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The 'Chapter on Capital' and the Doctrine of Essence, Part One: 'Generality of Capital'

The transition from money to capital and 'positing reflection'

At the beginning of the 'Chapter on Capital' in the *Grundrisse* (N 250, M 173),¹ Marx defines a new, fourth determination of money, 'money as capital', distinguishing it from the third determination — 'treasure' or 'money as money' or 'money as an end in itself'. Then he considers the relation between value and capital as they were developed in theory and in history:

As in theory [*in der Theorie*] the notion [*Begriff*] of value precedes that of capital, but on the other hand pre-posites [*voraus-setzen*] a mode of production grounded on capital, for its pure development, so the same thing takes place in practice [*in der Praxis*] . . . The existence of value in its purity and generality pre-posites a mode of production in which the individual product has ceased to exist for the producer in general and even more for the individual labourer, and where nothing exists unless it is realized through circulation . . . This determination of value, then, pre-posites a given historic stage of the mode of social production and it is something given with that mode, hence, a historic relation.

At the same time, individual moments of the determinations of value develop in the earlier stages of the historic process of social production and appear as its result.

Hence, within the system of bourgeois society, capital follows immediately after money.

In history [in der Geschichte], other systems come before [bourgeois

society], and they form the material basis of a still incomplete development of value (N 251-2, M 174-5; quotation partially altered).

In theoretical order, value precedes capital, and 'capital follows immediately after money'. In other words, money, which has developed from commodity-relationships, advances to capital, and capital structures material production and posits the circulation of commodities. This forms a circular process — logical presupposition (*Voraus-Setzung*), then positing (*Setzung*), which becomes the next presupposition.

However, in order for money to become capital, the following four conditions must be presupposed (*voraus-gesetzt*):

1. Free exchange must have become widespread throughout society (*Gemeinwesen*).
2. Most of the funds for production and consumption must have become free funds.
3. Because of the transformation of the funds for consumption into commodities, most of the immediate producers must have become wage-labourers and most labour-power must have become a commodity.²
4. Money must have been accumulated to such an extent that capital will have been formed.

When Marx writes that capital follows immediately (*unmittelbar*) after money, he is presupposing that the four logical conditions listed above are extant in bourgeois society. These four conditions have been posited in actual fact by commercial capital in the course of history and have become presuppositions (*Voraus-Setzungen*) for the transformation of money into capital. It remains to be demonstrated how commercial capital then posits the presuppositions for the development of industrial capital in the course of history. Once that is done, Marx can write that capital follows immediately after money, though he later appends to this logical transformation a discussion of the economic formations which precede capitalist production, a section of the *Grundrisse* known as 'Pre-capitalist economic formations' (N 459-515, M 367-417).³

When the four logical conditions are established in reality, money has then matured in its three determinations — measure of value, means of circulation, treasure or surplus-money. It has an impulse to complete the transformation into capital because

labour-power, not simply its product, has become a commodity.

In his analysis Marx takes on the logical transformation of money into capital, before he considers the historical conditions for that transformation. Presupposing those historical conditions — the destruction of the primitive community and the process of primitive accumulation of capital — he develops or posits the logical transformation of money into capital. That development consists in the process of production of surplus-value and the accumulation of capital. Then, with those theoretical demonstrations as criteria, he searches for the development of the four historical conditions listed above which clarify his account of the logical development of capital. The order of analysis for capital that Marx uses in the *Grundrisse* is the logico-historical order previously employed in the *Economic and philosophical manuscripts (1844)*,⁴ then used again in *Capital*.

In the *Grundrisse* Marx explores the general formation of a social system in history:

It must be kept in mind that the new productive forces and relations of production do not develop out of *nothing* [*Nichts*], nor drop from the sky, nor from the womb of the self-positing Idea [*die sich selbst setzende Idee*]; but from within and in opposition to the existing development of production and the inherited, traditional relations of property. While in the completed bourgeois system every economic relation pre-posites [*voraus-setzen*] every other in its bourgeois economic form, and everything posited [*jedes Gesetzte*] is thus also a pre-supposition [*Voraus-Setzung*], this is the case with every organic system. This organic system itself, as a totality, has its presuppositions, and its development to its totality consists precisely in subordinating all elements of society to itself, or in creating out of it the organs which it still lacks. The organic system historically becomes a totality. The process of becoming this totality forms a moment of its process of coming-to-be, of its development (N 278, M 201; quotation largely altered).

In the quotation cited above, Marx reflects on Hegel's logic of 'positing reflection'. Hegel writes, 'Positing Reflection begins from Nothing [*Nichts*]',⁵ and Marx criticises this conception, arguing that the bourgeois economic system has developed neither from 'the self-positing idea' nor from 'nothing'. Hegel also comments

that 'the positing has no presupposition',⁶ and Marx uses this idea constructively in his critique.

Once the bourgeois economic system is established or posited, capital posits the presuppositions (*Voraus-Setzungen*) of its continued existence as results of the activity of capital itself. Therefore what is posited (*das Gesetzte*) is the same as what is presupposed (*voraus-gesetzt*). This order — from presupposition to positing (*Setzung*) to what is posited or is a resultant — forms a circulation. In that way the self-reproduction of the bourgeois economy shares a circular logic with Hegel's 'positing reflection'. They are the same so long as they mediate their presuppositions within themselves. Through that mediation, their existence is determined through self-reproduction. Presupposition and 'the posited' are given their identities in this circulation, and 'identity' is the simplest determination of 'essence'. This self-identity is analogous to self-reproduction in the bourgeois economy.

Hegel asserts that 'positing reflection' has no presupposition, suggesting that what precedes presupposition is identical with what it posits. However, with respect to the bourgeois economic system, the very presuppositions of its existence were originally posited in the historical process by which pre-capitalist forms of society were destroyed, and it was from those elements that bourgeois society was built up. Far from having no presuppositions, the bourgeois economy has historical presuppositions derived directly from the past. The logical presuppositions of the self-reproduction of the bourgeois economic system are posited in history, and are independent of the logical presuppositions identified by Marx.

At the beginning of the 'Chapter on Capital' in the *Grundrisse*, Marx confirms this methodology. When he presupposes conditions for the transformation of money into capital, he follows the movement of capital to the stage of accumulation, and then traces how the conditions were developed in the historical process by which primitive accumulation occurred and the primitive community was destroyed. After that confirmation, he brings his analysis of the bourgeois economic system into focus: 'But we are dealing here with developed bourgeois society, which is already moving on its own foundation' (N 253, M 175).

On that basis he presents the following problem, later formulated as the 'Rhodus problem' in *Capital*:

1. Capital comes initially from circulation, and, moreover, its point of departure is money (N 253, M 175).

2. On the other side it is equally clear that the simple movement of exchange-values, such as is present in pure circulation, can never realize capital (N 254, M 176).

This is the 'Rhodus problem': the transformation of money into capital must be realised both within and outside the process of circulation. In Marx's words, 'These are the conditions of the problem. *Hic Rhodus, hic salta!*'.⁷

In a passage in the *Grundrisse* that occurs just after point 2 above, Marx refers again to the contradiction within money resolving itself: 'As soon as money steps back into circulation, it dissolves itself in a series of exchange-processes with commodities which are consumed, hence it is lost as soon as its purchasing power is exhausted' (N 254, M 176; quotation partially altered).

These two problems — the 'Rhodus problem' and the contradiction within money — are the same, and they both exist in the sphere of circulation, quite apart from production. The conditions for the transformation of money into capital cannot be met entirely in circulation. When money returns to circulation, it meets the 'Rhodus problem', i.e. how to generate a surplus for capital-accumulation when only equivalents are exchanged. Money must be transformed into the conditions of production in order to solve the problem:

Circulation therefore does not carry within itself the principle of self-renewal. The movements of the latter are pre-positd [voraus-gesetzt] to it, not posited by it . . . Its immediate being is therefore pure semblance. It is the phenomenon [Phänomen] of a process taking place behind it (N 254-5, M 177; quotation partially altered).

In a passage strikingly like the one by Marx quoted above, Hegel writes: 'It [Immediacy] is mere Unessence [Unwesen], or Semblance [Schein].'⁸ 'Semblance in Essence is not the Semblance of an Other, but Semblance in itself, Semblance of Essence itself.'⁹

Marx thinks that commodities and money in simple circulation are results of the 'principle of self-renewal' or reproduction, and that at first they appear independently as 'immediacies' not mediated by anything. That appearance, however, is a mere semblance of the truth. Money must return to circulation, not to remain there, but to change into conditions for production. In that way Marx traces the path of value in a process that moves from non-circulation to circulation and thence to production.

