes within a hair's breadth of Marx's answer to it; with him, as Marx puts it in Capital, "Classical Political Economy nearly touches the true relation of things, without, however, consciously formulating it".¹²² What Ricardo did was to determine the "value of labour" by the costs of production of the labourer himself, i.e., by the labour-time necessary to produce his means of subsistence (or wages); this question, Marx writes, "unconsciously substituted itself in Political Economy for the original one; for the search after the cost of production of labour as such turned in a circle and never left the spot"¹²³. In this case, though its answer is substantially correct, "Classical economy never arrived at a consciousness of the results of its own analysis ..."¹²⁴. Difficulties therefore remain.

Having noted that Ricardo determines the value of labour by that of the means of subsistence, Marx immediately asks:

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

Ricardo has in fact no answer, other than that the law of supply and demand reduces the average price of labour to the means of subsistence that are necessary (physically or socially necessary in a given society) for the maintenance of the labourer. He determines value here, in one of the basic propositions of the whole system, by demand and supply - as Say notes with malicious pleasure ... 125

The issue in this case is one of consistency. For Ricardo, as for Marx, supply and demand cannot explain natural price, but only the deviations of market-price above or below it. This follows from the fact that natural price is defined as the price a commodity will fetch when supply and demand coincide (and thus cancel out one another's effects); the problem is to explain why, when supply and demand do neutralise each other and can therefore be discounted, the price of a commodity should

be this one, natural price, and no other. Supply and demand can be used to explain the mechanisms whereby market-prices are raised or reduced to natural price; but they cannot be used to explain the level of natural price itself. Hence, Ricardo's recourse to supply and demand in order to determine the value of labour is not consistent with his strictures on the determination of value in general, and this - as Say, Bailey¹²⁶, and others have not been slow to point out - decisively weakens his system as a whole.

Marx pursues the argument further¹²⁷, charging Ricardo with Smithian errors. His main points are as follows. Adam Smith observed that, in a capitalist economy, whatever the value of means of subsistence (of which he took corn as the exemplar) as measured in labour-time, "labour has ... a permanent relative value as compared with corn"¹²⁸; wages will rise and fall with the value of the means of subsistence, measured by the labour they contain, but the labour commanded by these means of subsistence will be a constant quantity. The labourer will have to work the same amount of time in order to purchase the means of subsistence, whatever their value as measured by labour-time contained in them: "the same quantity of labour always commands the same use-value, or rather the same use-value always commands the same quantity of labour"¹²⁹. On Marx's theory, too, of course, this must be the case (except insofar as class struggle effects the process, by, principally, altering the social definition of what counts as subsistence); if the value of labour-power is a function of the labour-time necessary to produce the labourer's means of subsistence, then, so long as these latter are unaltered, the value of wages will rise or fall with the value of means of subsistence. Changes in the labour-time necessary to produce the latter will affect not the length of the working-day as such, but its division into necessary and surplus-labour, i.e., the distribution of the product between capital and labour. Ceteris paribus, the worker will always have to work the same number of hours to realise the same means of subsistence; the latter will therefore command the same amount of labour, irrespective of the labour they contain.

This was, in Marx's eyes, a further "hidden reason"¹³⁰ why Adam Smith asserted that value is regulated, in capitalist society, not by the labour contained in the product, but that it commands. Smith could not but be struck by the constancy of the relation between the price of commodities and the labour necessary to procure them, whatever alterations occurred in the labour necessary to produce them. For Marx, this rests on a further confusion, which I mentioned above in connection with Samuel

Bailey¹³¹, between the 'immanent' and the 'external' measure of value. To be sure, the value of 'labour' (it should be labour-power) may serve as a perfectly adequate external measure of value; so may any commodity. But once the value of labour is asserted to be the immanent measure of value, we run into the regression I have described.

Ricardo, Marx contends, falls back into Smith's errors because of his attempt to determine the value of labour by supply and demand. Ricardo distinguishes nominal wages, "the number of pounds that may be annually paid to the labourer", and real wages, "the number of day's work, necessary to obtain those pounds"¹³². Real wages are thus defined by the labour that the commodities they purchase command. Ricardo, certainly, avoids Smith's vicious circle of determining the value of products by the value of labour, and the value of labour by the value of products, because he determines the value of the means of subsistence, and a fortiori that of the labour against which they exchange, by the labour contained in them. But this involves making what Bailey called a "dexterous turn"¹³³, the surreptitious substitution of questions that Marx draws attention to in Capital. Ricardo can only measure the value of labour by the labour-time necessary to the production of the means of subsistence because he accepts Smith's postulate of the constant relation between the quantity of means of subsistence and the hours that have to be worked in order to pay for them; i.e., in this case, he relapses into a theory of value based on the labour commodities command. Why Smith's constant relation should exist is not explicated by Ricardo; the only explanation proffered is that supply and demand ensures this should be the case, which, we have seen, is not consistent with Ricardo's general premises. Ricardo, in short, uses a Smithian measure of value in order to turn the question of the value of labour into that of the value of the means of subsistence, and then applies his own, correct theory of necessary labour-time to determine the latter. From this he rightly concludes that the value of 'labour' is a variable quantity. Marx summarises Ricardo's errors thus:

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

labour expended in the production of labour-power, but by the quantity of labour expended in the production of the wages which the labourer receives. Thus in fact he says: The value of labour is determined by the value of the money which is paid for it ! And what determines this ? What determines the amount of money which is paid for it ? The quantity of use-value that a given amount of labour commands or the quantity of labour that a definite quantity of use-value commands. And thereby the falls literally into the very inconsistency which he himself condemned in Adam Smith. 134

The petitio principii is hidden more deeply in Ricardo than in Smith; it arises only in connection with the covert assumption he has to make so that he can transform the question of the value of labour into that of the value of the means of subsistence, viz., that the 'value of labour' is that of the commodities that labour commands. The error is quickly covered over, because, once having made this assumption, Ricardo can, by virtue of his own general theory of value, determine the value of wages by the labour-time they contain. It remains the case, however, that the value of labour is not determined by Ricardo in the same way as that of all other commodities. It is determined, in Smithian fashion, by the labour, in this case as materialised in wages, that it commands, not by the labour it contains.

Now, it might be felt that Marx's latter argument is over-subtle; it is the case, after all, that Ricardo's thesis would be correct if he were to talk of the value of labour-power instead of the value of labour. But for Marx, the point is not merely one of terminology. The lapse of consistency in Ricardo is a real one, that threatens to vitiate his entire system; and a lot hangs on the terminological rectification. In the first place, to adopt it restores consistency, and eliminates those explanantes which rest on features of the phenomena which need to be explained, i.e., those which suppose value in order to determine it. In the case of the 'exoteric' Smith, this applies to the value of all commodities; with Ricardo, it applies only in the case of the 'value of labour'. Once we substitute labour-power for the ambiguous 'labour', however, it is clear that there is no inconsistency involved in determining its value by the labour-time involved in the production of the labourer's means of subsistence; for labour-power is inseparable from the person of the labourer himself. We can, therefore, have a single measure of value which satisfies the criterion of independence, socially necessary labour-time, and we can apply it to all commodities, including labour-power, and develop a theory of surplus-value on its foundation, without inconsistency. I will consider further the

implications of the substitution of labour-power for labour below.

I hope that the preceding illustrations, when taken in the context of my exposition in Chapter One of some of the central tenets of the theory through which Marx sought to resolve the difficulties remaining in Smith and Ricardo, give some weight to my claim that Marx does reason towards his explanantes in accordance with what I called retroductive criteria. I have, I trust, sufficiently exemplified his adherence to criteria of exhaustiveness and independence; whilst the importance to Marx of consistency hardly needs special exemplification. It is abundantly evident in these criticisms of Smith's and Ricardo's failings I have just discussed; and it is, if anything, even more apparent in the systematicity of Marx's own analysis of the phenomena of capitalist production. Enough of the latter has been expounded in Chapter One for this claim to be checked, and for its separate demonstration here to be unnecessary.

I advanced Hanson's retroductive schema because, prima facie, it was relevant to Marx. Its relevance lay in the fact that it was a form of inference from explananda to explanans, which was, nonetheless, governed by strict and formulable criteria, and I had previously argued that Marx's analytic had to take this form. I have now shown, I think, that there is more than a prima facie reason to believe it does.

(b) Theory testing.

Thus far, I have talked of the procedures through which I consider Marx to construct his explanatory theories, and the criteria by which they are governed. I have suggested that Marx first identifies his explananda, social forms of productive phenomena, by applying categories of production in general as criteria of relevance, and that he then constitutes his explanantes by retroduction from these phenomena. That is to say, he reasons from the phenomena to a set of explanatory hypotheses concerning the mechanisms behind them, hypotheses which, if they were true, would explain the particular forms the phenomena take; and what can count as an acceptable explanans is governed by the three criteria I advanced above. In inferences of this sort, the nature of the phenomena govern permissible explanantes, through the criteria; as Hanson phrases it, P controls H, not vice versa. The boundaries of legitimate theorising are established by the phenomena theory attempts to explain.

By this stage, then, Marx will have advanced an explanatory theory, consisting of a body of mutually consistent hypotheses, none of which

rest on the features of the phenomena which require explanation, and the ensemble of which would be capable, if true, of exhaustively accounting for these peculiar features, i.e., the social forms being investigated. To have done this much as well as, in Capital, Marx did in respect of the phenomena of capitalist production, must be judged a remarkable and massive achievement, and one with few parallels in social science. We might still be justified in asking, nonetheless, what would count as evidence in favour of Marx's analysis, independent of that appealed to in the process of its initial constitution. There are various reasons for this.

Firstly, retrodution is evidently a weak form of inference. There is no sense in which the conclusions (H) are necessarily implied in the premisses (P); indeed, on these grounds description of retrodution as a form of inference might itself be challenged. I have given my own reasons for thinking the description legitimate, and made clear the sense in which it is legitimate, above. But it is nevertheless undeniable that for every H there might be an H' equally capable of meeting retroductive criteria, and hence that logically speaking success in retrodution can give no guarantee of truth. The only reason we have for believing H to be true is that if true, it would explain P; in short, retrodution gives us no more than prima facie grounds for thinking H might be true. We should not, I think, make a fetish out of this: empirically, it is, I suggest, extremely unlikely that stringent application of retroductive criteria to theories purporting to explain the variety of phenomena embraced by Marx's analysis of capitalist production would leave many of them unscathed. At the same time, this should not be taken as a reason for denying the desirability of independent evidence.

Secondly, it is a notable feature of Marx's analysis that it depends upon the postulation of hypothetical entities, or qualities of empirical entities, which are not susceptible to direct observation. Value, and abstract labour, not to mention surplus-value, constitute paradigm cases. Not only does Marx postulate such entities; as we saw in respect of his explanations of fetishism and ideology in Chapter One, that they are not observable is itself crucial to the explanation; as is, as we just saw in respect of Marx's criticisms of Ricardo, the fact that they are, in some cases, distinct from what can be directly observed. Now, the proposal of hypothetical entities is not per se objectionable; and it could be ruled out a priori only on metaphysical grounds. But on the other hand, we might reasonably be suspicious of this strategy, where the only grounds for believing such entities or qualities to exist

were their capacity to 'save the phenomena'. In the absence of any independent evidence for their existence, critics might well conclude that the postulated entities and qualities have a status akin to that of the equants, eccentrics and epicycles of Ptolemaic astronomy. This was Bailey's charge against the Ricardian concept of value; it was later to be Bohm-Bawerk's central criticism of Marx.

There is reason, then, to demand of Marx that he provide evidence in favour of his theory other than that constituted by the phenomena it attempts to explain, or that he at least tell us what would count as such evidence. One does not have to be a positivist to see the desirability of independent support for retroduced explanantes. I will now attempt to show that, contrary to a widespread belief, Marx can (and on occasion does) appeal to such evidence. First, however, I must clarify the notion of evidence.

So soon as entities which cannot be observed, like value, as opposed to those, like viruses, which merely had not been observed when their existence was first proposed, are postulated, the notion of evidence becomes problematic. Clearly there can be no proof of the existence of such entities, or, a fortiori, of the validity of theories which suppose their existence. We may still, however, reasonably talk of independent evidence, i.e., evidence of a phenomenal kind which is independent of the phenomena from which an explanans was retroductively inferred, which would, for reasons we can specify prior to its observation, count for or against the theory. I will give two such examples here: the first, comparative evidence, was frequently, though not systematically, used by Marx himself; the second, which I will call predictive evidence, was not, I think, conceived by Marx as a way of testing his analysis (which is not to say he did not engage in prediction), but is thoroughly compatible with it. I will not explicitly consider the question of whether, in general, or perhaps I should say in the abstract, such procedures should be regarded as adequate to establish a theory; to do so would take me too far from an explication of Marx's analytic, deep into philosophical issues which are beyond the scope of this thesis. It suffices to state, here, that whatever problems remain are consequential upon Marx's own adoption of a realist conception of explanation, which, in his case involves postulating existential hypotheses which concern unobservables.¹³⁵

In order to elaborate the notion of comparative evidence, I need first to extend the description of Marx's analytic with which I

prefaced my discussion of Marx's employment of retroductive criteria.

I defined Marx's analytic, in general terms, as a search for the presuppositions, or conditions of existence, of the phenomena identified at the commencement of the analysis. These presuppositions were further specified as relations: variant forms of those "relations, in which the agents of ... production stand with respect to Nature and to one another"¹³⁶ identified in the analysis of production in general as conditions of any social production whatsoever, i.e., in the sense in which I defined the terms at the beginning of this chapter, forces and relations of production. Such was the "material groundwork, or set of conditions of existence" Marx was seeking.

I then argued that for Marx a claim concerning conditions could not be established inductively, but had to rest upon an account of the mechanisms through which the observed phenomenal forms were alleged to result from their imputed conditions. I pointed out that this involved a realist conception of explanation; to explain the phenomena is, for Marx, not simply to subsume phenomena under a universal 'law' (conceived as a statement of empirical regularities) coupled with a specification of initial conditions, but to generate an account in which cause is linked to effect not simply by regularity of succession, but by mechanisms conceived as producing the phenomena. This led me to discuss the notion of retroduction, and to argue that it is on what I termed retroductive criteria that Marx determines what constitutes a prima facie acceptable account of these mechanisms, or explanans. Although, therefore (for reasons that will become clear when I discuss Marx's 'dialectic') I defined the analytic as a search for conditions, or essential relations, my argument was that to establish these, the retroduction of mechanisms was necessary. My emphasis, therefore, was on the latter. Now, it is necessary to focus more specifically on the notion of conditions.

For Marx, it is, as I have argued, the case that claims concerning conditions must rest on accounts of mechanisms; but it is equally true to say that to postulate mechanisms without specifying the conditions on the basis of which the existence of those mechanisms can itself be explained, is, so far as Marx is concerned, equally unsatisfactory. To explain is not merely to postulate mechanisms from whose supposed existence the phenomenal forms follow, but also to elucidate the nature of the conditions which explain why mechanisms of that kind should operate at all. Indeed, the uncovering of conditions is the final goal of the analysis; from this standpoint, identification of mechanisms is a step along the way, albeit an essential one. Let me try to

show what I mean, with the aid of some brief, and by now familiar, examples.

When discussing the commodity, Marx first distinguishes use-value and exchange-value, and then analyses the latter. This analysis has two fairly clearly defined moments. First, Marx attempts to ascertain how exchange-value is possible. He reasons that if all commodities are able to acquire a shared value-form, then they must possess some common property which allows their quantitative comparison. Labour is just such a property (Marx in fact asserts: the only such property); he hypothesises, therefore, that value is materialised labour, and it is this that is expressed in the value-form. He then constructs an account of the (ideal) genesis of the value-form, which is a theory of how the commodity attains its manifest properties. The theory postulates the representation of the value of one commodity by the use-value of another (in the end, one other, money); the possibility of the representation is given by the commensurability of commodities as values. As values, commodities can stand in value-relations with one another, and therefore express one another's values. The analysis, however, by no means stops here. Marx goes on to point out, secondly, that the very existence of such mechanisms is problematic, for why on earth should what the theory holds to be relations between quantities of social labour be expressed in so roundabout, so apparently absurd a form? The initial analysis of mechanisms shows us how the value-form might be made possible; but it gives us no clue as to why things should happen that way. The rationale of the form itself has hardly been illuminated. It is on this point, we might recall, that Marx most heavily criticises the classical analysis of value. So Marx carries his analysis further. The existence of the mechanisms which are alleged to produce the value-form, he argues, is readily comprehended once the nature of the social relations of commodity production is grasped; the existence of devious mechanisms by means of which labour is exchanged ceases to be problematic where, as is the case in all forms of commodity production, no direct mechanisms through which labour could be socially distributed exist. The condition for the operation of the mechanisms which produce the value-form is the existence of private labour, or, otherwise put, the spontaneous division of social labour. It is this, therefore, which, via the mechanisms of the value-form, ultimately explains exchange-value. We should perhaps note, by contrast, the grounds on which Marx dismisses the conventionalist accounts of the value-form (money) advanced by economic theorists of the eighteenth century:

if it be declared that the social characters assumed by objects, or the material forms assumed by the social qualities of labour under the regime of a definite mode of production, are mere symbols, then it is in the same breath also declared that these characteristics are arbitrary fictions sanctioned by the so-called universal consent of mankind ... 137

The presuppositions are unacceptable; for the postulated mechanisms to work, in this case, would suppose the existence of conditions which bear no resemblance to those met with in commodity production.

The theory of surplus-value has a similar structure. If, Marx argues, the law of value applies, then how capital can profit despite the fact that its goods sell at their values (or, mutatis mutandis, prices of production) can be explained by the discrepancy between the value of labour-power and the value produced in its consumption. But to explain why this mechanism, which pumps surplus-value out of the direct producer, should operate, is not achieved simply by specification of the mechanism. Marx sets forth its conditions as follows;

For the conversion of his money into capital ... the owner of money must meet in the market with the free labourer, free in the double sense, that as a free man he can dispose of his labour-power as his own commodity, and that on the other hand he has no other commodity for sale, is short of everything necessary for the realisation of his labour-power. 138

In this case, a class relation is presupposed: the existence of Marx's 'pump' is explained by what Marx elsewhere called "a Decomposition of the Original Union existing between the Labouring Man and his Instruments of Labour"¹³⁹. Max Weber was rather more down to earth when he wrote, on the same topic, that it is "in contradiction to the essence of capitalism" for there not to be "workers who in a formal sense voluntarily, but actually under the compulsion of the whip of hunger; offer themselves ...".¹⁴⁰

Let us consider, finally, Marx's analysis of rent. Supposing the theory of surplus-value to hold, and the transformation of values into prices of production to take place, we can explain the possibility of differential rent arising out of discrepancies between market and natural prices consequent upon non-replicable productive advantages, and we can explain (on Marx's account¹⁴¹) absolute rent by the sale of products at or below their values but above their prices of production, when, as in agriculture, organic composition stands below the social

average. But, once again, this is to explain neither, in the case of differential rent, why the surplus profit should enter the pockets of the landlord rather than the functioning capitalist, nor, in the case of absolute rent, why the products of the worst land should sell above their prices of production at all. Marx explains both, as before, by the existence of the social relation which constitutes their condition: the institution of private property in land.

In fine, then, Marx reasons from phenomenal forms to mechanisms that could produce them, and then seeks to ascertain the conditions supposed for the operation of those mechanisms. The latter inference is vital, for reasons I will explore more fully when I discuss Marx's dialectic; but, briefly, it is only through inference from mechanisms to conditions that Marx locates essential relations, and it is only on the basis of the latter that he is able in turn to define the historicity of the forms under analysis. Juxtaposition of two of Marx's comments on the economists illustrates the point well:

Instead of labour, Ricardo should have discussed labour-power. But had he done so, capital would also have been revealed as a definite social relationship. 142

The economists do not conceive capital as a relation. They cannot do so without at the same time conceiving it as a historically transitory, i.e., a relative - not an absolute - form of production. 143

From here, we can move directly to the notion of testing of Marx's explanantes by comparative analysis. As I have endeavoured to show, Marx's analytic yields a specification of the conditions of existence of particular sets of phenomena, the link between the phenomena and their alleged conditions being established not by induction, but by an account of the mechanisms producing the former and stemming from the latter. The conditions, the postulated essential relations, are historical. Now, were we to find either that the phenomena existed elsewhere, without those relations being present, or that the relations existed, without similar phenomenal forms resulting, then Marx's claims would begin to look somewhat suspect. Conversely, were we to find a covariant absence of the two in other productive contexts, we could reasonably take this as indirect evidence in favour of our analysis. The kind of testing involved here is, to be sure, oblique. It may be the case that there exists some link between phenomena and conditions, sufficient to ensure their regular coupling, but that it is not that specified by Marx's analytic. If so, comparative testing of this sort would not expose it

or even suggest its existence. But it is nonetheless undeniably the case that Marx's conclusions are open to testing by comparison, and that such a test does involve appeal to independent phenomena.

It cannot, I think, seriously be argued that Marx used comparative data to test his theory of capitalism, at least not in any rigorous sense. His writings on other modes of production, though both extensive¹⁴⁴ and interesting, are far from systematic. The distinction I have drawn here between constructing and testing theories would in any case probably have meant little to Marx; his concern was to construct his analysis, and this was an activity which involved constant testing against the phenomena, as I tried to make clear above. The distinction rests on the nature of the phenomena against which the theory is judged; by testing, as opposed to construction, I mean to suggest not that construction of theories entails no empirical testing - on the criteria I have proposed it obviously must - but that testing, conceived as an independent procedure, involves recourse to phenomena other than those the theory is advanced to explain. It is testing in this latter sense that I suggest Marx did not systematically engage in. Given the undoubted difficulty of constructing a theory of capitalism which satisfied retroductive criteria, it would be surprising if he had.