In short, the contradiction in money in its third determination — money as 'treasure' or 'surplus-money' — dissolves itself into the 'ground' of production. That logical order — from contradiction to 'ground' — is based on Hegel's *Logic*: '*Contradiction dissolves itself.*'¹⁰ 'The dissolved contradiction is therefore ground [*Grund*].'¹¹

Marx traces the movement by which value, in order to increase, must advance from non-circulation to circulation and thence to production. And he connects this process with the logic that 'contradiction dissolves itself' into 'ground':

While, originally, the act of social production appeared as the positing of exchange-values and this, in its later development, as circulation — as completely developed reciprocal movement of exchange-values — now, circulation itself returns back into the activity which posits or produces exchange-values. It returns into it as into its ground [*Sie geht darein zurück als in ihren Grund*] (N 255, M 177).

Money transforms itself into the conditions for production and then returns to the point where exchange-values in the form of commodities and money have been produced or posited. At the beginning of the 'Chapter on Capital', Marx refers to Hegel's 'positing reflection' or circular logic that moves from presupposition (*Voraus-Setzung*) to positing (*Setzung*). But he does so on the basis of his own presupposition that the four conditions for the transition of money into capital have already been established in the course of history. The transition from contradiction to 'ground' at the beginning of Hegel's *Doctrine of Essence* is related by Marx to the movement of 'money as capital' from non-circulation to circulation and thence to production, in order to resolve the contradiction between 'money as capital' and the 'quantitative barrier' (*Schranke*) it must cross between equivalence and increase or surplus (N 270, M 194).

The exchange between capital and labour, the labour-process and the valorisation-process, and 'form, substance, matter and content'

In tracing the movement of 'money as capital' from circulation to production, Marx applies Hegel's dictum in logic that contradiction dissolves itself into 'ground'. 'Money as capital' transforms

itself into conditions for production (productive labour and the means of production), and thus returns from circulation to production, which corresponds to 'ground' in the Doctrine of Essence.¹²

In order to investigate the further connections between Marx's *Grundrisse* and Hegel's *Logic*, we must note that Hegel describes a complex subsumption of substance, matter and content under the concept 'form' as follows:

Form at first stands opposed to Essence [*Wesen* = Substance],¹³ and is then Ground-relation in general, and its determinations are the Ground and Grounded. It further stands opposed to Matter [*Materie*], and then is Determining Reflection, and its determinations are Determination of Reflection itself and its persistence. Finally it stands opposed to Content [*Inhalt*], where its determinations again are itself and Matter. What before was the self-identical first Ground, then persistence in general, and lastly Matter — passes beneath the domination of Form [*Herrschaft der Form*] and is once more one of its determinations.¹⁴

Hegel argues that 'form' subsumes 'essence' or 'substance', 'matter' and 'content' concomitantly under itself. By contrast Marx rearranges those four categories into three pairs:

1. form and substance;
2. form and content;
3. form and matter.

Marx has already analysed the economic implications of 'form and substance' in the 'Chapter on Money'. He explicates the economic significance of 'form and content' in the exchange between capital and labour, and that of 'form and matter' in his consideration of the labour-process.

As we have seen in our analysis of the 'Chapter on Money', 'labour in general' is unconsciously abstracted in commodity-relations as a 'social substance': 'The substance [*Substanz*] of value is not at all the particular natural substance [*die besondere natürliche Substanz*], but rather objectified labour [*die vergegenständlichte Arbeit*]' (N 299, M 219). Owners of labour-products equate them with each other as value in private exchange, and through that equation, each concrete form of labour is abstracted as objectified

labour, a social substance, which grounds and regulates value. Exchangers presume that they equate their products with each other as values, because as values they appear to be equivalents. Thus the unconscious acts of exchangers are reflected in a perverse way in their consciousness. What seems to them to be value is only an ideal expression of their relation within private exchange. That relation, which is posited as they equate their products, is alienated from them as value. Marx later calls this alienated relation a 'form' or 'value-form' in *Capital*.

In the *Grundrisse* Marx just touches on the analysis of the value-form, but does not as yet develop it from its first to its fourth and final form as coins and currency. Rather he begins the study of value, using the term 'substance' in two ways: 'natural substance' in the sense of use-value, and 'social substance' in the sense of abstract labour. The reason why he adopts the word 'substance' in those two senses is that he understands social substance as something mediated with or materialised in a natural substance. The terms 'natural substance' and 'social substance' are an adaptation of Aristotle's concepts 'primary substance' and 'secondary substance'. Marx equates primary substance with natural substance, and secondary substance with social substance.

However, form and substance are not yet paired in the *Grundrisse*, as they are in the later theory of the value-form in *Capital*, because in the *Grundrisse* Marx has not yet distinguished value from exchange-value. He uses the word 'relation' in the sense of 'value-form' (N 143, M 77-8), and therefore it is possible to say that he in fact uses the pair 'form and substance' in the *Grundrisse*.

Marx understands what Hegel calls ideality of 'being-for-itself' as the logical expression of the alienated relation of exchange or 'form' as value. He sees the alienated relation or value-form in 'being-for-itself'. 'Form' or relation and social substance are historical *par excellence* in the *Grundrisse*, where he connects them with the exchange of commodities. 'Form' and 'substance' are determinations of commodity-exchange, considered abstractly. 'Form' is what becomes alienated and independent from the people who exchange commodities, and 'substance' is what grounds and regulates 'form', because it is abstracted from concrete labour when commodities are equated as values.

This pair 'form and substance' is connected with the next pair, 'form and content'.¹⁵ The alienated relation or 'form' becomes separated (*chōriston*) as value and materialised as money through the unconscious acts of commodity-owners. Value is transub-

stantiated (N 308, M 228) into another natural substance, gold or silver, so the contradiction between use-value and value develops into an exterior opposition between commodities and money.

'Form' and 'content' are determinations of the commodity and money in exchange-relations. Money is 'form', which has value as its main component and use-value as a subordinate component, whereas the commodity is 'content', which has, by contrast, use-value as its main component and value as a subordinate one.

Marx then makes a distinction between two ways in which money as 'form' and the commodity as 'content' are related. He does this in connection with the two types of circulation: $C-M-M-C$ and $M-C-C-M$. The first way is the determination of 'form and content' in the case of simple circulation $C_1-M-M-C_2$, which is composed of two kinds of exchange, first selling (C_1-M) and then buying ($M-C_2$). The second way is the determination of money and commodity in the exchange between capital and labour, which the second type of circulation reflects. In its full expression it is $M-C(L_p + P_m) \dots P \dots C' - M'$, where L_p = 'labour-power' (or in the *Grundrisse* 'labour-ability') and P_m = 'means of production'.

Marx describes simple circulation, through which individuals obtain the means of consumption, as follows:

. . . money for the commodity: i.e. the exchange-value of the commodity disappears [*verschwinden*] in exchange for its material content [*ihr materielle Inhalt*]; or commodity for money, i.e. its content [*Inhalt*] disappears in exchange for its form [*Form*] as exchange-value. In the first case, the form of exchange-value is extinguished; in the second, its substance [= content]; in both, therefore, its realization is its disappearance (N 260, M 184; quotation partially altered).

In simple circulation a content obtained through exchange becomes a use-value or object for individual consumption, and the form of exchange is the simple one in which exchange is terminated, whether it is an equivalent exchange or not. That 'form' disappears after mediating the 'content' of exchange. Therefore that 'form' does not subsist by itself, but mediates itself with 'content' of various kinds. In that way 'an actual relation of exchange-value and use-value' (N 269, M 193; quotation largely altered) does not occur, as it does in the second type of circulation.

In the second type of circulation, the exchange between capital

This [= the simple exchange] concerns only the *form* [*Form*] of the exchange; but does not form its content [*Inhalt*]. In the exchange of capital for labour, *value* is not a measure for the exchange of two use-values, but is rather the *content* [*Inhalt*] of the exchange itself (N 469, M 376–7).

The exchange between capital and labour is the same as a simple exchange from the point of view of the wage-labourer, because wage-labourers sell their commodity, labour-power (C_1) for money and then buy commodities which form the means for individual consumption (C_2). However, from the standpoint of the capitalist, things are different. For the capitalist, the use-value of labour-power is the use-value unique to itself, 'use-value for *value*' (N 469, M 376), a possibility for positing value and surplus-value. In the second type of circulation 'value is . . . the content, and this form [is] *value*' (N 272, M 196). Therefore the 'form' of exchange becomes its 'content'. The 'content' of the exchange between capitalist and labourer, from the standpoint of the capitalist, is 'form as content'.¹⁶ This is a 'form' which persists as its own 'content', or which becomes its own 'content', through a mediation of itself with various 'contents' that are natural substances or use-values. In that way the real relation between exchange-value and use-value is developed.