However, there are intimations of such testing in his work. Occasions on which Marx felt the need to employ comparative data, or to engage in new historical research, in order to clarify aspects of his theory of capitalism itself are legion. Marx's manuscripts, and what we know of his research pattern, amply confirm this. It was, for example, immediately after arriving at what has some claim to be regarded as his most profound description of the dynamics of the labour/capital relation, in the Grundrisse¹⁴⁵, that Marx, having isolated its structural preconditions, launched into his lengthy comparative excursus into 'forms which preceded capitalist production'¹⁴⁶. We can find similar sketches of the relations constituting the latter, and explanations of differences in the phenomenal forms arising on their basis, in Capital III, most notably in the chapters on pre-capitalist forms of merchant's capital, interest, and rent.¹⁴⁷ These are not merely notes on the origins of capitalist production; indeed, judged as such, as exercises in providing a history, they must be deemed inadequate. Such investigations are far better regarded as elements in a comparative analysis, as attempts to outline, however briefly, other, distinctive sets of essential relations in terms of which manifest differences in social forms might be explained. These percolate through into Capital I and the 1859 Critique; which Marx of course prepared for press; often, in the exposition of an argument, we

find Marx explicating a point by comparative example. I have cited instances above, in connexion with Marx's analyses of value¹⁴⁸ and the wage form¹⁴⁹. It might be contended that Marx's comparisons rested on inadequate historical research; but the intention was clearly there. We might note, finally, that Marx, where relevant, went to considerable pains to employ such comparative material. If Engels is to be believed, one of the many factors which conspired to prevent Marx completing Capital's second and third volumes was his lengthy investigation into "the variety of forms both of landownership and of exploitation of agricultural producers in Russia", which country "was to play the same role in the part dealing with ground-rent that England played in Book I in connection with industrial wage-labour".¹⁵⁰ To this end, Marx began to learn Russian in 1869¹⁵¹, and procured large numbers of Russian books, journals, statistics, and so on direct from St. Petersburg,¹⁵² in the years that followed. Some of the conclusions Marx drew from these studies can be seen in his letters to the Editorial Board of Otechestvenniye Zapiski, and Vera Zasluch.¹⁵³ These letters admirably illustrate exactly that hostility to dogmatic a priori, and insistence on the necessity of reasoning from phenomena, I have tried to highlight here as essential features of Marx's scientific method. In sum, therefore, I do not believe Marx would have been in any way hostile to the notion of testing his conclusions through comparative analysis; he drew on comparative data frequently enough in his attempts to formulate them.

Let us now turn to the second method of independent testing mentioned above, that of test by prediction. We may begin by distinguishing between prognoses and predictions. Marx was fairly free with the former (though less so than his detractors make out), but extremely cautious with the latter.

By a prognosis I mean a suggestion as to the course of future events, which, whilst being well-grounded in the analysis of the mechanisms and conditions which underly present phenomena, cannot be generated out of this analysis by simple deduction. Examples would include Marx's various prophecies concerning the inevitability of the revolutionary overthrow of capitalism, like the famous passage in the penultimate chapter of Capital I which concludes with the words: "The knell of capitalist private property sounds. The expropriators are expropriated."¹⁵⁴ Marx clearly had good reason to think, given his analysis of the contradictions of capitalist production, that this was a likely outcome of its development; he also had sound political reasons for making his conclusion explicit, and for employing the rhetoric of inevitability. But he never, to my

knowledge, made any serious attempt to prove the necessity of the triumph of socialism. Had he tried, he would not have succeeded, as he probably very well knew. Prognoses of this sort obviously cannot be used to test a theory; if they are not logically entailed by a theory, then instances of their falsification do not suffice to invalidate it. It is misleading to treat prognoses as predictions; the former may be reasonable conjectures, but they remain conjectures nonetheless. To do so in the case of Marx's anticipations of socialism is not only churlish, but silly; a defender need only reply that since Marx's analysis of the contradictions of capitalism never entailed the conclusion that socialist revolution must break out in the heartlands of capitalism in the first place, but merely suggested its likelihood, the failure or otherwise of the western proletariat to rise has no bearing on the question of the validity of Marx's analysis of the capitalist mode of production as such.

By a prediction, I mean something very much more specific; a deduction of what necessarily follow if (1) certain laws, $L_1, L_2, L_3 \dots$, themselves deducible from the theory, T , apply, and (2) requisite antecedent conditions, $C_1, C_2, C_3 \dots$ are satisfied. Let us call the prediction E . The form of the inference is syllogistic, and the necessity logical. The truth of the propositions comprising $L_1, \&c.$, and $C_1, \&c.$, logically entails the truth of E . If, therefore, E is shown to be false, either $C_1, \&c.$ must be false (i.e. the requisite conditions were not satisfied) or $L_1, \&c.$ must be false (or both might be false). If $L_1, \&c.$ is false, and $L_1, \&c.$, is entailed by T , then T must either be rejected or else developed in such a way that it can account for E .

The schema is a conventional enough one, and can clearly be applied to Marx, since lawlike statements occur in his explanantes. I do not, incidentally, mean to suggest by this that an argument fitting this form would comprise an adequate explanation for Marx; I have suggested that his conception of explanation is essentially a realist one, and for any realist, that a phenomenon can be subsumed under a covering law does not suffice to establish an explanation as adequate. My point is merely that since Marx's explanations involve laws, they can sustain predictions; and since they can sustain predictions, they can also be tested by them.

Having made the point, I am bound to add that there are difficulties, not ones of principle, but of practice, which severely restrict the scope of this method of testing. Since they are both well known, and common to all social science, they do not require extensive discussion. Marx was also well aware of them. He does predict, as well as offering more or less spectacular prognoses. We have, for example, predictions of

the increasing divorce of the ownership of capital from its day-to-day management¹⁵⁵ or of the growing importance of the joint-stock company¹⁵⁶ with the development of capitalist production. We also have apparently much less successful predictions like the increasing immiseration of the proletariat¹⁵⁷ or the tendency of the rate of profit to fall.¹⁵⁸ All are subject to some degree of empirical test, and can thus be used as indices of the validity of the theory. It is notable, however, that in his predictions strictu sensu, in contrast to his prognoses, Marx is, as a rule, extremely cautious. He insists, for instance, in referring to the falling rate of profit as a tendency and not a law, and lists no less than six counteracting influences.¹⁵⁹ This latter does not represent a collapse into the ad hoc invoking of exceptions with which Marx charged Ricardo; where the influences which counteract the tendency do not themselves derive from the self-same laws from which the tendency is deduced (e.g., cheapening of constant capital), they are explicable on their basis (e.g., increasing intensity of exploitation, or depressing of wages below the value of labour-power). The caution is justified; but the effect is to render testing highly problematic.

The caution is justified, because of the large number of variables with which Marx is dealing; but testing becomes problematic, because the force of predictions is weakened, and their non-fulfilment may even to a degree be anticipated and explained in advance. Hence, it might be argued, there is no effective sense in which the theory can be tested by prediction.

I believe this conclusion would be erroneous; but at the same time the simple deductive schema set out above needs some refinement. We can, I think, go beyond the counterposing of what in principle is possible and what in practice occurs by using, for the time being, a language of models rather than one of laws and instantiations.

I have suggested that Marx's explanation takes the form of a theory of the mechanisms which produce the visible phenomena, and an analysis of those conditions that have to be presupposed for the operation of these mechanisms. We can conceptualise a theory of mechanisms as a model, the model being not a heuristic device, but an analog of mechanisms whose existence is assumed. We may manipulate the model, in order to ascertain what would happen, were the changes to which we have subjected our model to be reproduced in reality. Marx frequently does this: his normal method is to work with a restricted number of elements, hold some constant by assumption, and ascertain the consequences for the system as a whole of variations in the others.¹⁶⁰ The logical form of this is precisely that of prediction as characterised above. Mutatis mutandis,

the rules by means of which we calculate how the model will respond are the L_1 , &c., of the predictive schema, and the initial situations we assume on the model are its C_1 , &c.

Now, empirically, real elements clearly cannot be held constant in the way we hold some constant on the model by assumption; and there are numerous factors capable of affecting the behaviour of the system which are intrinsically unpredictable, even though, with the aid of our model, we can extrapolate what the likely consequences of their occurrence would be. We cannot, for example, predict the incidence of inventions or bad harvests; nor can we do more than offer prognoses as to the probable course of class struggle. These are all factors, however, which will influence, say, the level of the rate of profit at any given point in time. All we can do is to work out possible scenarios, which show how, from a given state of the system, inventions, bad harvests, or the level of militancy of the working class would affect the rate of profit were the assumed conditions to arise. We can, in short, hypothesise various possible lines of development from a given situation, but no more. Such empirical predictions as we can offer, therefore, must always be tenuous, or more accurately, conditional. They will always be contingent upon the occurrence of antecedent conditions, some of which cannot themselves be predicted.

The implication is that the degree of certainty we can attach to such predictions as we make is inversely related to their spatio-temporal specificity. General prediction of trends, like those of capitalism to develop the productive forces, to open up an ever-expanding market, or to polarise the population into proletarians (by which I mean wage-labourers, not 'blue-collar workers' or 'lower-income groups') and capitalists, and reduce the number of the latter and increase the average size of their capital stock, is possible, since here unpredictable elements are likely to have only short-term offsetting effects. On the other hand, we would be foolish to attempt minute prediction as to the state of, say, the British economy in five years hence. Here, then, lies the difficulty; for the very level of generality of the predictions to which we attach any weight precludes their being easily confirmed or denied empirically.

I do not believe the difficulty is insuperable. It becomes such only if we insist on the temporal element in predictions; but I see no good reason for doing this, since the capacity of a prediction to officiate as independent evidence in favour of or against a law, and thus the theory from which the latter can be derived, is a function not of the time at which the prediction was made, but the logical relation of E to L_1 , &c., and C_1 , &c., and of L_1 , &c., to T, on the deductive-nomological schema.

If the occurrence or non-occurrence of E under conditions C_1 , &c. would have counted as independent evidence bearing on the truth of L_1 , &c. (and therefore the validity of T) if it had, as a matter of empirical fact, been predicted, then it must continue to do so whether it was predicted or not. If it was predicted, if C_1 , &c., figured amongst our possible scenarios, we are lucky. But if not, there is nothing to stop us reproducing C_1 , &c. on the model post festum, to ascertain whether E would have been predictable. The logical relations of explanandum and explanans would remain precisely the same. In short, the indisputable practical difficulties attending prediction in the social context do not mean that there is nothing which could count as independent evidence in respect of T; they merely mean that such evidence cannot be provided at will. This argument follows from a point modern positivists insist on ad nauseam¹⁶¹; where an explanation can be cast in the deductive-nomological form (and that it can is a sine qua non of prediction, in the sense I have defined it here), there is no distinction of a logical kind between prediction and what Reichenbach¹⁶² has called 'postdiction'. There is, finally, no inconsistency involved between accepting this point and adhering to the realist conception of explanation I ascribe to Marx. To recognise the symmetry of prediction and postdiction does not of itself entail the proposition that explanation and prediction are symmetrical. One may accept that particular explanations can be expressed in the deductive-nomological form, without having to accept either that only explanations which can be thus expressed are adequate, or that being thus expressed suffices to qualify an explanation as scientific. I have suggested that since Marx's explanations do contain lawlike propositions (as positivists understand them¹⁶³) they are capable of deductive-nomological expression, and can therefore yield predictions. I have also suggested that for Marx the function of T is to explain L_1 , &c., and explanation is conceived in terms of giving a description of the mechanisms through which the operation of L_1 , &c., is brought about. There is no incompatibility between the two.

I have argued, then, that there is independent evidence, of a phenomenal kind, which would count in favour of, or against, the theory by means of which Marx attempts to specify the mechanisms behind the observable phenomena of a given mode of production. Such evidence is not conclusive; it cannot be, so soon as unobservables are postulated, i.e., so soon as theoretical terms are granted ontological status. If, therefore, we insist that in order for it to be scientific, all the propositions in an explanation must be susceptible to empirical testing,

then we must conclude that Marx was no scientist. If, on the other hand, we require rather that for an explanation to be considered as scientific, it must be possible to adduce empirical evidence bearing on the question of its truth or falsity¹⁶⁴, then, if my account of Marx's analytic is broadly correct, we may reasonably regard Capital as a paradigm of scientific research. However, the question of a general criterion of scientificity is hardly one I have set out to answer in this thesis. My aim has not been to judge whether the epithet 'scientific' can validly be applied to Marx's work, but to attempt an analytic reconstruction of the procedures of what Marx practiced under the name of science. Whether the appellation is merited is an issue I happily leave to others to debate.

(ii) Marx's 'Dialectic'.

Let us begin by considering the fate of one of those 'simple categories' of political economy, with which Marx, in October 1857, had contemplated starting his work on capitalism. My example - a somewhat extreme, but highly symptomatic one - is that "simplest abstraction ... which modern economics places at the head of its discussions", labour.

The concept 'labour' - "'labour', 'labour as such', labour pure and simple"¹⁶⁵, as Marx phrased it in 1857 - has no status within the conceptual lexicon of Capital. To be sure, Marx talks of many forms of labour; but the point is that he talks precisely of forms of labour. We saw that Marx, in 1857, was aware of the ambiguous reference of the concept 'labour'. By 1867, both the ambiguity and the concept have disappeared entirely. 'Labour' is henceforth qualified: it is useful or abstract, private or social, slave or wage labour, but never labour tout court. Listen to Marx, talking of Ricardo in 1862:

Ricardo starts out from the determination of the relative values (or exchangeable values) of commodities by the "quantity of labour" ... The character of this "labour" is not further examined ... Ricardo does not examine the form - the peculiar characteristic of labour that creates exchange-value or manifests itself in exchange-values - the nature of this labour. 166

To be more specific, Marx rigorously distinguishes that sense in which the classical category 'labour' "expresses an immeasurably ancient relation valid in all forms of society"¹⁶⁷, and that sense

in which it is "as modern a category as are the relations which create this simple abstraction".¹⁶⁸ By the time Capital is written, the two referents devolve on entirely different concepts: 'useful' and 'abstract' labour respectively. Marx insists, moreover, that their distinction is "the pivot on which a clear comprehension of Political Economy turns"¹⁶⁹; "All understanding of the facts depends upon this"; it is "the whole secret of the critical conception"¹⁷⁰. Now, the way in which Marx fractures the classical concept of labour is not arbitrary or ad hoc. It is solidly grounded in clear principles, and these are those in accordance with which his entire critique of the economic categories proceeds. To this extent, the example of labour, though extreme (in that the category itself disappears, rather than being retained with a new meaning), is paradigmatic. It admirably exemplifies what I mean by Marx's dialectic.

What Marx does with 'labour' is this. He subsumes such features of 'labour' as are genuinely universal, i.e., those attributes common to anything that can be called human labour, under the unambiguously transhistorical category, 'useful' or 'concrete' labour. This category can be predicated of all social forms of human labour, since it apprehends what it is that makes it possible to describe them as members of the same class of phenomena. For Marx, it would be self-contradictory to deny that a particular form of social labour was useful, in his sense of the term, since 'usefulness' is a defining property of the class 'human labour'. To employ the category 'useful labour' is therefore truly to point to "an immeasurably ancient relation valid in all forms of society". On the other hand, those attributes which make the classical concept 'labour' a specifically modern category are grasped independently, through the concept of 'abstract labour'. The latter is an explicitly historical category: it refers to a particular social form of labour, i.e., to a member of the class 'useful labour' whose singularity is defined by its possession of specific attributes not contained in the concept of the class itself. There is, for Marx, no contradiction involved in denying that a particular form of labour is abstract. Being abstract is a property human labour acquired only under specific historical conditions; to employ the concept of abstract labour is therefore to point to those conditions.

Now, it is evident that the basis of the category 'useful labour' - like that of all Marx's transhistorical categories - lies in his analysis of production in general. The problem that has dominated this chapter, however, is that of the basis on which Marx's historical

categories, like abstract labour, are constructed. The answer should by now, I would hope, be obvious enough. The principles on whose basis Marx constructs his historical categories are those which govern his analytic.

I have conceptualised that analytic as having two stages: isolation of social forms, Marx's explananda; and retrodution of conditions of possibility, the essential relations which constitute Marx's explanantes. These two stages are successive moments in the definition of the historicity of the phenomena under analysis. Both involve going beyond what is phenomenally evident.

In the first moment of analysis, Marx applies his transhistorical categories in order to identify those particular attributes of relevant phenomena which define their social forms. There are no phenomenal grounds for this operation; observation of the phenomena of capitalist production alone, for instance, could not yield the conclusion that exchange-value was a merely historical attribute of the product of labour. We have looked at theories of value in Chapter One which had a sound basis in the phenomena of capitalist production, and which failed to identify the value-form as historical. Marx can only identify attributes of phenomena as historical because he has already analysed the characteristics of production in general, and constructed a set of transhistorical categories on that basis. From this analysis it follows that those attributes which phenomena possess, and which are not contained in the concepts of the classes to which they belong, must be historical. Hence, having analysed production in general, Marx can establish a distinction, on the phenomenal level, between those attributes that define phenomena as members of a class, and those that define them as historically bounded social forms.

However, this is to define the historicity of observed phenomena in an entirely negative fashion. Showing that certain observed features of phenomena are not shared by all members of their class tells us only that these features must be historical; but it does not tell us in what their historicity consists. The first moment of analysis, in short, constitutes social forms merely as explananda; they remain problematic. It is only the second stage of the analysis, Marx's analytic proper, which allows us to provide a positive account of the historicity of the forms with which we are dealing. The analytic reveals the nature of the conditions of existence of the observed phenomenal forms; the historicity of the latter can therefore now be defined by the essential relations of whose existence they are the

form of manifestation. Through his analytic, Marx achieves a secure foundation for his historical categories. The social forms described at the beginning of the analysis can be conceptualised at the end of it as phenomenal forms of essential relations. This conceptualisation is sustained by the claims of the analytic to have provided an adequate account of the mechanisms through which the presence of a given set of essential relations manifests itself phenomenally in the shape of the social forms under analysis. Despite the language of essence and appearance, there is nothing mysterious here; the analytic is subject to definite criteria, and its conclusions open to test, as I have shown above. Its effect, however, is to enable Marx to give a positive specification of the historicity of observed phenomena; their material groundwork or set of conditions of existence lie in the essential relations unearthed in the analytic, and these relations are themselves historical. Phenomena can take the observed forms, it is argued, only under such historical circumstances as are characterised by the existence of very specific relations between men and Nature, and amongst men themselves.

Thus, Marx's historical categories are by no means ad hoc or arbitrary constructions; they have a firm analytic basis. Each such category points to a definite ensemble of essential relations, which defines the sphere of its validity, and provides the principle of its construction. In 1847 Marx had written that

A Negro is a Negro. He only becomes a slave in certain relations. A cotton-spinning jenny is a machine for spinning cotton. It becomes capital only in certain relations. Torn from these relationships it is no more capital than gold in itself is money or sugar the price of sugar. 171

To construct the concept of slavery, of capital, of money, is precisely to specify the essential relations on whose basis the Negro becomes a slave, the jenny capital, and gold money. As Marx was to put it, succinctly, in Capital, "severance of the conditions of production, on the one hand, from the producers, on the other, ... forms the conception of capital".¹⁷² The relation forms the concept because it is the relation alone that, according to Marx, renders the manifest phenomena possible or comprehensible.

Now, the whole of Chapter One was an excursus into the operation of Marx's dialectic, and any extensive further exemplification would

largely be superfluous. I shall, therefore, illustrate Marx's dialectic by reference rather than by direct exegesis, and restrict what remains to be said to observations of a theoretical nature. I trust that the capacity of what is said here to characterise the procedures of those critical analyses rehearsed at length in Chapter One will be sufficiently evident.

Marx, as we know, regards economic categories as expressions of the relations of production. If the latter are historical, therefore, so must be the sphere of validity of the former. Because Marx assumes correspondence of the categories of consciousness and the forms in which essential relations manifest themselves in everyday experience, the boundaries within which the categories can validly be applied must be strictly coterminous with the conditions of possibility of the phenomena they express. However, we also know that the categories express essential relations not in their essential but their phenomenal forms; and the historicity of the latter need not be evident. In consequence, the historical boundaries of the validity of the categories need not be apparent either. Marx makes this explicit in some celebrated passages in his analysis of the fetishism of commodities. "The categories of bourgeois economy", he writes, "are forms of thought expressing with social validity the conditions and relations of a definite, historically determined mode of production, viz., the production of commodities".¹⁷³ The social validity of the categories consists in the fact that they do accurately grasp the social forms assumed by productive phenomena under the conditions of commodity production; they are, to use the terminology adopted in Chapter One, phenomenally adequate. However, that what is apprehended in the categories is a set of historical forms, rather than universal characteristics of phenomena of a productive kind, is by no means self-evident; the categories themselves do not betray the fact that their validity is historically and socially restricted until they are subjected to an analysis, a critique, of the kind outlined above. As Marx puts it,

Man's reflections on the forms of social life, and consequently, also, his scientific analysis of those forms, take a course directly opposite to that of their actual historical development. He begins, post festum, with the results of the process of development ready to hand before him. The characters that stamp products as commodities, and whose establishment is a necessary preliminary to the circulation of commodities, have already acquired the stability of natural, self-understood forms of social life, before man seeks to decipher,

not their historical character, for in his eyes they are immutable, but their meaning. 174

It should not be an occasion for surprise, therefore, if we find that phenomenal categories ordinarily conflate universal and historical attributes of phenomena, and ideologies predicated upon this original conflation have wide currency. The categorisation will be socially valid, and the ideologies will enjoy considerable phenomenal support. We saw plenty of instances of this in Chapter One.

Now, when I speak of Marx's dialectic, I mean, simply, the precision of categories and critique of ideologies which follows from his analytic as described above. The term dialectic is deliberately chosen, and its sense is the Kantian one. It is extremely apt; for Marx's redefinitions of categories, and criticisms of ideologies, are predicated upon his prior analysis of the conditions under which the categories can be validly applied. To determine the grounds of possibility of a particular form of discourse, in this case that of bourgeois political economy, is simultaneously to establish the limits of its validity. Marx's criticisms are directed towards the transgression of those limits.

Let me be more specific.

As regards concepts, what Marx does is rigorously to disentangle the universal and the historical elements which are conflated in phenomenal categories, and to redefine the former on the basis of the analysis of production in general and the latter on the basis of his analytic. I have exemplified this for the category 'labour'; but it is, as I have pointed out on several occasions, a systematic strategy. Exactly the same principles underly the distinctions of use-value and exchange-value, labour-process and production process, or technical and value-composition of capital. The same dialectic can be observed, and the fine details of its operation appreciated, in Marx's discussions of Smith's various conceptions of productive labour¹⁷⁵, or Ricardo's confusions between constant and variable, and fixed and circulating forms of capital.¹⁷⁶ What is at stake, in all these cases, is not merely conceptual precision; it is the provision of concepts capable of grasping the historicity of the phenomena they describe.

As regards ideological theories and explanations, what Marx does is rather more complicated. We saw in Chapter One that ideological accounts of capitalism typically conflated the historical and the universal at the level of their explananda, and this sustained

the denial of both history and social relations in the explanantes. A distinction might usefully be made here, which provides the basis upon which the difference in Marx's criticisms of vulgar economy and classical economy might be understood. It lies between kinds of ideological error, which call for different sorts of critical response.

The first kind of error is the more serious, and is the one we came across most frequently in Chapter One. In this case, the explananda are not conceived of, explicitly or implicitly, as social forms, i.e., as historical, and the mistake is repeated in the explanans. What results is the explanation of distinctively historical attributes of phenomena by theses logically capable of explaining only characteristics of the classes to which the phenomena belong. Examples include the explanation of value by the physical properties of commodities, or the attempts of the adherents of the trinity formula to account for the three revenues in capitalist society, and the value of commodities by the 'productivity' of the factors of production. Such relations are conceived by Marx as being between "incommensurable magnitudes".¹⁷⁷ The second kind of error follows directly from the first, but may also occur independently of it; it lies in the spurious generalisation of attributes which are historical, and therefore possessed only by some members of a class, to the class as a whole. Thus, for instance, labour is regarded as being intrinsically value-creating or wage-earning, or means of production are seen as per se capital.

For Marx, errors of the first kind necessitate the rejection of the explanations they support in toto. Errors of the second kind, on the other hand, may result not from the provision of explicitly ahistorical explanantes, as in the trinity formula, but from the mere extension of analyses generally valid in one historical situation to others, in which the analysis ceased to apply. The mistake would originate, in this case, not from an irredeemable defect of the initial analysis, so much as from a failure to pursue it to its conclusion, in which its historical parameters would be made explicit. Ricardo's theory of value constitutes a paradigm example. The theory is, in general, valid for commodity production; Ricardo's mistake is to universalise it. However, had he developed the theory adequately in the first place, the consequence could have been avoided. Unlike in the case of the first error, the remedy here is to develop the theory, and restrict its validity, not to completely abandon it. Marx makes the same point in respect of classical analyses of capital:

Finally a failure, a deficiency of classical political

economy is the fact that it does not convey the basic form of capital, i.e., production designed to appropriate other people's labour, as a historical form but as a natural form of social production; the analysis carried out by the classical economists themselves nevertheless paves the way for the refutation of this conception. 178

It does so, because in beginning to penetrate the mechanisms which are responsible for the phenomena of capitalist production, the analysis of the classical economists opens the road to the determination of the essential relations which their existence indicates and presupposes.

It is important to distinguish between vulgar and classical errors, and Marx was always careful to do so. But there is nevertheless a single target to Marx's dialectic, and it is this I am concerned to emphasise.

That target is the explanation which violates the historicity of the phenomena it attempts to explain.

4. Concluding Remarks

I began this thesis with the proud boast of The German Ideology to be a work not of philosophy, but of 'positive science', and its attendant claim that the premises of historical materialism are "the real individuals, their activity and the material conditions under which they live".¹ It rapidly became apparent that to begin with these real individuals was by no means so simple a project as it might at first sight appear. Positive science, for Marx, was by no means mere empiricism. What was phenomenally evident might well be deceptive. I sought to show, nonetheless, in my first chapter, that where, for Marx, the phenomenal was alleged to be deceptive, an empirical explanation had to be given. In this chapter, I have endeavoured to describe the procedures through which such explanations are generated, and the criteria to which they appeal. I hope I have shown that it remains a matter of importance for Marx that his premises remain "real premises from which abstraction can only be made in the imagination"², and that his theories are able to be "verified in a purely empirical way".³ It might be thought that I have insisted too strongly that Marx reasons from phenomena; for myself, I believe the insistence is justified, because Marx visibly does reason thus, because he considered it important that he should

reason thus, and because the fact that he does reason thus is insufficiently recognised in most discussions of his work. Marx is not, I believe, the Victorian (or, if you prefer, the Teutonic) 'grand theorist' beloved of commentators. He is not a builder of impressive a priori systems of theory. Impressive and systematic his work might be, but it is not, in the main, a priori. Marx remained a lifelong opponent of what he castigated, before he became a 'marxist', as speculative construction. He would, I think, cheerfully have assented, in his own field, to Isaac Newton's dictum: "the main business of natural philosophy is to argue from phenomena ...".⁴

By stressing this aspect of Marx's work so heavily, I do not mean to imply that Marx was in any way anti-theoretical. I am suggesting, rather, that he held a specific conception of theory and its relation to phenomena. Marx was the first to recognise that "in the analysis of economic forms, neither microscopes nor chemical reagents are of use. The force of abstraction must replace both".⁵ He was also the first to criticise the "crass empiricism"⁶ of the economists, their "lack of theoretical understanding needed to distinguish the different forms of the economic relations ... in their coarse grabbing at and interest in the empirically available material".⁷ My point is simply that for Marx, the purpose of abstraction is to illuminate empirical phenomena, and the boundaries of legitimate theorising are established by the phenomena theory seeks to explain. Theorising, in other words, is not a speculative but an explanatory activity; it therefore departs from, and is always accomplished with reference to some definite set of phenomenal explananda.

Nor am I implying that Marx makes no a priori assumptions. My point is merely that those he does make are fewer in number, and different in kind, from the ones which are often ascribed to him. He need not, for instance, assume a priori that all societies have an economic basis and a legal, political and ideological superstructure, that class relations depend uniquely on ownership of the means of production, or that all societies necessarily have to progress through a fixed series of evolutionary stages, the transition between them being secured by contradictions between forces and relations of production.⁸ Marx does not, in general, assume what needs to be proven, and the analyses I have presented here are in no way logically dependent on his making assumptions of this kind. What he does assume a priori is as much as has to be assumed to make empirical analysis possible.

Thus, for example, Marx makes general ontological and epistemolog-

ical commitments, as any analytic strategy whatsoever must. In his case, these are of a materialist kind. Such assumptions are beyond test, for the simple reason that any conceivable testing procedures would themselves presuppose similar commitments. More narrowly, Marx also makes substantive, and still a priori, assumptions in his analysis of production in general; statements about the world which he evidently treats as self-evident truths.⁹ In respect of these latter, however, what matters is this. They do not and cannot officiate as the axioms of a general theory or philosophy of history or society, from which we deduce 'theorems' relating to particular historical epochs or social formations. Their role is a quite different one. They exist in order to define a field of enquiry, and they accomplish this by providing the basis on which a set of concepts can be constructed, by means of which we can identify relevant phenomena in empirical contexts. But this merely enables the constitution of explananda; and it is with these that the real theoretical labour begins. Explanantes cannot be derived a priori from the assumptions Marx makes concerning production in general. This is implicit in the very definition of explananda by attributes of the phenomena which are not capable of explanation on the basis of the analysis of production in general. The provision of explanations, the construction of adequate concepts, and the critique which these sustain are therefore emphatically a posteriori activities. They must in all cases proceed from, and be bounded by, some definite set of phenomenal explananda. It is in this sense that I deny that Marx is a grand theorist, and insist that he argues from phenomena.

It is time we stopped conceiving historical materialism as 'the materialist theory of history'. We have no such theory; we have a number of explanations of discrete phenomena, from which, to be sure, Marx sometimes overgeneralised - generalisations which he was no less slow to correct when it mattered.¹⁰ What defines Marx's work as historical and materialist is not its conclusions. It is the methodology through which they were generated.

APPENDIX

CAPITAL : SOME BACKGROUND INFORMATION

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1. THE MANUSCRIPTS OF CAPITAL

- (A) 1857-8. Grundrisse der Kritik der Politischen Oekonomie (Rohentwurf) (1858a)

The above is the title supplied by the Marx-Engels-Lenin Institute, Moscow (hereafter MELI) to Marx's voluminous ms. of 1857-8. That Marx himself might have preferred the title 'Critique of the Economic Categories' is indicated by his letter to Lassalle of Feb. 22, 1858. (1858b) Nicolaus (1972) provides a detailed description of the ms.; see also McLellan (1971). Briefly, the ms. consists of three main parts:

- the short fragment 'Bastiat and Carey', written in July 1857. Though there is an obvious thematic connection, the relation of this to the main ms. is unclear.

- the 'General Introduction' (1857a), written from the last week in August to mid-September 1857.

- the main ms., comprising two chapters, 'On Money' and 'On Capital'. The bulk of this was composed between October 1857 and March 1858, a few pages being added in May 1858. The chapter 'On Money' adds up to 125 pp. in the English edition, the chapter 'On Capital' to 654 pp.

The Grundrisse is generally recognised as the first draft of what was to become Capital. It contains material not subsequently developed in the later work, but also contains formulations which were later to be superseded. Marx twice revised the chapter 'On Money' during 1858; the surviving drafts can be found appended to both the MELI Grundrisse and the French translation (1858f), along with extracts from Marx's 1850-51 reading notes on Ricardo, his own indices to the 1857-8 mss., and other miscellanea. A third revision was published as the 1859 Critique (1859b). For this, Marx replaced his 1857 'General Introduction' with a now famous 'Preface' (1859a), for reasons he explains in the latter.

The Grundrisse has a singularly unfortunate publishing history. It was not published in any form until as late as 1939 and 1941 (first and second volumes respectively), and this was only in a limited edition (MELI, Moscow, FLPH). Few copies 'reached the West'. The MELI edition was reissued in photo-offset reprint in 1953, by Dietz-Verlag, Berlin. The French translation followed in 1967/8 (again, two volumes); the first full English translation, Martin Nicolaus's, not until 1973. Hobsbawm (1964) and McLellan (1971) had previously translated sections, the former, the valuable and comparatively self-contained excursus into pre-capitalist economic formations.

The 'General Introduction' fared rather better. It was first published by Kautsky in 1903, and an English translation followed in the following year. Numerous translations (e.g. Nicolaus, with 1858a, Ryazanskaya, with 1859b, and McLellan, in his 1971) now exist.

(B) Aug. 1861 - June 1863. Zur Kritik der Politischen Oekonomie

This is a continuation of the 1859 work of the same title (1859b) and represents a complete redraft of the Grundrisse chapter 'On Capital'. The title of the ms. is Marx's own. The whole consists of 23 Notebooks, totalling 1,472 pp., which, according to Engels's description in his 1885a, break down as follows:

- Notebooks I - V, pp. 1-120, and Notebooks XIX - XXIII, pp. 1159-1472. First full draft of Capital I, from the present Part II to the end.

- Notebooks VI - XV (Jan. 1862 - Jan. 1863), pp. 220-972. First and only draft of Marx's intended final volume of Capital, subsequently published as Theories of Surplus Value.

- Notebooks XVI - XVIII, pp. 973-1158. "Subjects which were later developed in the manuscript for Book III", including capital and profit, rate of profit, merchant's capital and money-capital.

Some additional information on this ms. can be gleaned from Fedoseyev et al, and the editorial Preface to Theories of Surplus Value (1863a), which gives a fuller description than does Engels of those parts of the ms. from which the latter is compiled. Fedoseyev et al tells us that "Some notebooks of the manuscript deal with subjects relating to Volumes Two and Three of Capital, like the movement of money in the process of capitalist reproduction, reproduction (mainly simple reproduction), surplus-value and profit, the conversion of profit into average profit, loan and commercial capital, commercial profit, and the tendency of the rate of profit to fall with the advance of capitalist production" (p.364). The reference is, presumably, either to those parts of Theories of Surplus Value in which these topics are treated (some of them at length), or to Notebooks XVI - XVIII. The editorial Preface to Theories of Surplus Value makes it clear that in addition to those Notebooks cited by Engels, material from Notebook XVIII, and some more or less self-contained pieces in Notebooks XX - XXIII (written during the spring and summer of 1863) also treat of the history of the theory. These are included with the edition of Theories of Surplus Value employed here, in the form of Addenda to the three parts.

Kautsky first published Theories of Surplus Value in 1905-10. The editors of the edition used here accuse him of both distortion of Marx's arrangement of the material and numerous cuts in the text (See 1863a:20-24). A partial English translation of the Kautsky edition, by G. A. Bonner and Emile Burns, was issued by Lawrence and Wishart, London, in 1951. The first full English edition is that used here.

(C) Ms. of Aug. 1863 - Dec. 1865. / Draft of Capital III /

With the exception of one or two later revisions of isolated topics (detailed below) this was effectively the only full draft of Capital III. Engels describes it as "a first extremely incomplete draft. The beginnings of the various parts were, as a rule, pretty carefully done and even stylistically polished. But the farther one went, the more sketchy and incomplete was the manuscript, the more excursions it contained into arising side-issues whose proper place in the argument

was left for later decision, and the longer and more complex the sentences, in which thoughts were recorded in statu nascendi." (Engels, 1894b; which contains a detailed account of Engels's trials and tribulations in producing Capital III from this ms. and other fragments).

Fedoseyev et al describes the ms. as "so large that the chapter on ground-rent alone could have been a separate book". (p.366)

(D) Immediate Results of the Process of Production

This, the so-called 'sixth chapter' of Capital I, was originally intended by Marx (according to the plan of Jan. 1863, reproduced in 1863a:414) to follow the discussion of Wakefield with which Volume I as he finally published it in 1867 terminates. The title is Marx's own. The dating of this ms. is uncertain. The editors of the French translation (1865c) give sometime between June 1863 and Dec. 1866; McLellan (1973:473) places it after Value, Price and Profit (1865a) and 'On Proudhon' (1865b), which gives its earliest date of composition as 1865. This ms. was first published in Archiv Marksas i Engelsa, Moscow, 1934. No English translation exists, though one is projected for the forthcoming Penguin translation of Capital I.

(E) "Manuscript I". 1865 or 1867.

150 folio pp. "The first separate, but more or less fragmentary, elaboration of Book II as now arranged". (Engels, 1885a)

(F) "Manuscript III"

Engels does not date this, but it must come between either Ms. I and Ms. IV, or Ms. IV and Ms. II. It is clear from Fedoseyev et al (p. 379) that all four mss. (E) - (H) were written sometime between 1865 and 1870.

This ms. includes:

- references to Marx's own extract books, and further quotations, for Part I of Volume II.

- elaboration of specific points, particularly concerning Adam Smith's views on fixed and circulating capital, and the source of profit.

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

(G) "Manuscript IV"

An "elaboration, ready for press, of Part I and the first chapter of Part II of Book II". (Engels, 1885a).

(H) "Manuscript II" 1870.

"The only somewhat complete elaboration of Book II". Of this ms., Marx says, in his notes for the final editing, "the second elaboration" (the first meaning Ms. IV) "must be used as the basis". (Engels, 1885a).

(I) The relation of the rate of surplus-value to the rate of profit. Notebook written between May & Aug. 1875.

The title is Marx's. The topic is treated entirely in mathematical equations. Engels used an edited summary of this provided by Samuel

Moore as the basis for Ch. III of Capital III..

- (J) Differential rent and rent as mere interest on capital incorporated in the soil. Fragment. Feb. 1876.

Engels employed this in Ch. XLIV of Capital III (1864a:745f.)

- (K) "Manuscript V" March 1877 onwards.

56 folio pp. A new elaboration of Volume II, covering the first four chapters only. According to Engels, this ms. "is still little worked out. Essential points are treated in footnotes. The material is rather collected than sifted, but it is the last complete presentation of this, the most important section of Part I." (Engels, 1885a).

- (L) "Manuscript VI" After Oct 1877, before July 1878.

17 quarto pp. First attempt to prepare from Ms. V a text ready for press, covering the greater part of ch. I of Volume II.

- (M) "Manuscript VII" Dated by Marx '2nd July 1878'.

7 folio pp. Second and last attempt to prepare Volume II for press.

- (N) "Manuscript VIII"

Undated by Engels, but presumably after (M). This constitutes a revision of Part III (and, in conjunction, Part II, ch. XVII) of Volume II as originally treated in (H). Engels comments: "the logical sequence is frequently interrupted, the treatment of the subject gappy in places, and very fragmentary, especially the conclusion. But what Marx intended to say on the subject is said there, somehow or other". (Engels, 1885a).

- (O) "a fresh version of Part III, 'The law of the tendency of the rate of profit to fall', for Book III". (Fedoseyev et al: 378). 1880.

Fedoseyev et al mentions this ms., but gives no description of its contents. Engels does not mention it either in his Preface to Capital III (1894b) nor the Part in question. Fedoseyev et al does not tell us what use, if any, Engels made of this ms. Engels himself claims to have written Part III of Capital III from Marx's original draft, (C).

With the exception of isolated passages from Marx's excerpt books, which are footnoted by Engels when they occur, the above mss. (B) - (C), (E) - (N) and possibly (O) constitute the basis from which Engels constructed Volumes II and III of Capital, and Kautsky, and subsequently the editors of the edition used here, Theories of Surplus Value (B).

2. CAPITAL : PUBLICATION DETAILS.

On Volume I, see Chapter One, section 2, note 2. Engels published Volume II in 1885, and Volume III in 1894.

NOTES

CHAPTER ONE

SECTION ONE

1. 1859a:22.
2. Ibid.
3. One chapter of The German Ideology was published during its authors' life-times (Vol. II, Ch.IV; Das Westphalische Dampfboot, Aug/Sept 1847). The manuscript passed, via the German Social-Democratic Party, to the Institute of Marxism-Leninism of the CPSU. The first full publication, in the original German, took place in the USSR in 1932. A partial English translation followed in 1938 (London, Lawrence and Wishart, ed. R. Pascal). The first full English edition did not appear until 1965. I mention these details since, along with much of Marx's early work - whose 'marxist' status, is, however, more disputed - The German Ideology was not available to many of those who did much to establish the contours of the debates around historical materialism: Kautsky, Plekhanov, Labriola, Lenin, the young Georg Lukacs, to mention but a few.
4. I refer particularly to the first section of the work, entitled 'FEUERBACH, Opposition of the materialistic and idealistic outlook'; and I stress, in Marx. Engels provided his own expositions of the materialist conception of history, most notably in Anti-Dühring. (Engels, 1894a) Colletti (1968) contains a fine account of certain of the ambiguities in Engels' 'testament', and their consequences.
5. 1846a:38. See also ibid., 258-9.
6. 1846a:38. See also ibid., 259.
7. 1846a:31. This is not the only occasion on which the empirical criterion is insisted upon: see ibid., pp.36,38, 40.
8. 1846a:30.
9. 1846a:38. The following sentences, taken from a passage Marx and Engels deleted from the final ms. of The German Ideology, may clarify what is conveyed by this notion.

/idealism/ regards the world as dominated by ideas, ideas and concepts, as the determining principles, and certain notions as the mystery of the material world accessible to the philosophers.

[...]

All the German philosophical critics assert that hitherto real men have been dominated and determined by ideas, images and concepts, and that the real world is the product of the world of ideas. [...] ... they agree in their belief in the hegemony of ideas. [...]

According to the Hegelian system ideas, thoughts, and concepts produced, determined, dominated the real life of men, their material world, their actual relations.

(1846a:24, editorial fn.)

See also ibid., 29-31.

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10. 1846a:38

"The ideas which these individuals form are ideas either about their relation to nature, or about their mutual relations, or about their own nature. It is evident that in all these cases their ideas are the conscious expression - real or illusory - of their real relationships and activities, of their production and intercourse and of their social and political organisation. The opposite assumption is only possible if in addition to the spirit of the real, materially evolved individuals, a separate spirit is pre-supposed." 1846a:37. (Ed. fn. Deleted passage in ms.)

11. 1846a:(respectively) 42 (deleted passage, ed. fn.), 102, 42, 57 (marginal note by Marx, ed. fn).

These points are reiterated at length as late as 1880. Consider, for example, the following passage from Marx's 'Marginal Notes on Wagner' which, in its attack on Adolf Wagner's assumption that "the relations of men to nature are not initially practical ... but theoretical" powerfully echoes Marx and Engels' ridicule of Stirner over the same point thirty years previously. (1846a:126f). It reads:-

... in no sense do men begin by 'standing in this theoretical relation to things of the external world'. They begin like every animal, by eating, drinking, etc., i.e., not by 'standing' in a relation but by actively responding, by mastering certain things of the external world by deeds, and thus satisfying their needs. (I.e., they begin with production.) /.../ At a certain level of development .. they reach the stage of linguistic baptism for the whole class of these things distinguished from the rest of the external world experientially. /.../ But this linguistic designation simply expresses as an image /Vorstellung/ what repeated confirmation had made an experience ... (1880a:46)

12. See 1846a:253f; and, inter alia, 1867a:71fn.; 1880a:49,53f.

13. 1846a:504.

14. 1846a:37.

15. 1846a:38

16. See 1846a:80 (in respect of law and religion), 164 (in respect of Christianity); "There is no history of politics, law, science, etc., of art, religion, etc." Ibid. 671 (Manuscript variant.)

17. See, for example, Engels 1886b:38-39 and passim. Althusser (1962, 1963), Godelier (1964b, 1970) and Nicolaus (1972, III) contain sensitive discussions of this issue.

18. By 'other works of that period', I mean principally, Marx, 1845a.

19. 1846a:276.

20. 1846a:38. "It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness." 1859a:21.