Presupposing the existence of the means of production as 'the content of capital' (*Inhalt des Kapitals*), Marx expresses the immediate results of the exchange between capital and labour. This 'content' of capital is distinguished from its 'formal relation' (*Formbeziehung*) (N 302, M 221). The 'content' of capital includes the elements of the 'process of production in general' (N 303, M 223), and the relation between 'matter' (*Materie*) or raw material and instrument, and 'form' or labour (N 302, M 221). This is not the 'form as content' of the exchange between capital and labour. Rather these elements in the 'content' of capital are factors of the labour-process (N 304 f., M 223 f.).

Marx then considers capital's own 'formal relation' to its elements (N 302, M 222), both in the valorisation process and in the process of production of relative surplus-value. After that, in his consideration of the twofold character of labour — labour as creator of new value and preserver of old values — he takes up the relation between the 'content' of capital and its 'form'.

In the valorisation process Marx traces the realisation of 'form as content'. In that process labour-power represents the possibility (*Möglichkeit*) of valorisation, but this is a simple or abstract possibility. It becomes actual in connection with the means of production and consumption, and it realises 'form as content' when invested as capital. Surplus-value or 'form' is thus posited through the consumption of labour-power.

In considering the valorisation process Marx brings into focus one aspect of the realisation of 'form as content' or increasing value. When considering relative surplus-value, he includes moments of use-value or 'content' as means of subsistence for the labourer. 'Content' as use-value is thus mediated with 'form' as surplus-value. If the quantity of labour objectified in a certain amount of the means of individual consumption or 'content' decreases, because productivity has increased, then surplus-value or 'form' increases proportionately.

In the twofold character of labour — labour as creator of new value and preserver of old values — another moment of the value or 'form' of the means of production is introduced. Living or concrete labour is subsumed under the process of production of capital in order to produce new use-value or content. At the same time the value or 'form' of the means of production is transferred and preserved through the consumption of old concrete use-values or 'content' in the means of production.

There are three sorts of use-value related to the production of the commodity as capital — the use-value of labour-power, the use-value of the means of life for the labourer, and the use-value of the means of production. They are mediated in a complex way in the product as commodity-capital ($C + V + S$), and they are introduced one by one as determinate moments of the valorisation process, the process of producing relative surplus-value, and the twofold character of labour.

'Form as content' is a mere potential within the negative unity of money in its third determination, treasure or 'money as money', but 'form as content' actually emerges in the exchange of 'money as capital' for labour. It realises itself through mediation of the three sorts of use-value listed above, making a complex structure of 'form and content' in the labour-product as capital. Each 'content' or use-value of capital is converted (*umschlagen*) through mediation into its own 'form' or value. The conversion occurs in the accumulation of capital, considered below.

Let us advance to 'form and matter'. As cited in the Preface to

this book, Alfred Schmidt has called his readers' attention to this pair of concepts. This pair has its origin in the work of Aristotle, and Hegel has adapted them from Aristotle as 'ground' in his *Logic*.

Aristotle defines 'form' and 'matter' as causes of a product in the following way: a producer imagines what and how to produce, using his mental abilities (*telos, causa finalis*, final cause) before actual production takes place. The producer realises this image by using his physical ability (*archē, causa efficiens*, efficient cause), and making use of materials (*hylē, causa materialis*, material cause) that exist outside himself (*eidos, causa formalis*, formal cause).

Hegel develops Aristotle's four causes (*eidos, telos, archē* and *hylē*) into other concepts under 'actuality' (*Wirklichkeit*) in the *Logic*, changing *telos* to 'concern' or 'thing' (*Sache*), *archē* to 'activity' (*Tätigkeit*) and *hylē* to 'condition' (*Bedingung*) (sect. 148).

On what level does Marx appropriate Hegel's interpretation of Aristotle? First of all, he interprets it on a trans-historical level as three factors of the process of production in general or the labour process. He interprets what Hegel calls 'concern' and 'activity', both of which are 'forms', as mental and physical factors of labour-power, and he interprets 'condition' as 'matter' or means of production:

... in connection with labour as activity [*Tätigkeit*], the matter [*Stoff*], the objectified labour, has only two relations, that of the *raw material*, i.e. of the formless [*formlos*] matter, the mere matter for the form-positing [*Formsetzend*], purposive activity of labour, and that of the *instrument of labour*, the objective means which subjective activity inserts between itself and an object, as its conductor (N 298-9, M 219).

'Form' and 'substance' are historical determinations in private exchange, whereas 'form' and 'matter' are trans-historical determinations in the labour-process. How are the two pairs then connected with each other? Marx analyses the connection between them in the following way: 'form' or value, which has been grounded on social substance and mediated with natural substance, is now separated from a non-specific natural substance and transubstantiated into a specific natural substance such as gold or silver as the 'money-subject' (N 167, M 99, etc.). This substance is in fact 'money as capital'. 'Money as capital' or 'form' is then linked to the conditions of production or 'content' which is

analysed at first from a trans-historical standpoint. In that analysis it appears as the relation between 'form' and 'matter'. 'Form and substance' and 'form and matter' are thus mediated and linked together:

Now . . . in the process of production, capital distinguishes itself as form [*Form*] from itself as [*natural*] substance [*Substanz*]. It is both aspects at once, and at the same time the relation of both to one another. But . . . it still only appeared as this relation *in itself* [*an sich*]. The relation is not *posited* yet, or it is posited initially only in the determination of one of its two moments, the *material* moment, which divides internally as matter [*Materie*] (raw material and instrument) and form [*Form*] (labour), and, which, as a relation between both of them, as an actual process, is itself only a material relation again — a relation of the two material elements which form the content of capital [*Inhalt des Kapitals*] as distinct from its formal relation as capital [*Formbeziehung als Kapital*] (N 301-2, M 221).

Marx then considers labour-power and the means of production. These are structured by money-capital into a 'material relation', 'the content of capital as distinct from its formal relation as capital' or 'form and matter'. Using the two terms, derived originally from Aristotle, Marx refers to the subjective moment of the labour-process as 'form', and to the objective moments as 'matter', and then to the relation between the two kinds of moment as a 'material relation'.

Using these definitions Marx clarifies the twofold relation between 'form' and 'matter'. Man is 'form' (*eidōs*) in relation to nature as 'matter' (*hylē*). This 'form' (*eidōs*) is analysed into *telos* (final cause) and *archē* (efficient cause). The final cause is the human mind, and the efficient cause is the human body. The human mind and body are themselves defined as *eidōs* and *hylē*, showing the superiority of mind over body, so human nature subsists because mind rules body in the way that 'man' as 'form' (*eidōs*) rules nature as 'matter' (*hylē*). Therefore:

1. The human mind (*telos*) is 'eidōs as eidōs' (*eidōs* as such).
2. The human body is *archē* as *hylē* in its determinate relation to the human mind (*telos*); but:
3. So long as human beings change given forms of nature (*hylē*)

into new ones that are determined by the human mind (*eidōs* as such), the human body is '*archē* as *eidōs*' in relation to nature, and:

4. Nature is '*hylē* as *hylē*' (*hylē* as such).¹⁷

By analysing the complex relation presented above, Marx demonstrates how these four factors are organised in capitalist production.

For Marx it is capitalist private property that divides the natural unity of 'man' and nature, and divides the immediate unity of human beings in society. Because of the capitalist expropriation of nature (*hylē* as such) — that is, land and products of labour — the capitalist monopolises the human mind (*telos* or '*eidōs* as *eidōs*'). By contrast, wage-labourers exist as such, because they are alienated from nature by the capitalist, and the wage-labourer must also alienate labour-power, confining it to the human body (rather than including the mind) and to its productive relationship with nature, because the wage-labourer must subordinate labour to the capitalist. In capitalism the human being as 'form' appears to be dependent on nature as 'matter', the inverse of the wage-labourer's real dependency on the capitalist.

The capitalist is engaged as human mind (*telos* or *eidōs*) in this role, alienating natural physical ability — the body's productive relationship with nature — to the wage-labourer. The proper activity of the capitalist consists in measuring, maintaining and increasing value, and therefore capitalist activity is different from natural *telos*. The capitalist's *telos* is limited to structuring value-relations, and the capitalist identifies the metamorphoses of capital with the value-relations that are dealt with abstractly in the mind, so the capitalist 'obtains this ideal determination' of capital (*seine ideal Bestimmung erhalten*) (N 298, M 218). When a distinction is made between the capitalist and the conditions of production, the former appears as the personification of capital and the latter as a 'material relation'. Wage-labour appears as '*archē* as *hylē*', means of production as '*hylē* as *hylē*', and both appear as *hylē* against the capitalist, who appears as *eidōs par excellence*.

However, this represents an external distinction between formal and material moments. Later on they are mediated within the process of capitalist production in which the four factors mentioned above are rearranged.

First, the wage-labourer does not appear as *eidōs* in the labour-process, but as '*archē* as *hylē*' to the capitalist, and as '*archē* as *eidōs*' or as agent to the means of production, which appears as '*hylē* as *hylē*'. The wage-labourer acts as a twofold *archē*.

Secondly, living labour subsumed under capitalist production has a twofold character. Here Marx is successful for the first time in analysing it. Labour not only adds new value ($V + M$), but preserves and transfers old value (C) from the means of production.

The twofold character of labour and its twofold *archē* are related in the following ways. Firstly, the *archē* of the labourer works as a 'natural *eidōs*' and produces a new product ('*hylē* as *hylē*'), and preserves the 'natural substance' of the means of production ('*hylē* as such') in a 'substance with another form' (N 312, M 230). At the same time as an agent for the capitalist (*eidōs* as such), the *archē* of the labourer ('*archē* as *eidōs*') objectifies new value ($V + S$) and preserves old value already objectified in the means of production (C) through the consumption of its own use-value. It acts as 'the mediating activity through which capital *valorizes* itself' (N 305, M 225; quotation partially altered) in relation to the means of production (*hylē* as such). It reproduces value (V), increases value (S) and preserves 'social substance' as constant capital (C). The twofold character of labour or *archē* is the actuality through which the 'content' of capital (which includes the use-value of labour-power and of the means of production) converts itself into the 'form' of capital, i.e. the value of capital as a product.¹⁸

Labour-power as general substance and 'relation of substantiality'

Capital can persist because it subsumes labour as 'general substance' (*die allgemeine Substanz*), so Marx now considers labour-power (*Arbeitsvermögen*) as general substance. Through the subsumption of labour-power, capital maintains its existence:

Capital is, by its notion, money, but not merely money in the simple form of gold and silver, nor merely as money in opposition to circulation, but in the form of all substances — commodities . . . The communal substance of all commodities, i.e. their substance not as material stuff, as physical determination, but their communal substance as *commodities* and hence *exchange-value*, is this, that they are *objectified labour*. The only thing distinct from *objectified* labour is *non-objectified* labour, labour which is still objectifying itself, *labour* as subjectivity . . . The only *use-value*, therefore, which can form the opposite pole is *labour* (N 271–2, M 195–6; quotation partially altered).

. . . the use-value which he [the labourer] offers, exists only as capacity, ability [*Fähigkeit, Vermögen*] of his bodily existence; has no existence [*Dasein*] apart from that. The objectified labour, which is necessary not only to maintain the general substance [*die allgemeine Substanz*] on which his labour-power [*Arbeitsvermögen*] exists, i.e. to maintain the labourer himself bodily, but also to modify [*modifizieren*] this general substance to develop its particular ability, is the labour objectified in it (N 282-3, M 205; quotation partially altered).

What does the 'general substance' mentioned above actually mean? In general, capital depends on labour-power. But why is it referred to as 'general substance'? Here Marx contrasts 'general' with 'particular'. The labourer consumes particular substances as the means for individual consumption and is engaged in a particular job. The labourer is a particular substance as labour with respect to capital, and the labourer produces a particular substance or product using particular substances as means of production. So far the connection between various kinds of particular substances appears merely as a relation between the capitalist and labourers as individuals.

However, the labourer must engage in various sorts of work, and the labourer has to live within the terms of labour-mobility in capitalist society:

. . . labour is of course in each single case a specific labour, but capital can come into relation with every *determinate* labour; it confronts the *totality* of all labour potentially [*dunamie*], and the particular one it confronts at a given time is accidental. On the other side, the labourer himself is absolutely indifferent to the determinateness of his labour; it has no interest for him as such, but only in as much as it is in fact *labour* and, as such, a use-value for capital (N 296-7; M 217; quotation partially altered).

The capitalist and the labourer are related, not merely in a particular determinateness, but in general. As a member of the class of labourers, the labourer must have abilities to accomplish the different sorts of work which happen to be offered to individuals. Through the adaptation to different kinds of work, the potential develops for labourers to be able to do any kind of job. That potential is what Marx calls the 'general substance' within the labourer.

In real life the labourer consumes the concrete determinateness of the labour already objectified in the means of consumption. This happens through individual consumption undertaken in order to generate abstract labour. This abstract labour is then objectified in order to maintain life and thus reproduce labour as general substance. The general substance or matter (*mater*) within the labourer develops the particular forms of labour-power that exist potentially within it.

Marx's terms 'particular substance' and 'general substance' imply a critique of Hegel's idealism and pseudo-historicism as found in his discussion of the 'relation of substantiality' in the *Logic*:

The necessary is in itself *absolute relation*, i.e. the developed process . . . in which the relation also supersedes itself to absolute identity [= form].

In its immediate form it is the relation of *substantiality* and *accidentality*. The absolute self-identity of this relation is *Substance* as such, which as necessity is the negativity of this form of inwardness, and thus posits itself as *actuality*, but which is the *negativity* of this outward thing. In this negativity, the actuality as immediate is only an *accidental thing* which through this simple possibility transits into actuality; a *transition* which is the substantial identity as *form-activity* (sect. 150).¹⁹

Hegel insists that 'substance' is determined as 'necessity', 'subject' and 'absolute form' (sect. 149), and it becomes 'actuality' through 'concern' or 'thing' (*Sache = telos*), 'activity' (*Tätigkeit = archē*) and 'condition' (*Bedingung = hylē*). Does his analysis apply to the labour-process or to the valorisation-process? In fact he makes no valid distinction but rather confuses the two.

Marx resolves this confusion by distinguishing 'form' and 'substance'. For him 'subject' is not 'substance' but 'form', both in the labour-process and in the valorisation-process, though the term 'form' has different senses in each process, as we have already seen. The 'form' in the labour-process is the producer, and its opposite is 'matter', which signifies the means of production. The other 'form' occurs in the valorisation-process, where it is understood to be capital or the capitalist, its personification, the opposite of which is 'content' or capital. The capitalist ascribes to concrete things the abstraction capital-value when they are in their productive metamorphoses.

However, Hegel mistakes 'relation' and 'process' for 'substance'. Indeed the relation of exchange becomes independent for him as value and then as a 'subject' itself, conceived apart from the persons who generate it. But 'substance' does not become 'subject'; rather it grounds value, and value subsists as 'substance'. The process in which the relation of private exchange becomes alienated as value is simultaneously accompanied by a process of consumption in which concrete labour is transformed into 'labour in general', the social substance of value. Capital-value as a subject in the economic process alters the particular natural substances in which it appears in order to maintain its subjective identity as value grounded on the social substance, labour in general, which is materialised by the labourer in natural substances.

Hegel's identification of 'substance' with 'subject' is derived from his idealism. He evidently thinks that the whole world or cosmos is the creation of 'substance' through its activity in knowing itself. Substance is 'knowing' (*Wissen*), and therefore it is ideal *par excellence*. It proves itself through its special activity, 'knowing'. Substance as 'knowing' becomes 'subject' through knowing itself. Therefore, according to Hegel, everything in the cosmos is essentially the existence of the ideal.

The development or 'becoming' of 'substance' into 'subject' as outlined by Hegel corresponds to the bourgeois economic system, in which the value-consciousness of real people rules as an idea over natural substances. To this consciousness, everything appears to be determined by value. The transformation of the product into the commodity appears in an inverted way as if value as 'substance' in the product were a 'subject', whereas value is actually the alienation of the exchange-relation between the products of concrete labour, and social substance is concrete labour made abstract as labour in general. That is the real reason why Hegel says that 'substance' is 'subject'.

In the section from the *Logic* cited above, Hegel grasps that 'relation' becomes 'process', 'substance' and 'actuality'. Together they are 'subject'. Indeed, he does not make a clear distinction between 'substance' and 'subject', but presumes that 'substance' becomes 'subject' through positing itself.