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21. See, for example, 1867a:75 (quoted below, p.187); 1880a:46 (quoted above, this section, note 11).
22. These themes are taken up in more detail in ch.2 below.
23. 1846a:542. The three occasions are here, and those cited in the next two notes.
24. 1844b:78-83.
25. 1846a:64
26. 1846a:102
27. 1846a:109
28. Hegel, Phänomenologie, quoted 1846a:141.
29. 1846a:362. The concept in question in this case is that of 'right'.
30. Central to this are the creation of fictitious subjects by abstraction from existing conditions, coupled with an implicitly teleological reading of history. See, inter alia, 1846a:50,63-4,86,89,135,154f, 189,295,303. The same themes are central to Marx's critique of Proudhon of the next year: see 1847a, ch.2, section I. Compare, finally, the remarks on the teleological strain in bourgeois economics in 1857a:105-6.
31. The phrase is Marx and Engels' own.
32. In his preface to the Paris Manuscripts, Marx writes: "Besides being indebted to these authors who have given critical attention to political economy, positive criticism as a whole - and therefore also German positive criticism of political economy - owes its true foundation to the discoveries of Feuerbach ... It is only with Feuerbach that positive, humanistic and naturalistic criticism begins. The less noise they make, the more certain, profound, extensive, and enduring is the effect of Feuerbach's writings, the only writings since Hegel's Phänomenologie and Logik to contain a real theoretical revolution." (1844a:232). But note Marx's qualification two pages later. Further on, Marx is more specific: "Feuerbach's great achievement is: (1) The proof that philosophy is nothing else but religion rendered into thought... i.e., another form and manner of existence of the estrangement of the essence of man; hence equally to be condemned; (2) The establishment of true materialism and of real science, by making the social relationship of "man to man" the basic principle of the theory; (3) his opposing to the negation of the negation, which claims to be the absolute positive, the self-supporting positive, positively based on itself." Ibid., 328. See also Marx's glowing letter to Feuerbach of Aug. 11, 1844, in which he writes: "In these writings /Philosophie der Zukunft and Wesen des Glaubens/ you have provided - I don't know whether intentionally - a philosophical basis for socialism ... The unity of man with man, which is based on the real differences between men, the concept of the human species, brought down from the heaven of abstraction to the real earth, what is this but the concept of society?" (1844c) The emphasis in these latter two quotations is of interest, insofar as it indicates the main points at which Marx was later to find Feuerbach inadequate.

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The Theses on Feuerbach, of course, and The German Ideology (1846a: 54f., 104f., 256f.) spell Marx's criticisms out. For Marx's mature judgement, we must go to his 1865b.

Engels was if anything even more enthusiastic: see 1844b:124-6, and his retrospective comments in his 1886b. McLellan (1969:101-116) contains an excellent discussion of the development of Marx's attitude towards Feuerbach, and certain differences between his position and that of Engels. See also Colletti, 1974 for a fine defence of the position that despite his obvious debts, Marx never worked inside a Feuerbachian problematic, as Althusser (1961) contends.

33. "Owing to the fact that Feuerbach showed the religious world as an illusion of the earthly world- a world which in his writing appears merely as a phrase - German theory too was confronted with the question which he left unanswered: how was it that people "got into their heads" these illusions? Even for the German Theoreticians this question paved the way to the materialist outlook on the world, an outlook which is not without premises, but which empirically observes the actual material premises as such, and for that reason is, for the first time, actually a critical outlook on the world. This path was already indicated in the Deutsche - Französische Jahrbücher - in the Einleitung zur Kritik der Hegelischen Rechtsphilosophie and Zur Judenfrage, /1843c,b, respectively/ But since at that time this was done in philosophical phraseology, the traditionally occurring philosophical expressions such as "human essence", "genus", etc., gave the German theoreticians the desired excuse for misunderstanding the real trend of thought ... One has to "leave philosophy aside"... one has to leap out of it and devote oneself like an ordinary man to the study of actuality ... Philosophy and the study of the actual world have the same relation to one another as onanism and sexual love." 1846a:259.
34. 1845a
35. Ibid.
36. 1846a:57
37. 1846a:59-60
38. 1846a:38
39. 1846a:52. Marginal note by Marx. Ed. fn.
40. See above, Preface.
41. 1846a:31.
A passage deleted from the final ms. contains a rather different emphasis: "The first historical act of these individuals distinguishing them from animals is not that they think, but that they begin to produce their means of subsistence." (Ibid., ed fn.) This neatly encapsulates a central theme of the first part of The German Ideology and, as I hope to demonstrate throughout this thesis, of Marx's life-work. To focus, as a materialist, on production is for Marx ipso facto to develop a historical perspective: for production is precisely a process in which men simultaneously transform their circumstances and themselves.

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42. See 1857a, section (1). I discuss the notion of 'production in general' in Ch.2, section 1 below.
43. 1867a:177
44. 1867a:184
45. 1867a:178
46. 1864a:28, for example.
47. 1867a:178
48. 1846a:50
49. The interpretation of Marx's theory of ideology I shall develop in this chapter is heavily indebted to the seminal papers of Geras (1971), Cohen (1972) and Mepham (1972). Due acknowledgement must also be made to Maurice Godelier, whose 1964b advocates many points similar to my own and whose 1973, Parts IV and V; , provides stimulating analyses of ideology in non-capitalist societies which effectively embody them. This is not to say, obviously, that I am in total agreement with these writers in all respects. The most significant differences, however, are those of emphasis. In particular, I lay more stress than any of them on the fact that the consistent application of Marx's theory of consciousness necessitated his adoption of the kind of explanation of ideology traced out by these writers in his work. I therefore stress the importance of The German Ideology far more than, say, Mepham: for whilst Marx may well have developed a far more adequate and sophisticated theory of ideology in Capital, its raison d'etre lies in the view of consciousness propounded in the earlier work. Secondly, my overriding concern is to show the tight connexion between Marx's theory of ideology, as described in this first chapter, and his conception of science, as discussed in the next. Although all of the writers I have mentioned recognise this (above all Cohen) none go far towards specifying the scientific procedures through which Marx actually accomplishes his critique of ideology.
50. Some more than others. It is notable that in The German Ideology the illusions of the Young Hegelians are explained with reference to "their practical position in life, their job, and the division of labour". (1846a:65). The clear implication is that the distance of petty bourgeois intellectuals from the production process is an important factor in the inanity of their ideologies. There is no evidence whatsoever that Marx even relinquished this view, and therefore to draw as wide a gulf between the theories of ideology in The German Ideology and Capital as Mepham (1972) does is unjustified. However, there is an undoubted shift of emphasis.

In Capital, it is not distance from production, but the nature of the bourgeois production process itself which is central to Marx's explanations. Plenty of examples will be considered below. Hence, it is not just 'speculative constructions' hatched in the ivory towers of philosophy, but ordinary language itself which is ideological. On this, see, particularly, 1863c:501-4.

The difference of emphasis, however, need not be explained by a radical change in Marx's theory of ideology, although the latter obviously developed after 1846. It can as easily be accounted for in terms of the differences between the ideologies considered.

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51. See, inter alia, 1846a:41; 1847b:28. Both are quoted below, pp. 103-4, and 101 respectively.
52. Some of Marx's formulations, when taken out of context, might be used to support an "indoctrination" thesis. There is, for example, the famous one in The German Ideology (1846a:61) which begins with the words: "The ideas of the ruling class are in every epoch the ruling ideas" and continues, inter alia, "the class which has the means of material production at its disposal, has control at the same time over the means of mental production so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it." What is often left out when this passage is cited is the sentence which immediately follows: "The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance." Here the argument is that it is because the existing material relations support a ruling class and these relations are "ideally grasped" as ideas that the ideas of the ruling class are the dominant ones in a class society. As we shall see below, this is certainly the explanatory paradigm in Capital.
53. Cohen, Geras and Mepham make no attempt to confront this particular problem: and nor, indeed, do most marxists.
54. Compare, for example, the passages from The German Ideology and Theories of Surplus Value quoted in Ch. II, section 1, note 34, below, concerning how, owing to the nature of capitalist production relations, men's productive forces "appear as a world for themselves". The difference lies in precision of formulation, not in theme.
55. The terms "phenomenal form" and "essential relations" are used in 1867a: 537. Synonyms include: "accomplished phenomena"/"internal machinery" (1878a:220); "surface of the phenomenon"/"invisible and unknown essence" (1864a:43); "visible, merely external movement"/"true intrinsic movement" (ibid:313); "outward appearances"/"internal relationships", "essence of things" (ibid:817); "phenomena"/"hidden substratum" (1867a:542); "form of manifestation"/"inner connection" (1867d);
56. "In the expression 'value of labour', the idea of value is not only completely obliterated, but actually reversed. It is an expression as imaginary as the value of the earth. These imaginary expressions arise, however, from the relations of production themselves. They are categories for the phenomenal forms of essential relations. That in their appearance things often represent themselves in inverted form is pretty well known in every science except Political Economy." 1867a:537.
57. I include Theories of Surplus Value. For information on the place of the latter in Marx's conception, see the editorial 'Preface' to 1863a: and consult my Appendix below.
58. 1867d.
59. 1864a:312-13.
60. 1864a:817
61. Cohen, op.cit. correctly emphasises this point.

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62. Denial of this, and assertion of the universal necessity of ideology, is one of the most contentious features of Althusser's work. See his 1965a:231f. The concept of ideology he uses, however, differs substantially from that advanced here.
63. 1867a:80
64. 1867a:79
65. 1864b:346
66. 1864b:346f. On co-operatives, see also the wisdom of The Spectator as enshrined in 1867a:331 fn.2; 1864a:387-88,440.
67. See, inter alia, 1867a:77; 236f.; 539-40; 568f.; 1864a:790f.; 1863c:484.
68. I discuss the forms surplus-product takes in capitalism at length below, this ch., section 3.
69. 1867a:236
70. 1864a:792
71. The subtitle of the first German edition was Kritik der Politischen Oekonomie. This was rendered as "A Critical Analysis of Capitalist Production" in the Moore/Aveling 1887 English translation. The 1970 Lawrence and Wishart edition used here, which follows the corrected 1965 Progress Publishers (Moscow) English edition, restores Marx's original subtitle.

The point, though minor, is significant insofar as, as I shall argue in Ch.2 below, a critique is a specific form of analysis in Marx.

CHAPTER ONE

SECTION TWO

1. 1867a:52
2. 1867c:7. "First chapter" here in fact refers to the present Part I, "section that contains the analysis of commodities" to what is now Chapter One.

Marx made various changes to Capital in the course of the successive editions and translations which appeared during his lifetime. These affected both its structure, and, to a degree, its content, particularly that of its opening chapters. The first German edition of the work was published in 1867. The Russian translation of 1872 contained minor revisions and additions, though Marx had originally planned more extensive revision of his original first chapter on "Commodities and Money" (i.e. Part I of the edition used here). The second German edition of 1871-2 carried through a wholesale restructuring of the entire work: instead of the six large chapters of the original, Marx now divided Capital into seven parts and 25 chapters, and sub-divided the chapters themselves into sub-sections. 1873a contains Marx's own explanation of the changes, making it clear that the main changes in content concern Part I, and specifically Ch.1 (of the edition used here); the discussions of the form of value, and the fetishism of commodities - which I cite extensively below - were largely rewritten. The French edition (1872-5, published in parts) contained further changes initially occasioned by Marx's dissatisfaction with Roy's translation. As regards structure, this edition consisted of 8 parts and 33 chapters, ch.24 of the Second German Edition ("The so-called primitive accumulation") forming a separate Part VIII. In connexion with a second Russian edition of Capital, Marx wrote to the translator, Nicolai Danielson, that: "1) I wish that the division into chapters - and the same holds good for the sub-divisions - be made according to the French edition. 2) That the translator compare always carefully the second German edition with the French one, since the latter contains many important changes and additions..." (1878b). A similar opinion is expressed in Marx's 'Afterword' to the French edition, in which the latter is asserted to possess "a scientific value independent of the original and should be consulted even by readers familiar with German". (1875b:22)

Engels, who edited the third (1883) and fourth (1890) German editions of Capital, revised it in accordance with changes between the second German and the French editions, and various manuscript notes of Marx's. For details, see Engels, 1883a, 1890a. The fourth German edition is usually taken as authoritative. The English edition of 1887, translated by Samuel Moore and Edward Aveling, followed the Third German Edition. That used here is the English 1887 edition, revised by the Moscow editors in accordance with the Fourth German edition.

3. 1872a:21
4. See Althusser, 1969a:79f.; Korsch, 1932, 46f.
5. 1867e:8
6. Ibid.
7. Ibid.

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8. "The mystifying side of Hegelian dialectic I criticised nearly thirty years ago, at a time when it was still the fashion. But just as I was working at the first volume of Das Kapital, it was the good pleasure of the peevish, arrogant, mediocre epigones who now talk large in cultured Germany, to treat Hegel in the same way as the brave Moses Mendelssohn in Lessing's time treated Spinoza, i.e., as a "dead dog". I therefore openly avowed myself the pupil of that mighty thinker, and even here and there, in the chapter on the theory of value, coquetted with the modes of expression peculiar to him." (1873a:19-20). This should be situated in the context of the remarks which surround it, lest we too readily assume that Marx's method of analysis is Hegelian. Compare 1868c: "my method of development /in Capital I/ is not Hegelian, since I am a materialist and Hegel is an idealist. Hegel's dialectics is the basic form of all dialectics, but only after it has been stripped of its mystical form, and it is precisely this which distinguishes my method."
9. 1867a:71
10. We might pause here to note the odd contrast between Althusser's advice on how workers should read Capital, and his verbatim quotation of Marx's 'Preface' to the French edition of Capital as the leitmotif of his own Reading Capital. It betrays an arrogance typical of his work.
11. The question of the proper starting-point for analysis is discussed at length in Chapter II below.
12. 1867a:35. Compare the opening words of the Critique of Political Economy (1859b:27); and see the fragment 'On Value' with which Marx closes the Grundrisse (1858a:881-2), discussed below, pp.124, 134-7, and quoted p.135.
13. 1867a:41. Twice, in correspondence with Engels, Marx stresses the importance of this distinction:

"The best points in my book are: 1) the twofold character of labour, according to whether it is expressed in use-value or exchange-value. (All understanding of the facts depends upon this). It is emphasised immediately, in the first chapter ...". (1867f.)

"It is strange that the fellow /Eugen Dühring/ does not sense the three fundamentally new elements of the book ...
2) That the economists, without exception, have missed the simple point that if the commodity has a double character - use value and exchange value - then the labour represented by the commodity must also have a two-fold character, whilst the bare analysis of labour without more, as in Smith, Ricardo; etc., is bound to come up everywhere against the inexplicable. This is, in fact, the whole secret of the critical conception." (1868d.)
14. 1867a:35
15. 1867a:36
16. Ibid.
17. Ibid.

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18. The argument Marx puts forward against this thesis, which I go on to summarise, is developed far more adequately in Theories of Surplus Value, against Samuel Bailey, than in Capital, where the topic is treated in a somewhat abbreviated fashion. I discuss Bailey below pp.46f. See 1863c:124-167.

19. 1867a:37

20. 1867a:49

21. A commodity strictu sensu must be a product of human labour. Given commodity production, however, things may acquire a price even where they are not products of labour. Land is an example. However, this supposes the development of the commodity - form proper.

The price of land, and the price of money when it is lent as capital - two examples of this kind - are discussed below, this chapter, section 3.

'Price', in such cases, is evidently not a true price in Marx's sense, i.e., a monetary expression of value.

22. "The real value of a commodity is ... not its individual value, but its social value; that is to say, the real value is not measured by the labour-time that the article in each individual case costs the producer, but by the labour-time socially required for its production." 1867a:317.

In Capital Marx defines socially necessary labour-time as "that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time." (Ibid:39) This conflicts with various earlier formulations: e.g. "what determines value is not the time taken to produce a thing, but the minimum time it could possibly be produced in, and this minimum is ascertained by competition." (1847a:66). Formulations like the latter, if taken literally, would allow no explanation of surplus-profit, and thereby, in particular, of rent. On this, see below, pp.64-68. In fact, competition will operate to depress the average towards the minimum. But value per se will not fall until superior conditions of production have become suitably generalised throughout a sector. On the mechanisms involved, see, inter alia, 1867a:316f.

23. In a capitalist economy prices in fact do not directly express values but what Marx calls prices of production. I discuss this below, pp. 61-63. But the transformation of values into prices of production is itself explicable on the basis of the law of value. See below, pp. 68-69.

24. 1867a:47, 57 respectively.

"The materialisation, etc., of labour is however not to be taken in such a Scottish sense as Adam Smith conceives it. When we speak of the commodity as the materialisation of labour - in the sense of its exchange-value - this itself is only an imaginary, that is to say, a purely social mode of existence of the commodity which has nothing to do with its corporeal reality." 1863a:171. 'Imaginary', here, = social, not fictional. See next fn. on this point.

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25. "The conversion of all commodities into labour-time is no greater an abstraction, and is no less real, than the resolution of all organic bodies into air." 1859b:30. "The price or money-form of commodities is, like their form of value generally, a form quite distinct from their palpable bodily form; it is, therefore a purely ideal or mental form. Although invisible, the value of iron, linen or corn has actual existence in these very articles; it is ideally made perceptible by their equality with gold, a relation that, so to say, exists only in their own heads." 1867a:95.

Marx was extremely critical of conventionalist accounts of value: see, inter alia, his remarks on eighteenth century theories of value in 1867a: 90-91; the famous discussion of Aristotle, ibid., 59-60, is also relevant here. Engels, 1894c, attempts a rather confused and hesitant defence of Marx's social realism against the view of Sombart and Schmidt that value has a purely heuristic status.

This point is linked to the question of the status and reference of the concept of abstract labour, which I discuss immediately below.

26. Abstract labour. See below, 19f.
27. 1867a:47.
28. 1867a:51.
29. 1867a:74. Marx continues: "It is value, rather, that converts every product into a social hieroglyphic. Later on, we try to decipher the hieroglyphic, to get behind the secret of our own social products; for to stamp an object of utility as a value, is just as much a social product as language."
30. 1867a:50.
31. 1859b:27.
32. express
"In order to/the value of the linen as a congelation of human labour, that value must be expressed as having objective existence, as being a something materially different from the linen itself, and yet a something common to the linen and all other commodities." 1867a:51.
33. 1867a:42.
34. 1867a:41.
35. 1867a:42-43.
36. 1867a:Ch.VII; section 1.
37. See Colletti, 1968, 76-92; Rubin, 1928, chs.12-16 and passim. These are, in my view, respectively, one of the finest recent articles, and one of the best books ever written, on Marx. My debt to both authors is a considerable one. Rubin, for those who have never come across him, perished in one of Stalin's camps, to which he was sent for alleged Hegelian deviations and Menshevizing tendencies.

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38. For reference, see last note. I do not elaborate Rubin's careful threefold distinction between (a) physiologically equal labour; (b) social equalised labour; and (c) abstract labour, though I would, in general, adhere to it. For the purposes of my discussion, it is not necessary to go into such detail.
39. 1867a:44.
40. The criterion of intensity is Marx's own.
41. Quoted in Rubin, 1928:131-32.
42. Particularly in the above-named section (1867a:Ch.1, section 2).
43. Colletti, 1968:80. This was Werner Sombart's characterisation: see Engels, 1894c:894.
44. For reference, see above, this section, note 13. A striking application of the distinction to illuminate one of the most trenchant problems in Adam Smith's work can be found in 1878a:381. For an outline of this problem itself, and fuller reference to its discussion, see below, this chapter, section 3, note 3.
45. I have in mind, in particular, Bohm-Bawerk. See his 1896. Bernstein's 'revision' of Marx was not uninfluenced by either this text or its attack on the concept of abstract labour, as Colletti (1968:81f) makes clear.
46. 1867a:169. Marx is talking in this case of the capital/labour relation.
47. 1867a:50-51.
48. 1867a:74.
49. Marx occasionally uses Robinson Crusoe's experiences to clarify a point, as, for example, in the section of Capital we are discussing: 1867a:76-77. But he was implacably opposed to a methodology which departed from a hypothetical Robinson. See, on this, 1857a:83-5; and Engels' sustained attack (on Dühring's resort to the device) in his 1894a, Part II, passim. See also Marx's 1880a, 45f., where similar points are made against Adolf Wagner. These points are discussed in more detail in Ch.2.
50. 1859b:33.
51. See 1859b:33f; 1867a:76f.
52. 1867a:72-3.
"even if there were no chapter on 'value' in my book, the analysis of the real relations which I give would contain the proof and demonstration of the real value relation. All that palaver about the necessity of proving the concept of value comes from complete ignorance, both of the subject dealtwith and of scientific method. Every child knows that a nation which ceased to work, I will not say for a year, but even for a few weeks, would perish. Every child knows, too, that the masses of products corresponding to the different needs require

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different and quantitatively determined masses of the total labour of society. That this necessity of the distribution of social labour in definite proportions cannot be done away with by a particular form of social production but can only change the mode of its appearance, is self-evident. No natural laws can be done away with. What can change in historically different circumstances is only the form in which these laws assert themselves. And the form in which this proportional distribution of labour asserts itself, in a state of society where the interconnection of social labour is manifested in the private exchange of the individual products of labour, is precisely the exchange-value of these products." (1868b). "The essence of bourgeois society consists precisely in this, that a priori there is no conscious social regulation of production. The rational and naturally necessary asserts itself only as a blindly working average." Ibid. "In actual fact, the concept "value" presupposes "exchanges" of the products. Where labour is communal, the relations of men in their social production do not manifest themselves as "values" of "things". Exchange of products as commodities is a method of exchanging labour, /it demonstrates/ the dependence of the labour of each upon the labour of others /and corresponds to/ a certain mode of social labour or social production." 1863c:129. Interpolations from editorial collation of mss. Finally: "As useful activity directed to the appropriation of natural factors in one form or another, labour is a natural condition of human existence, a condition of material interchange between man and nature, quite independent of the form of society. On the other hand, the labour which posits exchange-value is a specific social form of labour." 1859b:36.

53. 1867a:73. Thus in commodity production "the product is value as the form of existence, as the incarnation of general social labour", (1863a: 204) exchange-value therefore "the form of social labour as it exists on the basis of commodity production", the "expression of the labour of the isolated individual as general, social labour". (Ibid.: 207).
54. Contrary to a widespread impression, Marx did not ignore supply and demand. It is basic to his account of how market-prices are forced to equilibriate around values (or, in the capitalist economy, prices of production). He merely held that the level of price at equilibrium could not be explained by supply and demand since ex hypothesi they would cancel one another out. Marx's most extended discussion of the issue is in his 1864a, chs. XXI and XXII, in connection with the rate of interest.
55. The term 'natural price' was Adam Smith's. For a discussion of its origins, see Meek, 1956b, 24f.
56. 1867a:75. Engels makes an apposite comment on this: "Darwin did not know what a bitter satire he wrote on mankind, and especially on his fellow-countrymen, when he showed that free competition, the struggle for existence, which the economists celebrate as the highest historical achievement, is the normal state of the animal kingdom." Engels, 1886a:35.
57. 1867a:76
58. 1867a:73. In the Critique, similarly, Marx talks of "this perverted appearance, this prosaically real, and by no means imaginary, mystification that is characteristic of all social forms of labour positing exchange-value." 1859b:49.
59. See this section, note 64 below.