By contrast, Marx distinguishes 'substance' from 'subject'. 'Subject' for him is the relation of value or 'form', which is based on abstract labour as social substance. Once money has been generated historically, the relation of value is formed between

commodities and money, and it vanishes after exchange. Value requires the social substance from which it is derived. In changing shape within the relation of value, capital also changes its natural substance or use-value in which social substance is embodied. The capitalist as the personification of capital carries out a role of identifying capital as value in relation to its various shapes. With respect to the distinction between 'substance' and 'subject', Marx writes:

For their part, the raw materials and the instrument are preserved not in their form [*Form*] but in their [natural] substance [*Substanz*], through the simple relation that the instrument as instrument is used and raw material is posited as raw material of labour, through the simple process that they come in contact with labour, being posited as its means and object and thus an objectification of living labour, moments of labour itself; and considered economically, their [social] substance is objectified labour-time (N 360, M 271; quotation partially altered).

Living labour preserves natural substance in the labour-process. It works as 'subject', carrying out material changes, for instance, from cotton to yarn, then to textiles and eventually to clothing. The 'external form of its natural substance' (N 360, M 271), i.e. raw materials, is consumed and abstracted as 'accidental' (*zufällig*) (N 360, M 272) by living labour, and so it comes to represent an increase in wealth.

However in the valorisation-process, where labour is subsumed under capital as general substance, living labour has the twofold character of objectifying new value ($V + S$) and preserving old value in constant capital (C). The capitalist, or capital consciousness, commands the labourer to objectify more value than has been objectified in the labourer's own labour-power, and at the same time, to maintain the labour already objectified in the means of production without further reward.

The capital-form, however, is historical, and the capitalist is historically a particular type of individual. Capital is inevitably innovative in technology, because of the drive to obtain increasing profits, and it tends to remove living labour from the process of production. Unaware it makes a transcendence of itself possible as it approaches an extreme point at which no living labour exists in the process of production. Capital is a historical form grounded

essentially on social substance. Notwithstanding this, it also repels the very source of social substance, living labour, by expelling it from the economic process. Capital tends to undermine its own 'ground' through its dynamic development.

Component parts of capital and 'the whole and the parts'

Marx now advances from the labour-process to the valorisation-process. He writes:

Hitherto, capital has been regarded from its material side as a *simple production process*. But, from the side of its formal determinateness, this process is the *self-valorization process* [*Selbstverwertungsprozess*]. Self-valorization includes preservation of the prior value, as well as its multiplication (N 310–11, M 229; quotation partially altered).

This order of analysis, from material relation to formal determinateness, appears in Hegel's *Logic*:

The Essence must *appear*. Its semblance in it is the transcendence of it to immediacy. While as reflection-on-itself the immediacy is *subsistence* (matter) [*Bestehen (Materie)*], it is also *form*, reflection-on-other, subsistence which *transcends itself* (sect. 131; quotation partially altered).

Marx then considers the forms of existence in which capital appears and the contents or use-values to which these forms of capital or value relate. Capital first appears in the form of money, then transforms itself into a 'material mode of existence' (N 313, M 231; quotation partially altered), i.e. the elements of production, and it changes its shape in the product. Therefore: 'The different modes of existence of values were pure semblance [*Schein*]; value itself formed constantly self-identical essence within their disappearance' (N 312, M 231).

Money-capital is transformed into production-capital, and the whole of money-capital is now dissolved into several parts. However, the various modes of existence are semblance (*Schein*). They are in fact forms of appearance of capital-value, because capital maintains its character as value through a metamorphosis of the elements of production into products and then to commodities and money.

The determinations 'semblance' and 'appearance' mentioned by Hegel are also relevant to Marx's discussion:

Existence, posited in its contradiction, is Appearance [*Erscheinung*]. Appearance is not to be confused with a mere Semblance. Semblance is the proximate truth of Being or Immediacy. The immediate is not what, as we suppose, is something independent, resting on itself, but a mere Semblance, and as such it is summarized in the simplicity of the essence which is in itself (sect. 131, Z; quotation largely altered).²⁰

The immediacy and independence of existence are mere 'semblance'. When semblance is mediated with 'essence', it becomes 'appearance'. Marx adopts this logic when he writes that various material modes of existence are 'semblance'. If these material things become products, they persist within their identity as value. They appear as various parts of the whole of capital-value: 'The only process in relation to value [is] that it once appears as a whole [*ein Ganzes*], unity; then as division of this unity into determinate amount [*Anzahl*]; finally, as sum [*Summe*]' (N 314, M 232).

In that way money as capital appears at first as qualitatively the same, a whole or unity. Then it is differentiated into various forms, namely materials for labour, instruments of labour and human labour-power. Finally the 'component parts' (*Bestandteile*) (N 314, M 232; quotation largely altered), of capital are united again into one sum through productive consumption. The way in which Marx traces the transformation of capital-value comes from Hegel's discussion of 'the whole and the parts' in his *Logic*:

The *immediate* relation is that of the Whole [*das Ganzes*] and the Parts [*die Teile*]. The content [*Inhalt*] is the whole, and *consists* of the parts (the form) [*Form*], its counterpart. The parts are diverse one from another and independent. But they are parts, only in their identical relation to one another, or in so far as, being taken together, they constitute the whole (sect. 135; quotation partially altered).²¹

At first glance Marx's usage is the same as Hegel's. However, if we examine it carefully, we see that the two are different at a crucial point. Hegel defines 'content' as equivalent to the whole,

and 'form' as equivalent to the parts. By contrast, Marx links 'content' to the parts, and 'form' to the whole. As already indicated, Hegel speculates that 'substance', 'matter' and 'content' are subsumed under 'form', one by one. This constitutes a complex structure in which 'form' is the dominant 'subject', without noting the different kinds of form. Hegel fails to analyse the three kinds of 'form' that appear in 'form and substance', 'form and content', and 'form and matter'. As trans-historical categories, the final pair constitutes 'content'. Hegel's account is misleading, because 'form' is changed from the trans-historical to the historical. 'Content' is then mistaken for something historical.

In economic terms, Hegel indicates that 'content' changes from use-value to value and that 'form' becomes the mode of existence of value. By contrast, Marx claims that 'content' is use-value or, strictly defined, use-value in the commodity, and that 'form' is value, strictly defined, value in money. Therefore form or the abstract whole of capital-value appears in different factors of production. As we will see later, Marx is able to grasp the law of appropriation by making use of the terms 'form' and 'content', each of which changes into the other. Hegel's failure to distinguish between the two sorts of 'form' — historical and trans-historical — results in his pseudo-naturalism²² and pseudo-historicism.

Manifestation as the force of capital and 'force and its manifestation'

In the 'Chapter on Capital' Marx traces the process of development of capital from its origin in money, through successive transformations as factors of production, then products and so to money ($M-C(L_a + P_m) \dots P \dots C'-M'$), i.e. the circuit of money-capital or circulating capital (N 250-66, M 173-88). He then analyses the exchange between capital and labour (N 266-97, M 188-217), considers the labour-process (N 297-310, M 218-29), grasps the valorisation process (N 310-26, M 229-42) and takes up the first theories of surplus-value (*Ur-Theorien*) (N 326-33, M 242-8). After that, he defines the concept of relative surplus-value (N 333-53, M 248-66). In the two-part 'Results of the Immediate Process of Production' (N 366-401, M 277-309; N 423-34, M 336-45) he studies the motives for, and results of, capitalist investment in machinery.²³

The following passage concerning the twofold character of

labour deserves examination because of its relationship to Hegel's *Logic*:

Like every other natural or social force of labour, unless it is the product of previous labour, or of such previous labour as does not need to be repeated (e.g. the historical development of the worker etc.), this animating natural force of labour [*Naturkraft der Arbeit*] — namely, that by using the material and instrument, it preserves them in one or other form, including the labour objectified in them, their exchange-value — becomes a *force of capital* [*Kraft des Kapitals*], not of labour. Hence not paid for by capital. As little as the labourer is paid for the fact that he can think etc. . . . (N 358, M 270; quotation partially altered).

As it is under the command of the capitalist that living labour consumes productively the means of production and thus produces 'a substance with another form' (N 312, M 230), as well as reproducing the labour already objectified in itself, so the natural force in labour manifests itself as if it were a part of capital, a force in capital: 'This preserving force of labour therefore appears as the *self-preserving force* of capital [*Selbsterhaltungskraft*]' (N 364, M 275). 'Force and its manifestation' evidently suggests to Marx a way of seeing through this inversion, when the force in labour appears as a force in capital:

The Manifestation of Force [*Ihre Äusserung*] itself is the transcendence of variety of the two sides, which is present in this relation, and is positing of identity, which *in itself* constitutes the content. The truth of Force and Manifestation therefore is the relation, in which the two sides are distinguished only as *inward* and *outward* (sect. 137; quotation largely altered).

Through the manifestation of force, the inward is *posited* in existence; this *positing* is the *mediation* through empty abstractions; the inward disappears in itself to *immediacy* . . . (sect. 141; quotation largely altered).²⁴

Hegel's logic in the second of these two quotations is applied by Marx to explain how the force in labour, the 'inward', is posited in the 'outward' existence of the product. This positing of the product, however, is mediated or structured by capital, and the force in labour disappears as such, but is manifested as the force in capital.

On the first level at which the labour-process is considered by Marx, 'content' is outwardly opposed to 'form', but on the level of the twofold character of labour, the two are mediated inwardly. This happens in the human body or *archē*, which is alienated from *telos*. The human body actualises the capitalist *telos* by acting as its agent. In relation to *hylē* as such, it produces material wealth or 'content'. As agent for the value-consciousness of the capitalist, it objectifies new value (V + S) and preserves the old constant capital or 'form' (C). In carrying out a metabolism with nature, this twofold *archē* of wage-labour is a factor in capital mediating its relations. Therefore the force which labour actualises with respect to nature is inverted when it appears as the force of capital.

Surplus capital and 'actuality'

After the first part of his 'Results of the Process of Production', in its first variant, Marx outlines the following plan:

The Process of Realisation of Capital — One
Results of the Process of Production — Two
The Process of Realisation of Capital — Two
The Formation of the General Rate of Profit
The Process of Reproduction through Exchanges
The Process of Realisation of Capital — Three
Surplus Product and Surplus Capital
The Conversion of the Law of Appropriation
The Reproduction of the Capital Relation
Pre-capitalist Economic Formations (See pp. 143–4 below,
items 9–180)

Here Marx's use of Hegel's *Logic* is focused on the accumulation of capital through primitive accumulation. The accumulation of capital consists of:

1. surplus product and surplus capital (N 450–6, M 360–5);
2. the conversion of the law of appropriation (N 456–8, M 365–7);
3. the reproduction of the capital relation (N 458, M 367).

In Part One of the 'Results' Marx brings the surplus product into focus as a result of the immediate process of production under capital. Surplus products, which are in fact the result of labour

viewed from the standpoint of the wage-labourer, are but a stage in the transformation of capital into surplus-capital and are funds for the reproduction of the capital-labour relationship.

In the *Grundrisse* Marx uses Hegel's *Logic* when he writes about alienated labour producing a surplus product. In doing this he refers to a previous discussion in his *Economic and philosophical manuscripts (1844)*:

When labour is considered from the standpoint of labour itself [*Vom Standpunkt der Arbeit aus betrachtet*], it therefore now appears as acting [*tätig*] in the process of production in such a way that it simultaneously repulses its actualization [*Verwirklichung*] in objective conditions as alien [*fremd*] reality, and hence posits itself as insubstantial, as mere penurious labour-power [*Arbeitsvermögen*] in the face of this reality which is alienated [*entfremdet*] from it, belonging not to it, but to others; that it posits its own actuality not as being-for-itself [*Sein für sich*], but as simple being for other [*blosses Sein für andres*], and hence also as simple other-being [*Anderssein*] or being of others opposite to itself. This actualization process [*Verwirklichungsprozess*] of labour is at the same time the de-actualization process [*Entwirklichungsprozess*] of labour . . . It returns back into itself as the simple possibility [*blosse Möglichkeit*] of value-positing [*Wertsetzung*] or valorization (N 454, M 363; quotation largely altered).

In the *Economic and philosophical manuscripts (1844)* Marx uses a descending analytical method to explicate the concept alienated labour, in order to inquire into its real cause and result — actual alienated labour, modern private property and capital. He analyses the alienated relation of separation between the product of labour and labour itself at the end of the process of production. Though capital appears as the cause of alienated labour or modern private property, he concludes that alienated labour is the real cause of modern private property or capital. In other words, the labourer, the propertyless worker, is the cause, and the non-labourer or property-owner is its effect. Once this relationship between the labourer and the non-labourer is established historically, the relationship appears theoretically in inverted form — capital as cause and alienated labour as effect. At the close of the first of his 1844 manuscripts, Marx writes that he will consider the relation of the non-labourer or capitalist to the labourer from the

standpoint of the capitalist. He fulfils this when he considers the conversion of the law of appropriation.

The quotation from the *Grundrisse* cited above demonstrates that Marx's basic view of alienated labour as the cause of capital had not changed since 1844. An extract from the *Economic and philosophical manuscripts (1844)* cited below shows a continuity between those manuscripts and the *Grundrisse* that includes basic terminology:

The product of labour is labour embodied and made material [*sachlich gemacht hat*] in an object, it is the *objectification* [*Vergegenständlichung*] of labour. The actualization [*Verwirklichung*] of labour is its objectification. In the sphere of national economy this actualization of labour appears as a *loss of actuality* [*Entwirklichung*] for the labourer, objectification as *loss of and bondage to the object*, and appropriation as *alienation* [*Entfremdung*], as *exteriorization* [*Entäusserung*].²⁵

Using this understanding of alienated labour, Marx mounts a critique of Hegel in his third manuscript of 1844 as follows:

. . . in grasping the *positive* significance of the negation which has relation to itself, even if once again in alienated form, Hegel grasps man's self-alienation, exteriorization of being, loss of objectivity and loss of actuality [*Entwirklichung*] as self-appropriation [*Selbstgewinnung*], expression of being, objectification and actualization [*Verwirklichung*]. In short, he sees labour — within abstraction — as man's *act of self-creation* and man's relation to himself as an alien being and the manifestation of himself as an alien being as the emergence of *species-consciousness* and *species-life*.²⁶

Therefore labour in the bourgeois economic system is alienated labour. Marx's conception of labour demonstrates not only a critique of Adam Smith's view of labour — that it is by nature disutility or sacrifice which 'man' must make in order to obtain the utility of the product — but also a critique of Hegel, who appropriates Smith's view of labour without critical assessment: 'Hegel adopts the standpoint of modern national economy.'²⁷

Like Smith, Hegel cannot have had any insight into the historical form of labour that Marx identifies as alienated labour. The loss of actuality of labour appears to Hegel as the actualisation of

labour. Marx's critique of Hegel's view of labour in the *Economic and philosophical manuscripts (1844)* relates Hegel's work in the *Phenomenology of spirit* to Smith's theory of the division of labour. Hegel writes:

But, in the general substance [*die allgemeine Substanz*], the individual has this *form* of subsistence not only for his activity as such, but no less also for the *content* of that activity; what he does is the skill and customary practice of all. This content, in so far as it is completely particularized, is, in its actual existence, confined within the framework of the activity of all. The labour [*Arbeit*] of the individual for his own needs is just as much a satisfaction of the needs of others as of his own, and the satisfaction of his own needs he obtains only through the labour of others. As the individual [*das Einzelne*] in his individual labour [*seine einzelne Arbeit*] already unconsciously [*bewusstlos*] performs a general labour [*ein allgemeine Arbeit*], so again he also performs the general labour as his conscious [*bewusst*] object.²⁸

Smith's view of the division of labour and private exchange in an economic system, in which individuals work one-sidedly and consume multifariously, has been appropriated by Hegel in his *Phenomenology*: firstly, individual labourers are unconscious of the fact that their divided labours are articulated through private exchange into social labour or 'general labour', on which all the members of society are dependent; secondly, the 'general labour' of which they are aware is labour that produces use-value for others and therefore exchange-value; in short, labour which produces commodities.

Hegel's notion of labour implies that it is abstracted or alienated labour. This abstraction or alienation arises from the relationship of private exchange which divides and then links production and consumption. Human labour is further abstracted into 'labour in general' and separated into physical and mental aspects. For Hegel the dominant form of labour is abstract or mental labour which subsumes concrete or physical labour under itself. Concrete labour can exist or be significant only within the sphere of mental labour. Hegel's 'idea' is in fact abstract or mental labour, i.e. value-consciousness. In Smith's *The wealth of nations*, Hegel sees nothing but the world of commodities.

By contrast, in the labour which produces commodities Marx

sees a loss of actuality, whereas Hegel finds the actuality of labour there. In the *Phenomenology* Marx sees a philosophisation of Smith's economic vision of commercial society or civilised society, which, so Smith predicts, never fails to emerge from feudal or mercantile systems. Hence Marx concludes in the *Economic and philosophical manuscripts (1844)* that 'Hegel adopts the standpoint of modern national economy'. In that way Marx's vision of the loss of actuality of the labourer is based on his critique of Smith and Hegel in the manuscripts of 1844.