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60. See the passage quoted from 1867a:44 on p.21 above.
61. See 1859b:153f. See also the notes in the Grundrisse, 173f. "A particular product (commodity) (material) must become the subject of money, which exists as the attribute of every exchange-value. The subject in which this symbol is represented is not a matter of indifference, since the demands placed upon the representing subject are contained in the conditions - conceptual determinations, characteristic relations - of that which is to be represented. The study of the precious metals as subjects of the money relations, as incarnations of the latter, is therefore by no means a matter lying outside the realm of political economy, as Proudhon believes, any more than the Physical composition of paint, and of marble, lie outside the realm of painting and sculpture. The attributes possessed by the commodity as exchange-value, attributes for which its natural qualities are not adequate, express the demands made upon those commodities which par excellence are the material of money. These demands... are most completely satisfied by the precious metals." 1858a:173-4. (Note: I have substituted "par excellence" for Marx's Greek in this passage.)
62. 1857a:103-105.
63. 1867a:71-72.
64. In fact, the order in which Marx presents his value-forms is a logical one; he progresses from the simpler to the more complex. I use the term 'ideal reconstruction' however, because Marx clearly sees the sequence in which he presents the four forms as that in which they developed historically; see 1867a, 61,65-66. But no particular weight should be attached to this feature of Marx's exposition; as I show in Chapter Two, the sequence of the categories in Capital is not, generally, a function of the order of their historical appearance.
65. If we reverse the equation in the expanded form of value, we get the general form; if we reverse that of the general or money-forms, we get the expanded form.
66. As I show below, the money-form must be excepted here because it is distinguished not specifically as a form - its structure is that of the general form - but by the social sanctioning of a particular commodity to play the role of the universal equivalent. See 1867a:70.
67. 1867a:47.
"Value as an aspect of the commodity is not expressed in its own use-value, or in its existence as use-value. Value manifests itself when commodities are expressed in other use-values, that is, it manifests itself in the rate at which these other use-values are exchanged for them." 1863c:127.
- "A commodity is exchange-value only if it is expressed in another, i.e., as a relation." 1858a:205.
68. 1867a:56.
69. 1867a:58.
70. 1867a:59.

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71. This becomes important in respect of the money-form. The Critique, for instance, contains a brief but interesting discussion of how William Petty was misled by this form of representation; see 1859b: 52f. Of particular importance is the following assertion: "he /Petty/ accepts exchange-value as it appears in the exchange of commodities, i.e., as money, and money itself as an existing commodity, as gold and silver. Caught up in the ideas of the Monetary System, he asserts that the labour which determines exchange-value is the particular kind of concrete labour by which gold and silver is extracted.." (ibid:54). Below, when discussing the mercantile and monetary systems, I give a passage from Petty showing the mercantilist tendencies in his work: this section, note 110. But due attention must also be paid to his early formulations of the labour theory of value, irrespective of their mercantilist overtones: see especially the passages Marx quotes at the top of page 181 of his 1863a; and Marx's discussion, ibid., 354f.
72. 1867a:38. My emphasis.
73. Private labour per se is of course a social form of labour. But the point here is that it is a particular useful kind of private labour which stands for social labour; it is insofar as it is useful, productive of a particular good, not insofar as it is private, that it plays this representational role.
74. Marx formulates these as two necessary requirements of the value-form. See above, this section, note 32.
75. 1867a:62-63.
76. See below, pp.40-46.
77. Marx contends that adequate analysis of the elementary form alone yields the conclusion that "the form or expression of the value of a commodity originates in the nature of value, and not that value and its magnitude originate in the mode of their expression as exchange-value." 1867a:60.
78. 1867a:63.
79. 1867a:64.
80. 1867a:65.
81. Ibid.
82. Ibid.
83. 1867a:66.
84. See above, this section, note 32.
85. 1867a:68.
86. 1867a:69.
87. Ibid.
88. 1867a:130.
89. 1867a:92.

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90. They are discussed under the heading 'The Equivalent form of value '.
1867a:55-60.
91. 1867a:48. Similarly, Marx writes that "the riddle presented by money is but the riddle presented by commodities; only it now strikes us in its most glaring form." (Ibid., 93.)
92. 1867a:48. Marx's footnote 2, ibid., p.80 is also relevant here.
93. 1867a:67.

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94. "Although it is thus correct to say that exchange-value is a relation between persons, it is, however, necessary to add that it is a relation hidden by a material veil." 1859b:34.
95. 1867a:92.
96. 1867a:76.
97. Thus Marx talks of "the fetishism peculiar to bourgeois Political Economy, the fetishism which metamorphoses the social, economic character impressed on things in the process of social production into a natural character stemming from the material nature of those things." 1878a:229.
98. 1867a:72.
99. The Mercantile system is described as "merely a variant of" the earlier Monetary system in 1858b:158, and Marx habitually treats the two together. There is no systematic critique of either in his work in any way comparable to that of later political economists, and what follows is reconstituted from fragmentary observations scattered throughout the Critique of Political Economy, Capital and Theories of Surplus Value. See, inter alia, 1859b:52-4, and especially 157-9; 1863a:41-3, 49, 66, 153-5, 173-4, 178-9, 283, 302-4; the discussion of Ganih, whom Marx brands as a neo-mercantilist, ibid, 203f.; 1864a:784; 1867a:60-61, 82.
100. Full title: Observations on certain Verbal Disputes in Political Economy particularly relating to Value, and to Demand and Supply. (London, 1821). Discussed by Marx in 1863c:39-40; 110-117; 125-132; 137, 144, 146, 162. Bailey, whom Marx regarded as a plagiarist of this work (1863c:162) is considered in detail in 1863c:133f. This, incidentally, is where Marx develops his distinction between value and the value-form, and the arguments in its support which were so abbreviated in ch.1 of Capital, at most length. Both Bailey and the "verbal observer" are discussed in passing as examples of fetishism in section 4 of ch.1 of Capital; 1867a:83.
101. Marx's description. 1863c:162.
102. See, in addition to documentation cited or quoted below, 1867a:60-61, in which the point is made in general terms against both "the mercantilists and their recent 'revivors'" and "their antipodes, the modern bagmen of Free-trade".
103. 1864a:784. Petty's scientific advances lay in being among the first to begin to reduce value to labour; albeit in a muddled or inconsistent way. See, inter alia, 1859b:52-54; and quotations given in 1863a: 179-182; discussion and quotations, ibid., 354-63.
104. 1867a:80, fn.2. See also inter alia, 1864a:817, 830; and, for a more detailed comparison of the nature and procedures of classical and vulgar political economy, 1863c: Addenda, 453, 500f. and passim.
105. 1873a:15.
106. 1863a:174; 1859b:158, respectively.

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107. The passage is worth quoting in full: "The definition of surplus-value naturally depended on the form in which value itself was conceived. In the Monetary and Mercantile systems it is therefore presented as money; by the Physiocrats, as the produce of the land, as agricultural product; finally in Adam Smith's writings as commodity in general. Insofar as the Physiocrats touch on the substance of value, they resolve it entirely into pure use-value (matter, corporeal object), just as the Mercantilists resolve it into the pure form of value, the form in which the product makes itself manifest as general social labour: money [...]. As against the Physiocrats Adam Smith re-establishes the value of the product as the essential basis of bourgeois wealth; but on the other hand he divests value of the purely fantastic form — that of gold and silver — in which it appeared to the Mercantilists. Every commodity is in itself money." (1863a:173-4)
108. 1867a:82.
109. 1859b:35.
110. "Suppose that Money be taken (by means of Taxation) from one who spendeth the same ... in superfluous eating and drinking, or any other perishing Commodity; and the same transferred to one that bestoweth it on Cloaths; I say, that even in this case the Commonwealth hath some little advantage; because cloaths do not altogether perish so soon as Meats and Drinks. But if the same be spent in Furniture of Houses, the advantage is yet a little more; if in Building of Houses, yet more, if in improving of Lands, working of Mines, Fishing, etc., yet more; but most of all, in bringing Gold and Silver into the Country; because those things are not only not perishable, but are esteemed for Wealth at all times and every where; whereas other Commodities /which are perishable, or whose value depends upon the Fashion; or which are contingently scarce and plentiful/ are Wealth, but pro hic et nunc." W. Petty, quoted Marx, 1858b:129-30. Recalling this passage in a later discussion of Adam Smith, Marx refers to the conception of "permanency" as a Mercantilist one. 1863a:174.
111. See 1859b:158. Here, incidentally, Marx describes the Mercantilist conception as quite correct; the sense in which this is true will be extrapolated below. On hoarding in general see ibid, 125-137; 1867a:130-134.
112. See the discussion of Steuart's conception of profit, which Marx regarded as "the rational expression of the Monetary and Mercantile systems" (1863a:43) in the first chapter of Theories of Surplus Value 1863a:41-43; and the discussion of Ganilh, whom Marx regarded as a neo-mercantilist, ibid., 203f.
113. See, inter alia, 1863a:43n; 1867a:143-4; and Marx's criticisms of Ganilh, 1863a:203-212.
114. 1863c:16.
115. I have in mind particularly the discussion in the Critique ..., 1859b:157-9. But see also the passage Marx quotes from D'Avenant after remarking that "it must not be thought that these Mercantilists were as stupid as they were made out to be by the later vulgar Free-traders". 1863a:179.

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116. 1859b:158. My emphasis.
117. Ibid. "The first theoretical treatment of the modern mode of production - the mercantile system - proceeded necessarily from the superficial phenomena of the circulation process as individualised in the movement of merchant's capital, and therefore grasped only the appearance of matters. Partly because merchant's capital is the first free state of existence of capital in general, and partly because of the overwhelming influence which it exerted during the first revolutionising period of feudal production - the genesis of modern production." 1864a:337.
118. "Value exists only in articles of utility, in objects ... if therefore an article loses its utility, it also loses its value." 1867a:202. But there is an important exception: commodities which are consumed productively, i.e. serve as means of production of other commodities, do not lose their value in the process but transfer it to the product: "The reason why means of production do not lose their value, at the same time that they lose their use-value, is this: they lose in the labour-process the original form of their use-value, only to assume in the product the form of a new use-value." (ibid.) Much hangs on this point, particularly when it comes to the question of reproduction: see e.g. Marx's detailed criticisms of Adam Smith in 1878a:ch.XIX, II and ch.XX, IX. The argument cannot be developed in full here: but Marx suggests that (i) by overlooking the value transferred from means of production (c) to the product Smith confuses the value produced annually ($v + s$) with the value of the annual product ($c + v + s$), identifying the latter with the former. This in turn derives from a failure to adequately distinguish concrete and abstract labour; for whilst it is the case that the value created annually by useful labour is equal to $v + s$, the value of the annual product includes that of abstract labour previously materialised (c). See 1878a:381. (2) Owing to the fact that $v + s$ is equal to the revenues of the various classes ($v =$ wages, $s =$ rent and profit), Smith is able to argue (wrongly) that the value of the annual product is constituted by these revenues. This lays the groundwork for the 'trinity formula' discussed in the next part of this chapter.
119. The assumption here, of course, is that one is interested in amassing wealth as opposed to articles of consumption. This, according to Marx, is the differentia specifica of bourgeois production; and the Monetarists and Mercantilists were thus expressing this, albeit "in a naively brutal way", in their systems; and in doing so, they grasped a basic presupposition of any accurate political economy of capitalist production, even if they falsely universalised the point. See 1859b:158-9.
122. 1859b:158.
123. Marx makes this clear in many places. See inter alia: 1863a:45; 1863c:490-91; 1865a, VII; 1867a:ch.VI; 1878a:119-20,357,389. "Money (a commodity) in itself is capital on the basis of capitalist production ... since, first, it can be converted into the conditions of production and is, as it exists, only an abstract expression of them, their existence as value; and secondly, the material elements of wealth in themselves possess the property of being capital because their opposite - wage-labour - which turns them into capital - is present as the basis for social production." 1863c:471-2. "The whole system of capitalist production is based on the fact that the workman sells his labour-power as a commodity." 1867a:430.

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124. Marx assumes this throughout Capital, until ch.IX of Vol.III. (See, 1864a:153) The methodological import of this procedure will be discussed in ch.2 below. It suffices to note here that (1) in simple commodity production Marx holds the assumption to be generally valid (price fluctuations discounted); and (2) in full capitalist production Marx believes that (price fluctuations discounted) each commodity will sell at its price of production (cost price + average profit), but the total prices of all commodities will be equal to the sum of their values. On this, see 1864a: Part II.
125. 1859b:158-9.
126. 1859b:159.
127. 1859b:159. Marx means money as a means of circulation, i.e., merely a technical instrument. On the functions of money more generally see 1858a: Chapter on Money; 1859b:ch.2; 1867a:ch.3.
128. 1864a:573. Marx points out that the need for money can, in periods of relative prosperity, be to some extent superseded by the credit mechanism. But: "it is faith in the social character of production which allows the money-form of products to assume the aspect of something that is only evanescent and ideal, something merely imaginative. But as soon as credit is shaken - and this phase of necessity always appears in the modern industrial cycle - all the real wealth is to be actually and suddenly transformed into money, into gold and silver - a mad demand, which, however, grows necessarily out of the system itself." Note the subsequent comment: "Among the effects of the gold drain, then, the fact that production as social production is not really subject to social control, is strikingly emphasised by the existence of the social form of wealth as a thing external to it." (Ibid, 573-4, 574).
129. 1859b:158.
130. 1863c:144-5.
131. 1863c:137.
132. S. Bailey, A Critical Dissertation on The Nature, Measures, and Causes of Value; Chiefly in Reference to the Writings of Mr. Ricardo and his Followers. By the Author of Essays on the Formation and Publication of Opinions. London, 1825. Quoted 1863c:140.
133. S. Bailey, op.cit., quoted 1863c:147.
134. Observations on certain Verbal Disputes, quoted 1863c:144.
135. See the quotations Marx gives from Bailey, 1863c:146. Marx incidentally describes these as "in part illicitly copied from the 'Verbal Disputes'."
136. Bailey was substantially aided by Ricardo's own ambivalence here. "Ricardo often gives the impression, and sometimes indeed writes, as if the quantity of labour is the solution to the false, or falsely conceived problem of an "invariable measure of value" in the same way as corn, money, wages, etc. were previously considered and advanced as panaceas of this kind. In Ricardo's work this false

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impression arises because for him the decisive task is the definition of the magnitude of value. Because of this he does not understand the specific form in which labour is an element of value, and fails in particular to grasp that the labour of the individual must present itself as abstract general labour and, in this form, as social labour". 1863c:137. This latter was one of Marx's most trenchant criticisms of Ricardo. For further discussion and documentation, see below, ch.2. See also, on Bailey and Ricardo, 1863b:172.

137. See last note.
138. Marx often reproaches Ricardo for solving theoretical problems by "violent abstraction" from the phenomena, i.e., for failing to account for all the phenomena under analysis by leaving out various links in the argument. This is a case in point. For discussion and documentation, see below, Ch.2., section 3.
139. See, 1863c:125,133; 1867a:63fn.
140. 1863c:155. "In order to measure the value of commodities - to establish an external measure of value - it is not necessary that the value of the commodity in terms of which the other commodities are measured, should be invariable. (It must on the contrary be variable as I have shown in the first part, /i.e., the Critique of Political Economy/ because the measure of value is, and must be, a commodity since otherwise it would have no immanent measure in common with other commodities)." ibid., 133.
141. 1863c:155. See also ibid, 163.
142. See above, this section, note 136.
143. This point is crucial, not only for the theory of value, but for the theory of surplus-value and a fortiori the entire analysis of capitalist production. Labour per se is not and cannot be a commodity; for the difficulties consequent on regarding it as such, see Engels, 1891a. The products of labour, amongst them labour-power itself, may become commodities (and thus values).
144. 1863c:156.
145. 1863c:145.
"The problem of an "invariable measure of value" was simply a spurious name for the quest for the concept, the nature, of value itself, the definition of which could not be another value, and consequently could not be subject to variations as value. This was labour-time, social labour, as it presents itself specifically in commodity production. A quantity of labour has no value, is not a commodity, but is that which transforms commodities into values, it is their common substance; as manifestations of it commodities are qualitatively equal and only quantitatively different. They /appear/ as expressions of definite quantities of social labour-time." (Ibid.134-5)
146. 1863c:156.

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147. 1863c:155. "Bailey's reasoning is most superficial. Its starting-point is his conception of value. The value of the commodity is the expression of its value in a certain quantity of other values in use (the use-value of other commodities)... (The real problem, how it is possible to express the value in exchange of A in the value in use of B - does not even occur to him.)" Ibid.:149. My emphasis.
148. 1863c:129.
149. Ibid.
150. Marx's description. 1863c:131.
151. 1863c:129.
152. Observations on certain Verbal Disputes, op.cit. quoted 1863c:129; 1867a:83. Another passage, this time from Bailey, is similarly quoted in both works as a paradigm of fetishism: "Riches are the attribute of men, value is the attribute of commodities. A man or a commodity is rich, a pearl or a diamond is valuable." 1863c:162; 1867a:83. It is in connexion with this passage that Marx accuses Bailey of plagiarism.
153. 1863c:129.
154. Ibid.
155. 1863c:130. See here 1867a:83.
156. 1863c:147. In ch.1 of Capital Marx does not distinguish degrees of fetishism in the "Verbal Observer" and Bailey, but favours both with the comment; "who fails here to call to mind our good friend Dogberry, who informs neighbour Seacoal, that 'To be a well favoured man is the gift of fortune; but reading and writing comes by Nature.'" 1867a:83.
157. See 1867a:49, fn.; 1863c:139.
158. In fact, Bailey was not thoroughly consistent. He vacillated between seeing value as purely subjective, a function of exchange, "the esteem in which an object is held", and seeking to explain the latter in terms of objective features of the commodity itself.
159. This distinction was implicit rather than explicit in classical political economy, and by no means thoroughly worked through with Marx's rigour. Thus, for Marx, "Ricardo .. in elaborating the concept of value ... does not clearly distinguish between the various aspects, between the exchange-value of the commodity, as it manifests itself, appears in the process of commodity exchange and the existence of the commodity as value - as distinct from its existence as an object, product, use-value." 1863c:125. See also 1863b:170-172; 1867a:80fn.2.
160. I shall argue below that the grounds on which Marx accepts the labour theory of value are not only those examined above. The labour theory can not only explain simple commodity production, but capitalist production; hence, even if Marx's and Bailey's accounts were equally consistent with the phenomena of the former, Bailey's would have to be rejected because of its inability to grasp the phenomena of the latter.

CHAPTER ONE

SECTION THREE

1. 1863c:453. The trinity formula is elsewhere described as "this religion of everyday life." 1864a:830.
2. "The owners merely of labour-power, owners of capital, and landowners whose respective sources of income are wages, profit and ground-rent, in other words, wage-labourers, capitalists and landowners, constitute then three big classes of modern society based upon the capitalist mode of production."1864a:885. These are of course not the only classes and fractions of classes Marx identifies as existing in social foundations dominated by the capitalist mode of production, as a porusal of, in particular, 1850a, 1852a or 1871a, b and c will make clear. To this extent Marx's three class model is an abstraction. (See Giddens, 1973, Ch.1) It does not accurately picture any particular society, not even England. The object of Capital is "the capitalist mode of production, and the conditions of production and exchange corresponding to that mode". English examples are used for illustrative purposes. (1867e:8) (The status of the subsequent, famous "de te fabula narratur" claim is explicitly clarified in 1877a).

What this three class model does is to designate those classes whose existence defines a mode of production as capitalist, either because (capitalists and wage-labourers) their existence is a necessary condition of capitalist production, or because (landowners) their existence is implied by it. On the latter point, Marx argues that private property in the means of production is a presupposition of capitalist production, and land is one such means; hence the possibility of a landed gentry, who are superfluous to production itself, arising, is always there, unless (as eg. Ricardo wished) all land is owned by the state on behalf of the bourgeoisie. On this point see 1863L:44-45, 152-153; 1863c:360, and, especially, 472.

3. Adam Smith resolved the value of the annual product into $v + s$. Since the latter was also the sum of class revenues in capitalist society, he was then able to assert that value (and, mutatis mutandis, price) was constituted by these revenues. He was inconsistent on what 'constitution' involved, veering between an 'exoteric' (superficial) view which saw the revenues as independent sources of value, and an 'esoteric' (analytic) one which regarded them as mere divisions of value. Smith's 'exoteric' view provided the starting-point for vulgar economy in general and the trinity formula in particular. Marx criticised Smith for both his 'exoteric' view and a more basic confusion which supported it. Though the value produced in a year, or annual value-product, is equal to $v + s$, the value of the annual product is given by $c + v + s$, since it includes the value of the means of production used up productively in the course of the year. Thus Smith's identity of value of the annual product, and sum of annual revenues, which led him into regarding the latter as the source of the former, is itself fallacious.

On these questions see, inter alia, 1878a: ch.XIX, section II; 1863a: ch. III, especially sections 6-8.

4. 1863c:453.
5. 1863c:462

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6. This plan is reproduced as an Appendix to 1863a:414-415 .
7. For details of the manuscripts from which volumes 2 and 3 of Capital and Theories of Surplus Value (Vol.4 of Capital) were constructed , see my Appendix.
8. 1864a:814.
9. See, inter alia, 1859b:34-35; 1863c:494.
10. Marx was insistent on this distinction. See the first point he makes in his Critique of the Gotha Programme. (1875a:8-11)
11. 1864a:814. The passage is quoted more fully below, p.79.
12. See above, p.43, and section II, note 123.
13. "By labour-power or capacity for labour is to be understood the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description." 1867a:167.
14. "Strange to say, the great majority of my bourgeois critics upbraid me as though I have wronged the capitalists by assuming, for instance in Book I of Capital, that the capitalist pays labour-power at its real value, a thing he mostly does not do!" 1878a:513.
15. See above, this chapter, section II, note 23.
16. "His natural wants, such as food, clothing, fuel and housing vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed. In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known." 1867a:171. See also 1846a:40; 1864a:859.
17. See 1867a:ch. VIII. "The reason why means of production do not lose their value, at the same time that they lose their use-value, is this: they lose in the labour-process the original form of their use-value, only to assume in the product the form of a new use-value. /.../ Hence it follows that in the labour-process the means of production transfer their value to the product only so far as along with their use-value, they lose also their exchange-value. They give up to the product that value alone which they themselves lose as means of production." (Ibid:202-3)
18. Engels, 1894a:213.