Moreover in his manuscripts of 1844 Marx criticises and rearranges Hegel's definition of 'actuality' (*Wirklichkeit*). We see this in his consideration of the labour-process and the valorisation process. Hegel translates Aristotle's theory of causation into a theory of actuality: *hylē* is changed to 'condition' (*Bedingung*), *archē* to 'activity' (*Tätigkeit*), *telos* to 'concern' or 'thing' (*Sache*). In the paragraph cited above, the key words 'activity' and 'condition' are used. Marx associates commodity-production and the loss of actuality with Hegel's exposition of 'actuality' in the Doctrine of Essence. The term 'thing' (*Sache*) is significant in this passage from the *Grundrisse*:

Labour-power has appropriated for itself only the subjective conditions [*Bedingungen*] of necessary labour — the means of subsistence for actively producing labour-power, i.e. for its reproduction as mere labour-power separated from the conditions of its actualization [*Verwirklichung*] — and it has posited these conditions themselves as things [*Sachen*], values [*Werte*], which confront in it an alien, commanding personification (N 452-3, M 362; quotation partially altered).

The wage-labourer produces under the command of the capitalist. This even includes the production of the 'necessary product', the reproduction fund for the wage-labourer, the fund for the reproduction of labour-power. This is the property of the capitalist as 'thing' or value, i.e. the variable capital with which the capitalist rules the wage-labourer in the process of production. In that context Hegel's term 'thing' (*Sache*) is diverted by Marx into another sense. Hegel has taken over Aristotle's *telos* and redefined it as *Sache*, first of all in the subjective sense of 'concern'. When this 'concern' is actualised through 'activity' and 'condition', it becomes an objective 'thing'. In Hegel's *Sache* Marx sees the capitalist's purpose and will, i.e. the value-consciousness that

aims for an increase in capital-value, i.e. the profit motive. Marx calls the actualisation of the profit motive *Sache*, and he defines the circumstances where *Sache* is transformed into 'conditions' as 'objective conditions' (*sachliche Bedingungen*) (N 453, M 362; N 454, M 364). For Marx reification (*Versachlichung*) (N 160, M 93) refers to the situation in which value-consciousness, including capitalist consciousness, is reified in matter or a material substance, the commodity.²⁹

As we have seen before, Marx penetrates Hegel's confusion concerning the trans-historical and the historical, typically shown in Marx's demonstration of 'substance' as 'subject' (*natura naturans*) or 'form'. In contrast to Hegel, Marx defines 'form' as historical *par excellence*, so it is *de facto* reified value which appears as 'eternal subject'. One of the main themes of his critique of political economy is the genesis of the two 'forms', value and capital.

Hegel defines the three terms 'condition', 'concern' (*Sache*) and 'activity' as follows: 'Whatever is necessary is through an *Other*, which is broken up into the *mediating ground* (the Concern [*Sache*] and the Activity) and an *immediate* actuality or an accidental circumstance, which is at the same time condition' (sect. 149).³⁰ For Hegel 'condition' is immediate actuality, and 'condition' (*hyle*) is mediated through two subjective things, 'concern' (*telos*) and 'activity' (*archē*), as it is actualised as a product. In this view, 'concern' and 'activity' are immediately related, so their subjective factors are not alienated, as they are in alienated labour. Marx takes over Hegel's view in his analysis of the labour-process in general.

However, Marx considers another process of valorisation, in which 'concern' and 'activity' are separated between capitalists and wage-labourers, with 'conditions' belonging to capitalists. Then 'concern' changes into a consciousness that is devoted to producing a surplus and increasing the value of capital, and at the same time it incarnates itself in 'conditions'. In the relation between the surplus product and the wage-labourer, who is alienated from the surplus product because it is a mere effect or result of capitalist production, reification (*Versachlichung*) recurs. By 'objective conditions' Marx means that in the valorisation process 'concern' (*Sache*) becomes the mental labour of the capitalist concerned with increasing the value of capital, and 'activity' is the labourer's physical labour. 'Conditions' become the 'thing' (*Sache*) in which the 'concern' of the capitalist is

materialised. Therefore 'thing' and 'conditions', both of which belong to the capitalist, are linked and appear as 'immediate actuality', and 'activity' appears as 'simple possibility' (N 454, M 363).

The conversion of the law of appropriation and 'absolute necessity'

Marx then considers the surplus product 'from the standpoint of capital' (N 456, M 365). He demonstrates the first conversion of the law of appropriation. At the beginning of the 'Chapter on Capital' in the *Grundrisse*, money, which is capital in potentiality, is presupposed in such a way that it is accumulated labour belonging only to the owner of labour-power. Money or 'the original non-surplus capital' (*das ursprüngliche — Nicht-Surpluscapital — sic*) (N 455, M 365; quotation partially altered) produces 'surplus capital I' (N 456, M 365) at the end of the first circuit (*Kreislauf*), in which a commodity is exchanged for money and that money for another commodity. At the beginning of the second circuit, in which money is exchanged for a commodity and that commodity for more money, 'surplus capital I' (S) is divided into $S_c + S_v$ in proportion to the original capital. The exchange between surplus variable capital (S_v) and labour-power, from the standpoint of the labouring class as a whole, is not an exchange of anything other than their own labour. What the capitalist gives to the labourer is merely a return of the labourer's own surplus labour. The capitalist purchases new labour-power with surplus variable capital (S_v) or old surplus labour. This purchase converts the law of appropriation based on the labourer's own labour into a 'formal' exchange (N 456, M 365).

Secondly, Marx shows how the law of appropriation based on the 'exchange of equivalents' (N 457, M 366) is transformed into its opposite. At the end of the second circuit, 'surplus capital I' appropriates the product, which is analysed as $S_c + S_v + S_s$. 'Surplus capital I' has then purchased S_s , i.e. 'surplus capital II' (N 457, M 366). At the starting point of the circuit, money is presumed to become capital through the exchange of equivalents. However, 'surplus capital II' is merely that which 'surplus capital I' has posited. In other words, 'surplus capital II' is obtained from its non-equivalent, 'surplus value I'. Thus the law of appropriation based on the exchange of equivalents has become 'mere

semblance' (*blosser Schein*) (N 458, M 367) and has been converted into its opposite:

The right of property converts [*umschlagen*], on one side, into the right to appropriate alien labour, and on the other, the duty of respecting the product of one's own labour, and one's own labour itself, as values belonging to others. The exchange of equivalents, however, which appears as the original operation, an operation to which the right of property gave legal expression, has turned round in such a way as it is exchanged only into semblance [*nur zum Schein ausgetauscht wird*] (N 458, M 367; quotation largely altered).

The exchange between capital and labour appears at first as a simple exchange between equivalents created by the labourer's own labour. The purpose of the exchange, from the standpoint of the wage-labourer, is to obtain use-value for individual consumption. However, from the standpoint of the capitalist, the purpose of the exchange does not appear as simple use-value, but as a specific use-value which realises 'form as content' or 'form' as value, which becomes the 'content' of the exchange. The special use-value of labour-power is the specific use-value realised in valorisation. The capitalist aims to appropriate labour on the basis of the law of the exchange of equivalents. Strictly defined, alien labour includes an increase over necessary labour, so it is alien surplus-labour, owned by the capitalist.

In the capitalist's appropriation of alien surplus-labour, labour-power is 'simple possibility' (N 454, M 363). It is able to objectify surplus-labour only through its connection with the capitalist means of production ('immediate actuality') or the 'conditions' in which the capitalist's 'concern' (*Sache*) or profit motive is embodied. Moreover labour-power is alienated from the means of consumption (another 'immediate actuality') which also belongs to the capitalist. In the process of capitalist production, 'simple possibility' as labour-power, combined with 'actuality' as means of production, becomes superseded by one of the elements of 'actuality' as the product. In the process of individual consumption, 'mere possibility' as labour-power is reproduced as general substance through the consumption of another 'actuality' as means of subsistence. This is subsumed under capitalist production. The presuppositions 'possibility' and 'actuality', which have been in an 'external' relationship, are now posited as the 'internal' results of the process of production.