19. See 1867a:ch.IV. "The exact form of this process /the circulation of capital/ is ... M-C-M', where M' = M + ΔM, = the original sum advanced, plus an increment. This increment or excess over the original value I call "surplus-value". The value originally advanced, therefore, not only remains intact, while in circulation, but adds to itself a surplus-value or expands itself. It is this movement that converts it into capital." (Ibid:150) The circulation of commodities, by contrast, is defined by the formula C-M-C; here interest lies in the exchange of use-values, not the expansion of value, and money serves merely as a medium of circulation.

20. The metamorphoses of capital are discussed in detail in 1878a:Part I, especially chs. 1-4. I discuss the circuit of money-capital, which is dealt with in ch.1. The formula for the circuit is

$$M - C \dots P \dots C' - M'$$

or, in more expanded form

$$M - C \begin{matrix} / L \\ \backslash MP \end{matrix} \dots P \dots C' (C+c) - M' (M+m)$$

/Here, capital letters stand for original capital value, small letters for surplus-value. All M's stand for money-capital, all C's commodity capital, P productive capital, L labour, MP means of production./ (1878a:49).

21. And, of course, assuming further that market conditions are such as to provide a supply of the elements of production. But it is permissible to abstract from considerations of this kind here.

22. I say main determinant, because of the relativity of the concept of subsistence: thus, for example, class struggle itself may affect what is defined as a living wage, and thus raise necessary labour-time. See above p.57.

23. This assumes constant intensity of labour.

24. 1867a:612. Marx does not always adhere to this definition, sometimes using organic as a synonym for technical composition. See below, this section, note 26. On the concepts of technical, value, and organic composition of capital more generally, see 1867a:612f., and 1864a:145f.

25. 1867a:612.

26. Marx was not unaware of this possibility by any means, though arguably (see next note) he failed to follow through its implications for his thesis of the falling rate of profit. "Capitals, which have the same composition technologically speaking, i.e. which set equivalent amounts of labour in motion relative to machinery and raw materials may nonetheless have different compositions owing to different values of the constant portions of these capitals." 1864a:765; "capitals of equal organic composition may be of different value-composition and capitals with identical percentages of value-composition may show varying degrees of organic composition and thus express different stages in the development of the social productivity of labour." *ibid* 766. In the latter quotation Marx uses organic composition as synonymous with

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technical composition; a usage clearly not consistent with his definition in Capital I (a later text) which I have quoted. By organic composition I always mean value-composition unless stated otherwise, in conformity with Marx's later definition. See also ibid.:ch. XIV, section III, passim.; and 778 fn., 1863b: 379-384.

27. Briefly, Marx's argument runs as follows:-

1. Capitalist production has an inbuilt tendency to increase relative surplus-value, which can only be done by raising the productivity of labour.
2. This implies a rise in c/v .
3. In consequence, if s/v rises less rapidly than c/v , $s/(c+v)$ will fall.

Now:

2 follows from 1 and 1 alone only if c/v is conceived technically; but 3 follows from 2 only if c/v is conceived as a value-relation, for both s/v and $s/(c+v)$ are value-expressions. In point of fact, the effect of a rise in the technical composition of capital on the rate of profit depends upon the relative changes in productivity in both the sector in which means of production are consumed and the sector in which they are produced; for these are the sole determinants of what changes in value-composition are consequent upon changes in technical composition. An example should clarify this point.

Assume Marx's two sector economy in which Dept. I produces means of production, and Dept. II means of subsistence. Assume, further, a uniform doubling of productivity throughout both sectors. Ceteris paribus, the following results will then obtain. 1) The technical composition of capital will double; the same amount of labour will be able to consume twice the quantity of means of production in the same time. 2) The value-composition of capital, will remain unchanged. The value of each Dept. I good will halve but twice as many will now be consumed in the production process, and thus c will remain unchanged; similarly, the value of each Dept. II good will halve, and thus real wages will double and nominal wages, v , remain the same.

Since s similarly stays constant, consisting of twice the number of goods, each having half their previous value, the rate of profit will remain completely unaltered despite the change in technical composition.

If, in order to bring our assumptions into line with reality, we assume that real wages stay constant and nominal wages therefore fall by half, s will stay constant, v halve, and $c+v$ decline accordingly. In this case, both s/v and $s/(c+v)$ will rise.

The foregoing assumptions, it might be objected, are implausible. But the example allows us to see that a rise in technical composition consequent upon rising productivity need not lead to a falling rate of profit. Specifically, a rise in the value composition of capital as a result of a rise in technical composition will occur only if productivity rises faster in Dept. II than Dept. I. But, firstly, this is an equally implausible assumption as that of a uniform such rise in both sectors; and, secondly, it is a proposition

which can certainly not be deduced from the tendency of capital to increase relative surplus-value simpliciter.

The point could perhaps be put more simply. Marx's thesis of the tendency of the rate of profit to fall works if and only if the rise in productivity which leads to a rising technical composition for any capital is not matched by an equivalent rise in productivity in the sector which produces that capital's means of production. But precisely the arguments leading us to expect the rise of productivity in the one sector would lead us to expect a similar rise in the other.

28. More specifically: after capital has gone through one circuit (a) the value of its initial variable outlay will have been destroyed along with the means of subsistence which it went to purchase, but (b) the value will have been reproduced by labour. Thus for the following circuit labour will be paid with a portion of its own product. See, for a fine description of this process, 1858a:450f.; 1867a: chs. XXIII, and XXIV.
29. See above, this chapter, section II, note 23.
30. See 1864a: chs. IX and X, especially pp.156-9.
31. "This portion of the value of the commodity, which replaces the price of the consumed means of production and labour-power, only replaces what the commodity costs the capitalist himself. For him it, therefore, represents the cost-price of the commodity.

What the commodity costs the capitalist and its actual production cost are two quite different magnitudes. That portion of the commodity-value making up the surplus-value does not cost the capitalist anything simply because it costs the labourer unpaid labour. Yet, on the basis of capitalist production, after the labourer enters the production process he himself constitutes an ingredient of operating productive-capital, which belongs to the capitalist. Therefore, the capitalist is the actual producer of the commodity. For this reason the cost-price necessarily appears to the capitalist as the actual cost of the commodity. /.../ The capitalist cost of the commodity is measured by the expenditure of capital, while the actual cost of the commodity is measured by the expenditure of labour." 1864a:26.

32. For simple commodity production, Marx discounts all fluctuations of market-price from value consequent upon the play of supply and demand, arguing that the problem is precisely to explain the price at which a commodity sells (its value) when supply and demand coincide. The same applies, mutatis mutandis, for explaining prices of production under capitalist conditions. In this case supply and demand is a direct determinant of production price; but only insofar as the level of excess or shortfall in supply, and thus the degree of deviation of prices of production from value, is explicable in terms of an independent variable, average profit. Other fluctuations are discounted and assumed to even out over time. In the first case the axis is given by the point at which supply and demand coincide, in the second by that ratio of supply to demand which will yield the average profit. In both cases there is an axis of price to be explained, which cannot according to Marx be explained by supply and demand simpliciter.

See, on this question, 1864a: ch.X, especially 189f.

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33. See 1864a:ch. IX.

34. Marx assumes that, in the case of the total social capital:

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

On these assumptions, it is easy to derive:

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

To derive (5): $R = S/(C + V)$ (2); but $K = C + V$ (4); therefore $R = S/K$, and $RK = S$.

To derive (6): $P = K + RK$ (3); but $K = C + V$ (4), and $RK = S$ (5); therefore $P = C + V + S$; but since $Z = C + V + S$ (1), $Z = P$.

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

35. On the transformation see: Bortkiewicz, 1907a,b; Winternitz, 1948; May, 1948; Dobb, 1955; Meek, 1956a; Seton, 1956; Samuelson, 1971. Sweezy, 1942, ch. VII, contains a reasonably simple statement of the problem and outline of L. von Bortkiewicz's solution.

36. 1864a:339.

37. This point is important. In The German Ideology Marx writes that "a certain mode of production, or industrial stage, is always combined with a certain mode of co-operation, or social stage, and ... this mode of co-operation is itself a productive force." (1846a:41). The same point is repeatedly made by Marx in his discussions, in Capital I, of co-operation and division of labour. Thus, for example, he writes in respect of co-operation: "Not only have we here an increase in the productive power of the individual, by means of co-operation, but the creation of a new power, namely, the collective power of masses." (1867a:326); "...this special productive power of the combined working-day is, under all circumstances, the social productive power of labour, or the productive power of social labour. This power is due to co-operation itself." (ibid.:329). I take up these issues further in Chapter 2, section 1 below.

38. As will be evident from my exposition, I am using industrial and agricultural production as ideal-types of production whose conditions are and are not replicable respectively. Clearly, insofar as there are natural differences in conditions which affect productivity, which are not replicable, in industry as well as agriculture (as there are; though to a lesser extent) then what is argued of the latter applies equally to the former. Marx, incidentally, adopts the same expository strategy.

39. It is hard to see the importance of Marx's point concerning organic composition, or the correctness of Marx's claim that "if the average composition of agricultural capital were equal to, or higher than, that of the average social capital, then absolute rent ... would disappear". (1864a:765) Absolute rent could of course be defined so as to make the latter statement true; it would then be not merely the difference between the prices of production and the market prices of the products of the worst land, but this difference insofar as it lay within the difference between price of production and value. But prima facie this seems a pointless procedure; for Marx gives us no grounds for ruling out the possibility of market prices of the products of the worst land being consistently above value. And once this is conceded, then it follows that the worst land can bear rent under capitalist conditions, whatever the composition of agricultural capital.

The reason for this is as follows; Marx's explanation of absolute rent is predicated upon not the difference between price of production and value, but the difference between price of production and market-price. Under normal conditions, market prices would equalise over time around prices of production. In this case, however, landed property is able to forestall this situation, by the simple expedient of only letting enough land to produce goods which, for a given level of demand, sell above their prices of production. The condition for this is the monopoly of land by one class. Now, there is no less reason why landowners should not do this where the composition of capital in agriculture is at, or above, the average, than when it is below it. The same principles apply: it is not value, but supply and demand which controls the deviation of market-price from price of production and, since landowners have a monopoly as a class over supply they can maintain a permanently inflated market-price, and thus a permanent absolute rent.

In the case where market prices are at or above values, the source of of absolute rent is easy enough to explain. It can only be the surplus-value produced by capitals in other sectors. The transfer implies adjustment in the average profit: this will fall overall, since a portion of the total social surplus-value, exceeding that actually produced in agriculture, is appropriated by the landlords prior to the general equalisation of profit rates.

40. 1864a:773.

41. See above, p.63.

42. 1863c:459,481f; 1864a:826f, and, more generally, chs. I & II, passim.

43. "The product in which the capitalist is really interested is not the palpable product itself, but the excess value of the product over the value of the capital consumed by it. The capitalist advances the total capital without regard to the different roles played by its components in the production of surplus-value [...]. Seeing that the capitalist can exploit labour only by advancing constant capital and that he can turn his constant capital to good account only by advancing variable capital, he lumps them all together in his imagination, and much more so since the actual rate of his gain is not determined by its proportion to the variable, but to the total capital, not by the rate of surplus-value, but by the rate of profit." 1864a:41-42.

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44. See 1864a:ch.IV. (Written by Engels); 1878a:127-9.
45. On the sphere of circulation in general, see the ironic comments which close ch.VI of Capital I.
46. "Profit seems to be determined only secondarily by direct exploitation of labour, insofar as the latter permits the capitalist to realise a profit deviating from the average profit at the regulating market-prices, which apparently prevail independent of such exploitation. Normal average profits themselves seem immanent in capital and independent of exploitation; abnormal exploitation, or even average exploitation under favourable exceptional conditions, seems to determine only the deviations from average profit, not this profit itself." 1864a:829.
47. I adopt this distinction between reasons for making and reasons for generalising the interest / profit of enterprise distinction largely for reasons of convenience, and because, in his exposition in Capital III, this is how Marx approaches the question. In fact, the two often overlap.
48. Or a commercial capitalist. Merchant's capital is not considered here; to do so would merely complicate the exposition unnecessarily, since the principles are precisely the same in respect of interest.
49. To the degree, that it is dependent on the supply of and demand for money-capital and this is itself unrelated to the real state of production. Marx postulates some long-term dependence of the rate of interest upon the rate of profit, but allows the former a good deal of autonomy. See 1864a:ch.XXII.
50. See inter alia, 1864a:43,373-4.
51. Marx develops the ensuing argument at most length in 1863c:475f. Some of the key passages are worth quoting at length:
- "There is a real reason at the root of this. Money (as an expression of the value of commodities in general) in the /production/ process appropriates surplus-value, no matter what name it bears or whatever parts it is split into, because it is already presupposed as capital before the production process ... / ..._/"
- Capital is not only the result of, but the pre-condition for, capitalist production. Money and commodities as such are therefore latent capital, potential capital; this applies to all commodities insofar as they are convertible into money, and to money insofar as it is convertible into those commodities which constitute the elements of the capitalist process of production. Thus money - as the pure expression of the value of commodities and of the conditions of labour - is itself as capital antecedent to capitalist production. What is capital regarded not as the result of, but as the prerequisite for, the process /of production/? What makes it capital before it enters the process so that the latter merely develops its immanent character? The social framework in which it exists. The fact that living labour is confronted by past labour, activity is confronted by the product, man is confronted by things, labour is confronted by its own materialised conditions as alien, independent, self-contained subjects, personifications, in short, as someone else's property and in this form, as "employers" and "commanders"

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of labour itself, which they appropriate instead of being appropriateded by it. /.../ Capital as the prerequisite of production, capital, not in the form in which it emerges from the production process, but as it is before it enters it, is the contradiction in which it is confronted by labour as the labour of other people and in which capital itself, as the property of other people, confronts labour. It is the contradictory social framework which is expressed in it and which, separated from the /production/ process itself, expresses itself in capitalist property as such.

This aspect - separated from the capitalist production process itself of which it is the constant result, and as its constant result it is also its constant prerequisite - manifests itself in the fact that money /and/ commodities are as such, latently, capital, that they can be sold as capital, and that in this form they represent the mere ownership of capital, and the capitalist as the mere owner, apart from his capitalist functions. Money and commodities considered as such constitute command over other people's labour, and therefore self-expanding value and a claim to the appropriation of other people's labour.

It is thus quite obvious that the title to and the means for the appropriation of other people's labour is this relationship and not some kind of labour or equivalent supplied by the capitalist." (Ibid, 475-6).

See, further, ibid., 507f.; 1864a:355, 379.

52. See, e.g. 1863c:488; 1864a:351.
53. See 1864a:377-8.
54. 1863c:457, 486-7; 1864a:376.
55. 1864a:376-77.
56. On the relation of the rate of interest to the rate of profit, and the apparent stability of the former as compared with the latter, see 1863c:462f.; 1864a:ch.XXII.
57. See 1864a:349; 1863c:459-61. "The time needed for the return of capital depends on the real production process; in the case of interest-bearing capital, its return as capital appears to depend merely on the agreement between lender and borrower. So that the return of the capital in this transaction no longer appears to be a result determined by the production process, but it seems that the capital never loses the form of money for a single instant. These transactions are nevertheless determined by the real returns. But this is not evident in the transaction." 1863c:459-60.
58. "As interest-bearing capital ... capital assumes its pure fetish form, M-M' being the subject, the saleable thing. Firstly, through its continual existence as money, a form, in which all its specific attributes are obliterated and its real elements invisible. For money is precisely that form in which the distinctive features of commodities as use-values are obscured, and hence also the distinctive features of the industrial capitals which consist of these commodities and conditions of their production. It is that form, in which value - in this case capital - exists as an independent exchange-value. In the reproduction process of capital, the money-form is but transient - a mere point of transit. But in the money-market capital always exists in this form. Secondly, the surplus-value produced by it, here again in the form of money, appears as an inherent part of it. As the growing process is to trees, so generating money ... appears innate in capital in its form of money-capital." 1864a:393. This closely recalls a passage in 1863c:466.

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59. See 1863c:462f. Marx stresses that profit of enterprise is a risky business: "the rate of profit within the production process itself does not depend on surplus-value alone, but also on many other circumstances, such as purchase prices of means of production, methods more productive than the average, on savings of constant capital, etc. And aside from the price of production, it depends on special circumstances and in every single business transaction on the greater or less shrewdness and industry of the capitalist, whether, and to what extent, he buys or sells above or below the price of production and thus appropriates a greater or smaller portion of the total surplus-value in the process of circulation." 1864a:373-4.
60. See 1863c:468-70; 1864a:ch.XXXVI.
61. See 1864a:376; 1863c:493.
62. See 1864a:382f. We should perhaps note that Marx long anticipated Bearle and Means in his assertion that "Stock companies in general - developed with the credit system - have an increasing tendency to separate this work of management as a function from the ownership of capital, be it self-owned or borrowed. Just as the development of bourgeois society witnessed a separation of the functions of judges and administrators from landownership, whose attributes they were in feudal times. But since, on the one hand, the mere owner of capital, the money-capitalist, has to face the functioning capitalist, while money-capital itself assumes a social character with the advance of credit, being concentrated in banks and loaned out by them instead of its original owners, and since, on the other hand the mere manager who has no title whatever to the capital, whether through borrowing it or otherwise, performs all the real functions pertaining to the functioning capitalist as such, only the functionary remains and the capitalist disappears as superfluous from the production process." 1864a:387-88.
63. "The labour of supervision and management is naturally required wherever the direct process of production assumes the form of a combined social process, and not of the isolated labour of independent producers. However, it has a double nature.

On the one hand, all labour in which many individuals co-operate necessarily requires a commanding will to co-ordinate and unify the process, and functions which apply not to partial operations but to the total activity of the workshop, much as that of an orchestra conductor. This is a productive job, which must be performed in every combined mode of production.

On the other hand .. this supervision work necessarily arises in all modes of production based on the antithesis between the labourer, as the direct producer, and the owner of the means of production. The greater this antagonism, the greater the role of supervision. Hence it reaches its peak in the slave system. But it is indispensable also in the capitalist mode of production, since the production process in it is simultaneously a process by which the capitalist consumes labour-power. Just as in despotic states, supervision and all-round interference by the government involves both the performance of common activities arising from the nature of all communities, and the specific functions arising from the antithesis between the government and the mass of the people." 1864a:383-4. A couple of pages later Marx tartly reminds us that "an orchestra conductor need not own the instruments of his orchestra..." (*ibid.*, 386), citing co-operative factories as proof of the redundancy of capital.

- 64. 1864a:814.
- 65. 1864a:391. Both the account in 1863c:453f., and ch. XXIV of 1846a stress this feature of interest-bearing capital very heavily.
- 66. 1864a:391.
- 67. Ibid. "It is the original and general formula of capital reduced to a meaningless resume." 1863c:453. "In M-M' we have the meaningless form of capital, the perversion and objectification of production relations in their highest degree, the interest-bearing form, the simple form of capital, in which it antecedes its own process of reproduction. It is the capacity of money, or of a commodity, to expand its own value independently of reproduction - which is a mystification of capital in its most flagrant form." 1864a:392. "In M-M' we have the incomprehensible form of capital, the most extreme inversion and materialisation of production relations." 1863c:462.
- 68. 1864a:393.
- 69. See 1863c:459-461. A relevant passage is quoted above, this section, note 57.
- 70. 1864a:393. Quoted more fully above, this section, note 58.
- 71. 1864a:392.
- 72. Ibid. The same metaphor is employed in 1863c:461.
- 73. 1863c:475. Quoted more fully above, this section, note 51.
- 74. Discussed by Marx in 1864a:394-99.
- 75. 1864a:818. See also 1863c:520f.
- 76. 1864a:818.
- 77. 1863a:494.
- 78. Marx develops this argument in 1867a:167f.; 1865a:Part VII, and many other places. One of the most concise statements of the presuppositions of capitalist production is in the section of Theories of Surplus Value with which we are dealing: "The /labour/ process only becomes a capitalist process, and money is converted into capital only: 1) if commodity production, i.e. the production of products in the form of commodities, becomes the general mode of production; 2) if the commodity (money) is exchanged against labour-power (that is, actually against labour) as a commodity, and consequently if labour is wage-labour; 3) this is the case however only when the objective conditions, that is (considering the production process as a whole), the products, confront labour as independent forces, not as the property of labour but as the property of someone else, and thus in the form of capital." 1863c:490-491. For further reference, see above, this chapter, section 2, note 123.
- 79. Marx describes capital as "a coercive relation ":1867a:309.
- 80. 1863c:494.
- 81. 1864a:814-815.
- 82. 1867a:72.

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83. 1863c:494. The quotation is worth giving more fully. "Thus the nature of surplus-value, the essence of capital and the character of capitalist production are not only completely obliterated in these two forms of surplus-value /interest and profit of enterprise/, they are turned into their opposites. But even insofar as the character and form of capital are complete, /it is/ nonsensical /if/ presented without any intermediate links and expressed as the subjectification of objects, the objectification of subjects, as the reversal of cause and effect, the religious quid pro quo, the pure form of capital expressed in the formula M-M'. The ossification of relations, their presentation as the relation of men to things having a definite social character is here likewise brought out in quite a different manner from that of the simple mystification of commodities and the more complicated mystification of money. The transubstantiation, the fetishism is complete."
84. See 1864a:822f.; 1863c:490f.
85. See above, p.68.
86. 1864a:822.
87. 1863c:484.
88. Ibid.
89. 1863c:454.
90. 1863c:488-9.
91. See above, this section, note 2.
92. "That it is only the title of a number of persons to the possession of the globe enabling them to appropriate to themselves as tribute a portion of the surplus-labour of society and furthermore to a constantly increasing extent with the development of production, is concealed by the fact that the capitalised rent, i.e., precisely this capitalised tribute, appears as the price of land, which may therefore be sold like any other article of commerce. The buyer, therefore, does not feel that his title to the rent is obtained gratis, and without the labour, risk, and spirit of enterprise of the capitalist, but rather that he has paid for it with an equivalent. To the buyer, as previously indicated, the rent appears merely as interest on the capital with which he has purchased the land and consequently his title to the rent." 1864a:775-6. For a rather less complacent view of the landed gentry than that Marx imputes to them here, see his 1853a.
93. See 1863c:522-3.
94. "Labour as the source of wages, that is, of the worker's share in his product, which is determined by the specific social form of labour; labour as the cause of the fact that the worker by means of his labour buys the permission to produce from the product (i.e., from capital considered in its material aspect) and has in labour the source by which a part of his product is returned to him in the form of payment made by this product as his employers - this is pretty enough. But the common conception is insofar in accord with the facts that, even though labour is confused with wage-labour, and, consequently, wages, the product of wage-labour, with the product of labour, it is nevertheless obvious to anybody who has common sense that labour itself produces its own wages." 1863c:454.

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95. 1867a:ch.XIX.
96. Mephram (1972) and Geras (1972) rightly make extensive use of this chapter in their discussions.
97. 1867a:535.
98. Respectively: 1867a:537; 1864a:818.
99. 1868d. "...for the first time wages are shown to be the irrational form in which a relation hidden behind them appears, and ... this is exactly represented in the two forms of wages - time-wages and piece-wages."
100. See 1867a:538. Adam Smith took the first, and Ricardo the second horn of this dilemma. Engels, 1891a, contains a particularly clear exposition of the problem.
101. See 1867a:537 fn.2.
102. 1867a:537.
103. 1867a:176. In regard, specifically, to the wage-form, Marx asserts that: "we may understand the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form, which makes the actual relation invisible, and indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalist mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists." Ibid., 540.
104. In Capital I Marx still assumes that commodities, including labour-power, will exchange at their values. I make the transformation in the light of the analysis of the formation of a general rate of profit in Capital III. See above, pp.61-3. Obviously, wages may fall below prices of production; on this, see above, this section, note 14.
105. 1867a:540.
106. Ibid.
107. 1867a:541. See also 1864a:822.
108. 1867a:541.
109. See 1867a: chs. XX, XXI, passim; and the remark from 1868d, quoted above, this section, note 99.
110. Marx cites, for example "intervention of a contract". 1865a:83.
111. 1867a:541.
112. 1867a:539-40. "This false appearance distinguishes wages labour from other historical forms of labour." 1865a:83.
113. 1865a:101.
114. 1863c:480.

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115. 1863c:481.
'... the formula capital - interest (profit), land - rent, labour-wages, presents a uniform and symmetrical incongruity. In fact, since wage-labour does not appear as a socially determined form of labour, but rather all labour appears by its nature as wage-labour (thus appearing to those in the grip of capitalist production relations), the definite specific social forms assumed by the material conditions of labour - the produced means of production and the land - with respect to wage-labour (just as they, in turn, conversely presuppose wage-labour), directly coincide with the material existence of these conditions of labour or with the form possessed by them generally in the actual labour-process, independent of its concrete historically determined social form, or indeed independent of any social form." 1864a:824.
116. 1864a:815.
117. In fact, the neo-classical critique of the classical concept of value would not even be open to many of the criticisms Marx makes of Bailey, which hinge on Bailey's ultimate identification of value with use-value as an internal feature of the commodity. A neo-classicist would claim to relate utility not to anything intrinsic to a good, but to consumer preference, i.e. as Marx puts it, to something "outside the category of value"; hence, in principle at least, avoiding both Bailey's circularity and his fetishism.
118. 1864a:814.
119. 1863c:503.
120. 1864a:830.
121. 1863c:295-6.
122. 1863c:429.

CHAPTER II

INTRODUCTORY SECTION

1. "... By the way, things are developing nicely. For instance, I have thrown overboard the whole doctrine of profit as it has existed up to now. In the method of treatment the fact that by mere accident I again glanced through Hegel's Logic has been of great service to me - Freiligrath found some volumes of Hegel which originally belonged to Bakunin, and sent them to me as a present. If there should ever be time for such work again, I would greatly like to make accessible to the ordinary human intelligence, in two or three printer's sheets, what is rational in the method which Hegel discovered but at the same time enveloped in mysticism ..." (1858b). At this point in time, Marx was somewhere in the middle of Notebook IV of the Grundrisse.
2. Compare, inter alia, the accounts of the differences between Hegelian and marxist dialectic in Althusser (1962), Godelier (1964b, 1970) Seve, (1967, 1970), Nicolaus (1972) and Colletti (1974).
3. In the 1859 'Preface' Marx explains: "A general introduction, which I had drafted, is omitted, since on further consideration it seems to me confusing to anticipate results which still have to be substantiated, and the reader who really wishes to follow me will have to decide to advance from the particular to the general." (1859a:19). The last point is important, since in the 'General Introduction' itself Marx had contemplated a contrary strategy. Nicolaus (1972: 35f) contains a sensitive discussion of Marx's problems of 'where to begin': I take up the question in section 2 of this chapter, below.
4. For a good account of the development of Marx's 'economic' thought, see Mandel, 1967. Chs. 1-4 deal with the period up to and slightly beyond the writing of The German Ideology.

CHAPTER II

SECTION 1

1. 1857a:83.
2. This proviso does not indicate adherence to the Althusian periodisation of Marx's work, so much as a wish to avoid the issue here entirely, since it is not central to my case - which rests on the kind of strategy outlined in the preceding few paragraphs.
3. But see, 1846a:41.
4. "Men have history because they must produce their life, and because they must produce it moreover in a certain way: this is determined by their physical organisation ..." 1846a:42 (ed. fn. Marginal note in ms. by Marx) See also ibid., 31.

There is an important incidental point here, which this passage and the other cited suggest. Clearly, production is not the only prerequisite of social life, nor the only feature which distinguishes man from animals; we might, for example, equally well cite language. But since production is by definition a process of transformation of man's environment, it has a prima facie relevance to the explanation of the historical character of social life not possessed by other universals of human existence.

5. 1846a:39.
6. 1846a:39. The passage continues: "Therefore in any interpretation of history one has first of all to observe this fundamental fact in all its significance and all its implications and to accord it its due importance."

After enumerating two more premises of history Marx comments: "These three aspects of social activity are not of course to be taken as three different stages, but just as three aspects, or \therefore three "moments", which have existed simultaneously since the dawn of history ... and which still assert themselves in history today." (ibid:40-41).

7. 1864a:820.
8. 1859a:20-21.
9. "As Marx depicts it the relation between basis and superstructure is fundamentally not only not mechanical, it is not even causal. What may be misleading here is Marx's Hegelian vocabulary. Marx certainly talks of the basis "determining" the superstructure and of a "correspondence" between them. But the reader of Hegel's Logic will realise that what Marx envisages is something to be understood in terms of the way in which the nature of the concept of a given class, e.g. may determine the concept of membership of that class. What the economic basis, the mode of production, does is to provide a framework within which the superstructure arises, a set of relations around which the human relations can entwine themselves, a kernel of human relationship from which all else grows. The economic basis of a society is not its tools, but the people co-operating using these particular tools in the manner necessary to their use, and the superstructure consists of the social consciousness moulded by and the shape of this co-operation. To understand this is to repudiate the end-means morality; for there is no question of creating the economic base as a means to the socialist superstructure. Creating the basis

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you create the superstructure. There are not two activities but one." MacIntyre, 1958, quoted Thompson, 1973, fn.20.

Thompson himself argues a related thesis: so do I (Sayer, 1975), via a notion of internal relations, though I take this as sufficient reason to abandon the base/superstructure model entirely.

10. 1864a:791.

11. 1859a:20.

12. 1857a:85.

13. I use 'raw material' here as a synonym for 'subject of labour', i.e. in its everyday usage. Marx employs it specifically to denote a subject of labour in which labour itself is already incorporated. See 1867a:178-179.

14. 1867a:177.

15. 1857:85.

16. 1857a:88.

17. 1857a:85.

18. 1857a:86.

The same point is made by Engels against Dühring: "Anyone ... who sets out in this field /historical science/ to hunt down final and ultimate truths, ... will bring home but little, apart from platitudes and common-places of the sorriest kind; for example, that generally speaking man cannot live except by labour..." (Engels, 1894a:100).

19. 1846a:31.

20. 1857a:87. "Whenever we speak of production ... what is meant is always production at a definite stage of social development - production by social individuals." (*ibid.*:85)

21. 1847b:28.

22. Amongst the comparatively few marxists in the west to develop an implicitly relational view of productive forces, and to recognise the crucial importance of production relations as productive forces, is Charles Bettelheim. See, in particular, his 1970, 1972, and the last two chapters of his 1973. Bettelheim's later work is largely based (as he makes clear - see his 1974, 'Avant-propos') on a theorisation of the historical experience of socialist construction in the People's Republic of China. The key productive importance of social relations, in the widest sense, has long been recognised by the Communist Party of China: see, *inter alia*, Mao:1955, 1956a, 1956b; CPC, 1973, first essay; Li Cheng, 1973.

I will take this opportunity to acknowledge a further debt, to Bertell Ollman: his 1971 rightly stresses the relational aspect of Marx's basic concepts, and the place of the explication of internal relations in his analyses. I would not go all the way with Ollman in seeking to ground Marx's work in a developed philosophy of internal relations; but nonetheless regard Alienation as a seminal contribution to the study of Marx's thought. See, finally, Balibar 1968:233f.

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23. The Althusserians are insistent on the non-reduction of relations of production to relations of inter-subjectivity. The definitions I develop below do not imply this, since those social relations I define as relations of production are relations internally related to a specific mode of material appropriation within a mode of production; they imply, in short, relations between men and things.
24. 1847b:28.
25. 1867:181.
26. Stalin, 1938:120. This definition is to be preferred over many, insofar as Stalin cites productive experience as one of the forces of production. He is similarly right in stressing, a few lines further on, that "production ... is at all times and under all conditions social production."
27. "Social relations are closely bound up with productive forces. In acquiring new productive forces men change their mode of production; and in changing their mode of production, in changing the way of earning their living, they change all their social relations. The handmill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist." 1847a:109.
28. 1846a:41.
29. 1858a:495.
30. 1858a:740.
31. 1867a:322.
32. 1967a:326.
33. 1867a:329.
34. Marx writes of this in The German Ideology: "the productive forces appear as a world for themselves, quite independent of and divorced from the individuals, alongside the individuals: the reason for this is that the individuals, whose forces they are, exist split up and in opposition to one another, whilst, on the other hand, these forces are only real forces in the intercourse and association of these individuals. Thus... we have a totality of productive forces, which have, as it were, taken on a material form and are for the individuals no longer the forces of the individuals but of private property, and hence of the individuals only insofar as they are owners of private property themselves." (1864a:83-84). The theme is if anything even stronger in Capital and Theories of Surplus Value: Marx repeatedly pours scorn on bourgeois economists for their personification of the productive powers of social labour in capital, and materialisation of the latter. This was discussed in Ch.1. One further quotation will suffice here: "Since living labour - through the exchange between capital and labourer - is incorporated in capital, and appears as an activity belonging to capital from the moment that the labour process begins, all the productive powers of social labour appear as the productive powers of capital, just as the general social form of labour appears in money as the property of a thing. Thus the

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productive power of social labour and its special forms now appear as productive powers and forms of capital, of materialised labour, of the material conditions of labour - which, having assumed this independent form, are personified by the capitalist in relation to living labour. Here we have once more the perversion of the relationship, which we have already, in dealing with money, called fetishism." (1863a:389. Marx develops the argument in the next few pages.)

35. In his plan for volume I of Capital of Jan. 1863 (1863a:414) Marx made this distinction as a section heading.
36. 1867a:510. "Every kind of capitalist production, in so far as it is not only a labour-process, but also a process of creating surplus-value, has this in common, that it is not the workman that employs the instruments of labour, but the instruments of labour that employ the workman. But it is only in the factory system that this inversion for the first time acquires technical and palpable reality." (ibid.:423).
37. 1859a:21.
38. Quoted above, this section, note 27.
39. 1864a:104.
40. 1847b:28.
41. I discuss the connexion between property and production relations in my 1975.
42. This is not to imply a technological invariance between capitalism and socialism: clearly, insofar as technologies develop under the dominance of particular sets of relations of production, we might expect the actual technical organisation of production to reflect these relations. Taylorism, for example, might be thought inimical to socialism. This question is beyond the scope of this thesis: but see, in addition to the texts of Bettolheim and Mao cited in note 22 (this section) above, Gorz, 1972, 1973.
43. 1846a:36. The strongly empirical aspect of their programme is insisted upon by Marx and Engels several times in this text. Thus, for example, they state that the family "must ... be treated and analysed according to the empirical data, not according to 'the concept of the family', as is the custom in Germany." (Ibid.:40). Note also the general statements of the same point on pp.31,38.
44. 1880a:52.
45. Lukacs, 1922:1.

CHAPTER II

SECTION 2

1. "The first work in question is critique of the economic categories, or, if you like, the system of bourgeois economy critically presented. It is a presentation of the system, and simultaneously, through this presentation, a criticism of it." 1858d.
2. An exception in the English translator of the Grundrisse, Martin Nicolaus. His 1972:35f. contains some very perceptive comments on Marx's methodological remarks in the 1857 'General Introduction'.
3. 1857a:100.
4. Ibid.
5. 1857a:100-101.
6. 1857a:101.
7. 1857a:101. "The method of rising from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the concrete in the mind." Ibid.

Althusser, using this text as his cornerstone, rightly insists on distinguishing what he calls the real object (the concrete world) and the object of knowledge (its conceptual reproduction), and this distinction is clearly crucial to his entire interpretation of Marx's epistemology. See his 1968a, Part I, especially sections 11 to end. However, Althusser notably fails to tell us how the two relate, how the latter can be an adequate concept of the former: and his claim that criteria of validation are entirely internal to a scientific problematic only complicates the problem, insofar as prima facie it implies a relativist stance from which we have no reliable criteria for choosing between different concepts of the concrete. As Glucksmann (1967) and Hirst (1971) have shown, in his work up to and including Reading Capital Althusser in fact surreptitiously smuggles in a transcendental guarantee of truth via his concept of Theory. Althusser's subsequent recognition of his inconsistency (in his 1968b) exacerbates rather than solves the problem: for it serves only to catapult us back into relativism again. Any science/ideology distinction obviously then becomes extremely problematic.

In Marx, the problems would not take this form. His theory of consciousness implies that there is always correspondence between the real object and phenomenal categories; and analytic categories by means of which the 'concrete in thought' is generated are systematically related to phenomenal categories through identifiable procedures of abstraction. The latter are in turn embedded in criteria of truth which Marx treats as absolute rather than specific to his problematic. I will develop these points further in the text below.

8. 1857a:101.
9. 1857a:102.

10. 1857a:106.
11. 1847a:109. "...men, who produce their social relations in accordance with their material productivity, also produce ideas, categories, that is to say the abstract ideal expression of these same social relations. Thus the categories are no more eternal than the relations they express. They are historical and transitory products." 1846b:189.
12. 1857a:102.
13. "There would still always remain this much, however, namely that the simple categories are the expressions of relations within which the less developed concrete may have already realised itself, before having posited the more many-sided connection or relation which is mentally expressed in the more concrete category; while the more developed concrete preserves the same category as a subordinate relation. Money may exist, and did exist historically, before capital existed, before banks existed, before wage labour existed, etc. Thus in this respect it may be said that the simpler category can express the dominant relations of a less developed whole, or else those subordinate relations of a more developed whole which already had a historic existence before this whole developed in the direction expressed by a more concrete category." 1857a:102.
14. Ibid.
15. Marx also makes this - important - conclusion explicit elsewhere. See, for example, the analysis of the role of merchants' capital in the emergence of capitalism out of feudalism in Capital III; 1864a:ch.XX. Or, for an absolutely unequivocal rejection of any "historico-philosophic theory of the general path every people is fated to tread", see 1877a. I have commented on this latter text, and the issue of whether Marx held such a general theory, at length elsewhere. See Sayer, 1975.
16. 1857a:102.
17. 1857a:103.
18. Ibid.
19. Ibid. The passage is quoted more fully above, pp.29-30.
20. 1857a:104.
21. 1857a:105.
22. 1857a:103.
23. 1857a:105.
24. 1857a:59-60. Elsewhere, Marx generalises his point: "Since political economy, as it makes its appearance in history, is in fact nothing but the scientific insight into the economics of the period of capitalist production, statements and theorems relating to it (for example, in the writings of ancient Greek society) can only be found to the extent that certain phenomena - such as commodity production, trade, money interest-bearing capital, etc. - are common to both societies." 1877b:251-2.

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25. 1857a:105.

26. Ibid.

27. "The so-called historical presentation of development is founded, as a rule, on the fact that the latest form regards the previous ones as steps leading up to itself..." 1857a:106. This is reminiscent of Marx's persistent criticisms of bourgeois historiography in The German Ideology. See above, ch. I, section 1, note 30.

28. 1857a:105.

29. 1857a:105-106.

30. 1857a:106.

31. Glucksman (1967), interestingly enough, changes Balibar - whose account of Marx's methodology rests heavily on the 1857 'Introduction' - with falling into precisely this position.

32. 1857a:106-107.

33. 1857a:107.

34. 1857a:107-108.

35. For Marx's objections to a pseudo-historical criterion, see his 'Seven Observations' on the method of political economy with which he begins the second chapter of The Poverty of Philosophy. The third of these is of particular interest here:

"The production relations of every society form a whole. M. Proudhon considers economic relations as so many social phases, engendering one another, resulting one from the other like the antithesis from the thesis, and realising in their logical sequence the impersonal reason of humanity.

The only drawback to this method is that when he comes to examine a single one of these phases, M. Proudhon cannot explain it without having recourse to all the other relations of society; which relations, however, he has not yet made his dialectic movement engender. When, after that, M. Proudhon, by means of pure reason, proceeds to give birth to these other phases, he treats them as if they were new-born babes. He forgets that they are of the same age as the first.

"Thus, to arrive at the constitution of value, which for him is the basis of all economic evolutions, he could not do without division of labour, competition, etc. Yet in the series, in the understanding, of M. Proudhon, in the logical sequence, these relations did not yet exist.

In constructing the edifice of an ideological system by means of the categories of political economy, the limbs of the social system are dislocated. The different limbs of society are converted into so many separate societies, following one upon the other. How, indeed could the single, logical formula of movement, of sequence, of time, explain the structure of society, in which all relations co-exist simultaneously and support one another?" 1847a:110-111.

36. 1857a:108. The full quotation is given below, p.123.

37. 1859c.

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38. 1857a:108.
39. For discussion of this issue compare McLellan, 1971, 'Introduction', and Nicolaus, 1972, section V. McLellan argues that since Marx did not fulfil the plans he elaborated in the late 1850's, and since the Grundrisse contains material not subsequently elaborated in Capital, "Marx's work is dramatically incomplete and ... the Grundrisse ... the most fundamental work that Marx ever wrote." (9). Whilst there is clearly some truth in this suggestion, McLellan ludicrously overstates his case. Nicolaus (pp.54-55) quotes a letter written before the completion of the Grundrisse which makes it clear that Marx regarded the first three of the six books into which he then planned to divide his critique (Capital, Landed Property, Wage Labour, The State, International Trade, World Market) as fundamental: "It is by no means my intention to work out evenly all six of the books into which I divide the whole, but rather, in the last three, to give mostly only the basic strokes; whereas in the first three, which contain the basic developments proper, elaboration of details is not always avoidable." Capital, wage-labour and landed property manifestly are treated in depth in Capital; to assert, as McLellan does, that the latter represents only the first part of Marx's six-work opus is pure casuistry. McLellan also neglects to mention Marx's own judgement on the matter. In a letter to Kugelmann concerning the volume 'Capital in general' (i.e. Capital) he writes: "This volume contains what the English call 'the principles of political economy'. It is the quintessence (together with the first part /value, money/) and the development of what follows (with the exception perhaps of the relation of different forms of the state to the different economic structures of society) could easily be accomplished by others on the basis of it." (Quoted Nicolaus, 1972, 59). Marx did not, in fact, adequately develop the last three of his projected six volumes, though the topics with which they deal are touched on from time to time in Capital. But nor does the Grundrisse have much to say on these topics either; so Marx's failure to fulfil his plans can hardly be taken as a basis for claiming that it is "the most fundamental work Marx ever wrote", in any sense.
40. 1858a:264,275f.
41. 1858d.
42. Quoted, McLellan, 1971,10.
43. 1858e.
44. 1858a:881-882.
45. 1859a:19.
46. "The work, the first volume of which I now submit to the public, forms the continuation of my Zur Kritik der Politischen Oekonomie ... published in 1859. The long pause between the first part and the continuation is due to an illness of many years duration that again and again interrupted my work.
- The substance of that earlier work is summarised in the first three chapters of this volume. This is done not merely for the sake of connection and completeness. The presentation of the subject matter is improved. As far as circumstances in any way permit, many points only hinted at in the earlier book are here worked out more fully,

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whilst, conversely, points worked out fully there are only touched on in this volume. The sections on the history of the theories of value and of money are now, of course, left out altogether. The reader of the earlier work will find, however, in the notes to the first chapter additional sources of reference relative to the history of those theories". 1867o:7.

Marx was more explicit on the nature of his 'improvements' elsewhere: "These gentry, the economists, have hitherto overlooked the extremely simple point that the form: 20 yards of linen = one coat is only the undeveloped basis of 20 yards of linen = £2, and that therefore the simplest form of a commodity, in which its value is not yet expressed as a relation to all other commodities but only as something differentiated from the commodity in its natural form, contains the whole secret of the money-form and with it, in embryo, of all the bourgeois forms of the product of labour. In my first account (Duncker) /i.e. the 1859 Critique/ I avoided the difficulty of the development by giving an actual analysis of the expression of value only when it appears already developed and expressed in money." 1867c.

We have seen the importance of Marx's analysis of the value-form above; and more will be said on the centrality of the analysis of social forms to his conception of science immediately below.

47. See above, ch.1, section 2. We may note here that Marx praises Adam Smith in this connexion, who "quite correctly takes as his starting-point the commodity and the exchange of commodities" (1863a:72), despite the fact that in Smith's hands this serves as the basis for the erroneous conclusion that the law of value does not apply under capitalist conditions. Ricardo, by contrast, who attempted to reconcile the law of value with capitalism is criticised for assuming more than the conditions of commodity production when first developing the law: "one can see that in this first chapter /of Ricardo's Principles/ not only are commodities assumed to exist - and when considering value as such, nothing further is required - but also wages, capital, profit, the general rate of profit, and even, as we shall see, the various forms of capital, as they arise from the process of circulation, and also the difference between "natural and market price"." (1863b:168) This is part of Ricardo's "faulty architectonics" which Marx sees as integrally linked with deficiencies in his analytic procedures. I explore these points, and their relevance to understanding Marx's methodology, in the next section.
48. Marx draws the distinction in respect of Spinoza's philosophy. Letter to Lassalle, quoted Nicolaus, 1972, 59-60.
49. 1873a:19.
50. 1863b:166.
51. 1863b:164.
52. 1863b:167.
53. 1863c:500.
54. For reference see below, this chapter, section 3, notes 175, 176.