This method of grasping capitalist production is derived from Hegel's 'absolute necessity' as follows:

Thus *form* [*Form*] in its realization has penetrated all its differences and made itself transparent and is, as *absolute necessity* [*absolute Notwendigkeit*], only this simple *self-identity of being in its negation*, or in *essence*. — The difference of *content* [*Inhalt*] and form itself has also vanished; for that unity of possibility in actuality [*Einheit der Möglichkeit in der Wirklichkeit*], and conversely, is the *form* which in its determinateness or in positedness is indifferent [*gleichgültig*] towards itself, is the *thing filled with content* [*inhaltvolle Sache*], in which the form of necessity ran its external course . . . But the dissolution of this difference is absolute necessity whose content is this difference which in this necessity penetrates itself . . . Absolute necessity is thus the *reflection or form of the absolute*: the unity of being and essence, simple immediacy that is absolute negativity. Consequently, *on the one hand*, its differences do not exist as determinations of reflection, but *as existing multiplicity* or differentiated actuality which has the shape of others independent against one another. *On the other hand*, since its relation is absolute identity, it is the *absolute conversion* [*das absolute Umkehren*] of its actuality into its possibility and of its possibility into actuality.³¹

In the above quotation Hegel asserts that the form of absolute necessity, which penetrates (*durchdringen*) all content, is 'thing filled with content'. 'Thing' (*Sache*) on this level is capitalist concern or value-consciousness which aims to valorise itself through its own metamorphoses. As previously demonstrated in this chapter, the content or use-value of capital is transformed (*umschlagen*) into its 'form' or value in three phases — the valorisation process, the production of relative surplus-value and the twofold character of labour. These are results which capital realises at the end of the process of production. All of the 'contents' as use-values are now mediated and thus full of 'the concern [*Sache*] of capital' (N 356, M 268; quotation partially altered). The 'contents' are penetrated by the 'form', which has become 'form as content'.

This 'absolute conversion' (*absolute Umkehren*) between 'possibility' and 'actuality' in the 'Major Logic' corresponds to 'absolute conversion' (*das absolute Umschlagen*) (sect. 151) in the 'Minor Logic'. Therefore *Umkehren* is equivalent to *Umschlagen*,

the term used by Marx in his exposition of the way in which the law of appropriation is converted.

This twofold conversion of the law of appropriation — capitalist's money = labourer's surplus-labour, and exchange of equivalents = exchange of non-equivalents — is also related to Hegel's definitions of 'form' and 'content'. As noted above, the capitalist realises a purpose, the appropriation of alien surplus-labour, through the conversion of the 'content' of capital into 'form' in three phases — the valorisation process, the production of relative surplus-value and the twofold character of labour (creator of new values and preserver of old). As a result, surplus-value becomes surplus-capital at the beginning of the second circuit: $M_1 - C - C - M_2$, $M_2 > M_1$.

Now Marx brings the exchange between surplus variable capital (a part of surplus capital) and labour-power into focus. Surplus variable capital is the 'form' into which the 'content' or use-value of labour-power has been converted. The 'form' now rules as the power of capitalists over 'content', labour-power as use-value. In capitalist production, 'form' is converted into 'content' and vice versa. This logic corresponds to the conversion of the law of appropriation. The exchange of capital with labour-power, presupposed as a simple form of exchange, is in fact a specific kind of exchange in which the 'content' is the 'form', i.e. value. 'Form as content' is realised through the appropriation of alien surplus-labour, i.e. the labourer's own surplus.

Surplus-labour becomes surplus-capital through the action of the capitalist, who is a seller ($C' - M'$). This act in the sphere of circulation converts 'content' as commodity into 'form' as money. Therefore the law of appropriation based on the labourer's own labour is converted into its opposite, an exchange of alien labour in the 'form' of surplus variable capital with alien labour as use-value, the content of labour-power. Here again we see the conversion of 'form' into 'content'.

The exchange of capital with labour-power results in the second conversion of the law of appropriation. This happens at the end of the second circuit (*Kreislauf*) of money-capital, where capital has absorbed alien surplus-value. At the beginning of the first circuit of money-capital, money, in order to become capital, is presupposed as the accumulated labour of its owner. Therefore it might be possible for the owner of the labour to allege that surplus-value at the end of the first circuit of money-capital is the result of the labourer's own activity.

But what is the case with respect to surplus-value at the end of the second circuit of money-capital? It is not the result of the labourer's own activity, but is rather alien surplus-labour, which has become the property of the capitalist. The capitalist has obtained it using labour appropriated at the end of the first circuit. Alien surplus-labour becomes surplus capital, which then produces alien surplus-labour. Capital is an accumulation of alien surplus-labour.

The law of appropriation based on the exchange of equivalents is thus converted into its opposite. The conversion is absolute and necessary, because the external unity of 'form' and 'content' in simple exchange has been transformed into 'form as content' or capital. In capital's exchange with labour-power, 'form' has become determinate 'content', 'content' is penetrated throughout by 'form'. Therefore the 'form' of simple exchange based on the labourer's own labour has become 'form without content', and the exchange of equivalents has also changed into a 'mere semblance' (*blosse Schein*) (N 458, M 367).

In his demonstration of the conversion of the law of appropriation in *Capital*, Marx takes over Hegel's 'absolute necessity':

The relation of exchange between capitalist and labourer becomes a simple semblance [*blosse Schein*] belonging only to the process of circulation, it becomes a mere form [*Form*], which is alien to the content [*Inhalt*] of the transaction itself, and merely mystifies it. The constant sale and purchase of labour-power is the form [*Form*]; the content [*Inhalt*] is the constant appropriation by the capitalist, without equivalent, of a portion of the labour of others which has already been objectified, and his repeated exchange of this labour for the greater quantity of the living labour of others.³²

The reproduction of the capital relation and 'causality'

After linking the twofold conversion of the law of appropriation to the 'absolute conversion' between 'form' and 'content' under 'absolute necessity', Marx advances to the reproduction of the capital-relation, referring to 'causality' at the end of Hegel's Doctrine of Essence.

Marx writes about the results of the process of production of capital from the standpoint of reproduction: 'Each reproduces itself, by reproducing its other [*sein Andres*], its negation. The

capitalist produces labour as alien; labour produces the product as alien. The capitalist produces the labourer, and the labourer the capitalist etc.' (N 458, M 367). Because of the labourer's alienation from the product of labour (*hylē* as such), the labourer has to externalise (*entäussern*) labour-power as mere 'possibility' (*archē*), and the labourer works as alien labour. Consequently the product of the labourer belongs to another, the capitalist, and the labourer must put labour-power up for sale again. The capitalist as non-labourer, the personification of the 'concern of capital' or the alienated social *eidōs*, rules over the labour of others. The capitalist appropriates the product, in which surplus-labour is embodied, and makes it a fund for commanding the labour of others once again. Each capitalist and labourer is a 'being-for-itself' (*Fürsichsein*): '. . . capital in its Being-for-itself is the capitalist . . . As a labourer he is nothing more than labour in its Being-for-itself' (N 303-4, M 223).

Both the capitalist and the labourer exist only in relation to each other. Marx characterises the capitalist as 'selfish value' (*selbstischer Wert*) (N 303, M 223; quotation partially altered), referring to the *Economic and philosophical manuscripts (1844)*, in which he points out that what Hegel defines as 'self' in the *Phenomenology* is but the 'abstract egoist' or bourgeois.³³ 'Selfish value' is another expression of capitalist value-consciousness which identifies the labourer with variable capital.

But the labourer as an agent for the capitalist not only produces the product of labour, but together with the capitalist reproduces the capital-relation, in which the labourer works as a non-appropriator, and the capitalist as a non-worker and appropriator. The labourer produces poverty for labourers, wealth for capitalists.

In economic relations, according to Marx, results or effects turn into presuppositions or causes. His model of an organic system of circular self-reproduction depends on Hegel's account of 'causality':

. . . the passive substance itself is *twofold*, namely, an independent *other* [*Anderes*] and also something *presupposed* and in itself already *identical* with the active cause, the action of substance, too, is twofold; it is two actions in one: the transcendence of its *determinedness*, namely, of its condition, or the transcendence of the self-subsistence of the passive substance; and by thus transcending of its identity with the passive substance, it *presupposes* itself or posits itself as *other* [*Anderes*].³⁴

Because of the labourer's alienation from wealth as the product of labour, the labourer is formally independent as a commodity-owner. The labourer is a 'simple possibility' or 'passive substance' with respect to wealth. The labourer is also 'other' (*Anderes*), separated from the actual conditions of wealth, and so separated from 'actuality' in the form of the means for production and consumption. In reality the labourer is dependent on another person for the conditions of self-actualisation, so the independence of the labourer is merely a semblance. Labour-power becomes 'active cause' when it is sold to another, and it has a dual effect — producing poverty for itself, and wealth for another.

First critique of Hegel's system

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

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

Hegel writes:

In the finite sphere the *difference* of the form-determinations in their relation is suspended [*stehengeblieben wird*]: cause is alternately determined *also* as what is *posited* or as *effect*; this again has *another* cause, and thus there also generates the progress from effects to causes *ad infinitum* (sect 153; quotation largely altered).³⁵

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

However, Marx also argues that something else is reproduced in