CHAPTER TWO

SECTION THREE

1. See above, this chapter, section 2, note 1.
2. See above, this chapter, section 2, note 46.
3. For information on this ms., see Engels, 1885a; Fedoseyev et al., 363-4; editorial preface to 1863a; and my appendix below.
4. Kant, 1781:3.
5. See Colletti, 1973, ch. VIII.
6. 1846b:192.
7. 1846b:190.
8. 1847a:109.
9. 1846b:189. "The same men who establish their social relations in conformity with their material productivity, produce also principles, ideas and categories, in conformity with their social relations."
1847a:109.
10. 1847a:110.
11. It might be argued that historical materialism is merely a branch of a wider 'world-outlook', dialectical materialism, which embraces a philosophy of nature. Most support can be found for this in the works of the later Engels; little in Marx. The term 'dialectical materialism', incidentally, was never used by Marx and is not, as is sometimes assumed, the invention of Engels, but of Joseph Deitzgon. See Buick, 1975, on this. Even if by marxism we do understand 'dialectical materialism', the categorial distinction I am drawing remains valid within the sphere of historical materialism strictu sensu.
12. 1867a:542. See also, on this, Mao Tse-tung, 1937a.
13. I have in mind, in particular, Marx's long-running polemic with Proudhon. But see, more generally, 1846a:vol.II; 1846b; 1847a; passim; 1848a, section III; 1858a - inter alia - 247-50, 264-6, 424-6, 843-5; 1859b, 83-86; 1863c:ch.XXI, and Addenda, 6; 1865a, passim; 1865b; 1875a.
14. The image is Marx's own. See 1867a:74.
15. See above, this chapter, section 2, pp.125-6 and relevant notes.
16. These two do not exhaust Marx's transhistorical categories: the latter include, e.g., concepts like means of production, instruments of production, use-value, useful labour, and so on. See 1857a:first section; 1867a;ch. VII, section 1; and my discussions above, ch.1, pp.39-40, and this chapter, section 1.
17. Above, p.124.
18. 1858a:881.
19. 1859b:28.
20. Since a class of phenomena is defined by their shared attributes.

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21. As, for example, when use-value is employed to represent value in any of the value-forms discussed in Chapter One above.
22. See above, pp. 25f.
23. 1857a:84.
24. A relevant point is that the first English translation of these Marginal Notes (that used here) was published only in 1972.
25. 1880a:51.
26. 1880a:44.
27. 1880a:45. Marx continues: "... and it is interesting to pursue this scholasticism to its newest foundation ...".
28. 1880a:50.
29. 1880a:51.
30. 1880a:52.
31. 1880a:42.
32. See, for example, Marx's discussion (with its powerful echoes of the themes of The German Ideology) on the necessity, when dealing with 'Man', for "the determinate character of this social man" to be "set out at the beginning, i.e., the determinate character of the community / Gemeinwesen / in which he lives, for here production, that is, the process of making a living, already has a social character". 1880a:45-46.
33. 1878a:230.
34. See Marx's letter to his father of Nov. 10th, 1837, in which Marx speaks of his "being nourished with the idealism of Kant and Fichte" (1837b:18). In the same text he refers to Kant's classification of contracts in Die Metaphysik der Sitten (ibid:17). Kant's critique of the ontological proof of the existence of God (in his Critique of Pure Reason) is briefly discussed in Marx's Doctoral Dissertation (1840:104). The Rheinischer Zeitung articles contain occasional discussions of Kant, as does The German Ideology. See, further, this section, notes 40, 41 below.
35. As mentioned in the last note, Marx briefly comments on one aspect of the Critique of Pure Reason in his Doctoral Dissertation; but this is not relevant to the argument pursued here.
36. Kant, 1787b.
37. Kant, 1783. The Prolegomena was written in order to clarify the argument of the Critique of Pure Reason, and is indeed very much easier to approach.
38. See Engels, 1884a:24-25, and 1886c:5, on Marx's use of quotations and references; his 1884a, and 1885a, which defend Marx against the charge of plagiarism, and his 1890a are also relevant.

39. Colletti suggests this, in chapter VIII of his 1973.
40. It is difficult to resist quoting from an epigram Marx wrote (on Hegel) in 1837. Its sentiment could well apply to himself:

Kant and Fichte soar to heavens blue,
 Seeking for some distant land,
 I but seek to grasp profound and true,
 That which - in the street I find.

(1837a:577)

More seriously, perhaps, see 1846a:210f. The themes developed here were previously anticipated in a remark in Marx's Rheinische Zeitung piece 'The Philosophical Manifesto of the Historical School of Law', viz.: "Kant's philosophy must be rightly regarded as the German theory of the French revolution". (1842a:210) Subsequent references to Kant (as, for example, in connection with Proudhon in Marx's 1847a or 1865b) are few and far between, and of little interest.

41. Engels speaks of "the eternally unknowable thing-in-itself" as "the bit of Kant that least merited preservation" in his 1886a:45. See also ibid:241-2, and Engels, 1894a:71. I have only been able to trace one remotely relevant comment in Marx. In the second of his Notebooks on Epicurean Philosophy, which he used in the preparation of his doctoral thesis, Marx remarks that: "The Kantians ... are as it were the appointed priests of ignorance, their daily business is to tell the beads over their own powerlessness and the power of things". (1839:428-9).
42. See, e.g., Plekhanov, 1908.
43. See especially Lenin, 1908.
 I should add here that neither Plekhanov nor Lenin were in a position to take up Engel's comments in the Dialectics of Nature directly. The work was not published until 1925.
44. Colletti, 1968.
45. Thus Marx writes, for example: "my method of development /in Capital I/ is not Hegelian, since I am a materialist and he is an idealist". 1868c. For a more developed discussion of similar points, see 1873a:17f.
46. In their 1903.
47. 1868a.
48. Kant, 1787a:12.
50. See, apart from the remarks from Capital I and elsewhere quoted immediately below, inter alia: 1867a: 49fn., 83fn.; 1858e; 1863b:173; 1863c:125, 131, 138-9.
51. 1867a: 80.
52. 1864a:323.
53. 1867a:80fn2.

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54. 1863b:405fn. Clearly 'transient' here does not mean historically transient, but rather "a thing of no importance, ... having no connexion with the inherent nature of commodities".
55. See above, quotations on p. 135. Marx expresses this succinctly elsewhere, when he states: "Political economy is not technology". 1857a:86.
56. On the question of 'dialectic' in Marx, see - amongst the vast body of literature devoted to the topic - the material cited in note 2, Introduction to this Chapter, above. There is neither room nor necessity to debate the point here. Of particular interest, though, for those who regard 'dialectics' as a central component of marxism, are Kojève's compelling arguments against the thesis that Hegel had anything which could be called a dialectical method (which Marx could have abstracted) in his 1935; and Engels's equally compelling - though, in its implications, doubtless unintentional - demonstration of the redundancy of anything that could be termed a dialectical method to Capital, in his 1894a:145-7. Gareth Steadman Jones (1973) comments upon the latter in the context of a broader examination of Engels' philosophical views, and their relation to Marx's.
57. 1867a:80.
58. Marx formulates this in many places; see the references given in section 1 of this Chapter. The following passage, which occurs towards the end of Capital III, is also pertinent: "We have seen that the capitalist process of production is a historically determined form of the social process of production in general. The latter is as much a production process of material conditions of human life as a process taking place under specific historical and economic production relations, producing and reproducing these production relations themselves, and thereby also the bearers of this process, their material conditions of existence and their mutual relations, i.e., their particular socio-economic form. For the aggregate of these relations, in which the agents of this production stand with respect to Nature and to one another, is precisely society, considered from the standpoint of its economic structure. Like all its predecessors, the capitalist process of production proceeds under definite material conditions, which are, however, simultaneously the bearers of definite social relations entered into by individuals in the process of reproducing their life. Those conditions, like these relations, are on the one hand prerequisites, on the other hand results and creations of the capitalist process of production; they are produced and reproduced by it". 1864a:818-9.
59. See, on problems of essence/appearance distinctions, Althusser, 1968a, Part I, which shows how they can become mysterious. Whether they need to is a rather different matter.
60. See, on this point, Harre, 1970, ch.1, 1972, 43f.
61. In their 1975, ch. 5.
62. Hanson, 1958a:71; 1961:79. The account of Hanson's ideas I give below rests principally on his 1958a and 1961; but see also his 1958b and 1960.

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63. Hanson, 1958a: 90.
64. Hanson, 1961:81-82. Note, here, the following: "The astonishment may consist in the fact that p is at variance with existing theories ... What is important here is that the phenomena are encountered as anomalous, not why they are so regarded". Ibid., 81fn. In short, phenomena are not per se problematic; in Marx's case, what is puzzling is defined by application of the categories of production in general, as described above. However, as I hope Chapter One made clear, these phenomena will not appear problematic to the agents of production. On the contrary: "the reconciliation of irrational forms in which certain economic relations appear and assert themselves in practice does not concern the active agents of these relations in their everyday life. And since they are accustomed to move about in such relations, they find nothing strange therein. A complete contradiction offers not the least mystery to them. They feel as much at home as a fish in water among manifestations which are separated from their internal connections and absurd when isolated by themselves. What Hegel says with reference to certain mathematical formulas applies here; that which seems irrational to ordinary common sense is rational, and that which seems rational to it is itself irrational." 1864a:779.

Hanson gives a slightly different version of the retroductive schema in his 1958a:86. The one I quote here, which is somewhat more guarded, was formulated after taking into account certain objections to his earlier version. These latter are discussed in his 1961.

65. C. S. Peirce, quoted in Hanson, 1958a:89. This, incidentally, suggests a clear connexion between a realist ontology and an abductive methodology.
66. C. S. Peirce, quoted in Hanson, 1961:82fn.
67. Hanson, 1958a:86.
68. Hanson, 1958a:88.
69. Hanson, 1958a:88.
70. Hanson's paradigm is Kepler's retrodution of the orbit of Mars from Tycho de Brahe's data; this is discussed in detail in ch. 4 of his 1958a. For more extensive exemplification of the thesis, see ibid., 124fn.1 and passim; and note, also, the interesting manuscript of Isaac Newton's quoted in Hanson's 1961:82, and the accompanying discussion.
71. These notes, on Say, Smith, Ricardo, James Mill, McCulloch, and Boisguillbert, have unfortunately not been translated into English in toto. The notes on Mill (1844d) are, in the main, translated. Marx compiled these notes throughout his 1844 sojourn in Paris.
72. Mandel, 1967, ch. 3, reconstructs the evolution of Marx's views on the labour theory. Various quotations are given from Marx's Paris notebooks.
73. I refer here to Marx's superb, but entirely phenomenological account of the contradiction between the concept and the reality of the Prussian state in his 1843d:343f. The evolution of this position

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can be traced throughout Marx's Rheinische Zeitung contributions.

74. "In the year 1842-3, as editor of the Rheinische Zeitung, I first found myself in the embarrassing position of having to discuss what is known as material interests. The deliberations of the Rhenish Landtag on forest thefts and the division of landed property; the official polemic started by Herr von Schaper, the Öberpräsident of the Rhine Province, against the Rheinische Zeitung about the condition of the Moselle peasantry, and finally the debates on free trade and protective tariffs caused me in the first instance to turn my attention to economic questions." 1859a:19-20. For the discussions of 'material interests' Marx is referring to, see 1842b, 1843d.
75. 1844d:211. These notes on James Mill are also of singular interest for their discussion of the phenomenon Marx was later to analyse as commodity fetishism.
76. Mandel, 1972:44f.
77. 1863c:123-4.
78. 1863b:106.
79. 1863b:165.
80. See, for this point and Marx's general view of the role played by Smith and Ricardo in the development of scientific political economy, 1863b:chapter X, section 2.
81. 1863b:169.
82. 1863b:166.
83. 1863a:88.
84. See the quotations I give above, p. 125, and relevant notes.
85. 1863b:150.
86. 1863b:164-5.
87. 1863b:437, quoted more fully below, p. 154.
88. 1863b:270.
89. 1867a:307.
90. Marx writes, on the Ricardian school: "Crass empiricism turns into false metaphysics, scholasticism, which toils painfully to deduce undeniable empirical phenomena by simple formal abstraction directly from the general law, or to show by cunning argument that they are in accordance with that law." 1863a:89. I give an example below, pp. 163-4. See, on the Ricardians more generally, 1863c: ch. XX.
91. Althusser, 1968a: Part I, section 10f.
92. 1863b:437. On the objections to theoretical abstraction on the part of 'the vulgar mob', see, further, 1863c:500f.

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93. 1863a: ch. III.
94. 1863a:97. Interpolation from editorial collation of ms.
95. On Smith's two conceptions of value, see 1863a: ch. III, section I; on his esoteric conception of surplus value, ibid., section 2.
96. Smith, 1776:155.
97. I do not discuss this aspect of Marx's criticism here. See Chapter I, section 3, note 3 for documentation.
98. See, on this, 1863a: ch. III, sections 6 & 7.
99. Marx goes so far as to charge Smith with inconsistency (1863a:70). Meek (1956b:71fn.) points out, I think correctly, that for Smith the labour commanded by a good always served as a measure of its value; but whereas in precapitalist conditions this was regulated by (and identical with) the labour it contained, this was no longer the case in a capitalist economy. Hence, to suggest that Smith simply confused the two is perhaps unfair. See Smith, 1776: ch. VI. In fact, Marx gives an extremely sympathetic account of why Smith took the position he did, in various places: see, e.g., 1863a: 71f.; 1863b:396-404.
100. Smith, 1776:150.
101. See Ricardo, 1821, Chapter One, section I. See the passage quoted below, p. 159.
102. 1863a:72.
103. 1863b:208.
104. 1863b:168.
105. 1863b:191.
106. 1863a:87-88. "Adam Smith is superior to Ricardo in that he so strongly emphasises how this change begins with capitalist production. On the other hand, he is inferior to Ricardo in that he is never able to free himself from the viewpoint - though it is one he himself refuted by his own analysis - that through this changed relation between materialised labour and living labour a change takes place in the determination of the relative value of commodities, which in relation to each other represent nothing but materialised labour, given quantities of realised labour". Ibid.:81-82.
107. Ricardo, 1821:58.
108. Ricardo, 1821:55.
109. Above, p.62.
110. More precisely: this is how Marx uses the term 'cost-price' in the discussion on which I comment, which is mainly contained in Ch. X of Theories of Surplus-Value. The editors of Marx's mss. give a fuller account of the different ways in which Marx uses the term in the work as a whole: see 1863a:477fn.35.

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111. 1863c:69.

112. See Ricardo, 1821, Chapter One, sections IV and V.

113. 1863b:191.

114. "Ricardo abstracts from the question of absolute rent which he denies on theoretical grounds because he starts out from the false assumption that if the value of commodities is determined by labour-time, then average prices of commodities must equal their values ... If values of commodities and average prices of commodities were identical, then absolute rent - i.e. rent on the worst cultivated land or that originally cultivated - would be impossible." 1863b:129-30. See also ibid.:163.

115. 1863b: 174. Compare how Marx poses the problem in Capital III:

"We have thus demonstrated that different lines of industry have different rates of profit, which correspond to differences in the organic compositions of their capitals and, within indicated limits, also to their different periods of turnover; given the same time of turnover, the law (as a general tendency) that profits are related to one another as the magnitudes of the capitals, and that, consequently, capitals of equal magnitude yield equal profits in equal periods, applies only to capitals of the same organic composition, even with the same rate of surplus-value. These statements hold good on the assumption which has been the basis of all our analyses so far, namely that the commodities are sold at their values. There is no doubt, on the other hand, that aside from unessential, incidental and mutually compensating distinctions, differences in the average rate of profit in the various branches of industry do not exist in reality, and could not exist without abolishing the entire system of capitalist production. It would seem, therefore, that here the theory of value is incompatible with the actual process, incompatible with the real phenomena of production, and that for this reason any attempt to understand these phenomena should be given up." 1864a: 153.

116. 1863c:87.

117. Ibid.

118. Engels, 1891a:12.

119. 1863a:70-71.

120. 1863a:71.

121. 1863a:96.

122. 1867a:542. Marx adds: "This it cannot do so long as it sticks in its bourgeois skin."

123. 1867a:538. Samuel Bailey made much of this point. See the quotation Marx gives in 1863b:401, and repeats in 1867a:535fn.

124. 1867a:538.

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125. 1863b:400. "Ricardo simply answers that this is how matters are in capitalist production. Not only does he fail to solve the problem; he does not even realise its existence in Adam Smith's work. In conformity with the whole arrangement of his investigation, Ricardo is satisfied with demonstrating that the changing value of labour - in short, wages - does not invalidate the determination of the value of the commodities, which are distinct from labour itself, by the relative quantity of the labour contained in them. "They are not equal", that is, "the quantity of labour bestowed on a commodity, and the quantity of labour which that commodity would purchase". ... He contents himself with stating this fact. But how does the commodity labour differ from other commodities? One is living labour and the other materialised labour. They are, therefore, only two different forms of labour. Since the difference is only a matter of form, why should a law apply to one and not to the other? Ricardo does not answer - he does not even raise this question. /.../ This weakness in Ricardo's discourse ... has contributed to the disintegration of his school, and led to the proposition of absurd hypotheses." Ibid.:397-8.
126. See above, this section, note 123.
127. This argument is developed in 1863b:399-403.
128. 1863b:402. Emphases omitted.
129. Ibid.
130. 1863b:401.
131. 1863b:403. See above, pp. 48-49.
132. Ricardo, Principles, quoted in 1863b:401.
133. See above, this section, note 123.
134. 1863b:403.
135. The discussion in Keat and Urry, 1975, ch.2, pp. 37-40, is useful on this point.
136. 1864a:818. Quoted more fully above, this section, note 58.
137. 1867a:90-91.
138. 1867a:169.
139. 1865a:79.
140. Weber, 1920:208-9.
141. I have questioned this above, Ch. 1, section 3, note 39.
142. 1863b:400.
143. 1863c:274. Conversely: "economists do not regard it /capital/ as such a relationship because they cannot admit its relative

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character ... They simply express in theoretical terms the notions of the practical men who are engrossed in capitalist production, dominated by it and interested in it." Ibid., 265.

144. See, for example, in addition to the material cited immediately below, 1853b and 1853c. I might also mention Marx's ethnological notebooks of the 1870's and 1880's, parts of which are now published, though not in English (1880b).
145. 1858a:450f.
146. 1858a:471f. Also translated as Hobsbawm, 1964.
147. 1864a, chapters XX, XXXVI, and XLVII respectively.
148. See above, pp. 25-27, and relevant notes.
149. See above, pp. 86-87, and relevant notes.
150. Engels, 1894b:7.
151. "I don't know whether I told you that at the beginning of 1870 I began to study Russian by myself, which I now read fairly fluently. This came about because I had been sent from Petersburg Flerovsky's very important work on The Condition of the Working Class (especially the peasants) in Russia, and because I also wanted to familiarize myself with the economic works (they're excellent) of Chernyshevsky (who as a reward was sentenced to the Siberian mines where he has been serving time for the past seven years). The result was well worth the effort that a man of my age must make to master a language differing so greatly from the classical, Germanic and Romance language groups. The intellectual movement now taking place in Russia testifies to the fact that deep below the surface fermentation is going on. Minds are always connected by invisible threads with the body of the people ...". 1871d. On Chernyshevsky, see, further, 1873a, 1877a.
152. On this, see Fedoseyev et al:376-7.
153. 1877a, and 1881c, respectively. The drafts of the latter (1881a,b) are especially interesting.
154. 1867a:763. It is generally accepted that this brief chapter was intended as the conclusion of Capital I, and that the chapter on Wakefield, with which Marx in the end concluded the volume, was put where it was for the benefit of the censor. That Marx should end a work of revolutionary theory thus is hardly surprising.
155. See above, chapter 1, section 3, note 62.
156. See 1864a, chapter XXVII.
157. Whether Marx predicted the absolute or relative immiseration of the proletariat is a much-disputed point. Mandel, 1967, chapter 9, convincingly argues the latter.
158. See above, chapter 1, section 3, note 27.
159. See 1864a: chapter XIV.

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160. See, for example, 1867a: ch. XVII; 1878a: ch. XV; 1864a: chs. XLI - XLIII.
161. See, e.g., Hempel and Oppenheim, 1948:55-58. The thesis that explanation and prediction are symmetrical is disputed in, inter alia, Harre, 1970, ch. 1, and 1972, ch. 2; Keat and Urry, 1975, chs. 1 & 2.
162. Quoted by Hempel and Oppenheim in their 1948:57fn.
163. For a clear statement, see Hempel and Oppenheim, 1948.
164. This is the criterion proposed by Keat and Urry in their 1975: 38.
165. 1857a:105.
166. 1863b:164. See, further, the quotations and references given above, pp. 143-4.
167. 1857a:105.
168. 1857a:103.
169. 1867a:41.
170. 1867f, 1868d respectively. Fuller quotation given in Chapter 1, section 2, note 13 above.
171. 1847b:28. Twenty years later, in Capital I, Marx was to quote this very passage after noting with approval that Wakefield "discovered that capital is not a thing, but a social relation between persons established by the instrumentality of things." 1867a:766, text and fn. 3.
172. 1864a: 246.
173. 1867a:76.
174. 1867a:75.
175. See 1863a: ch. IV, sections 3 & 4. See also, in this connexion, Marx's own discussion of the topic, ibid., Addenda, 12.
176. See 1878a: ch. XI.
177. 1864a:823.
178. 1863c:500-1.

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SECTION FOUR

1. 1846a:31.
2. Ibid.
3. Ibid.
4. Quoted, Hanson, 1961:79.
5. 1867e:8.
6. 1863a:89.
7. 1863a:92.
8. I have tried to show elsewhere that in fact Marx holds to none of these positions, whether as premises or conclusions of his work. See Sayer, 1975.
9. He may, in fact, regard them as inductive generalisations; but induction cannot logically establish necessity.
10. See Sayer, 1975 on this.

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