

# **Marx's *Capital* and Hegel's *Logic*.**

## Hegel for Social Movements, Lecture 8

In 1914, coming to the end of his study of Hegel's *Logic*, Lenin wrote in the margin: "It is impossible completely to understand Marx's *Capital*, and especially its first chapter, without having thoroughly studied and understood the *whole* of Hegel's *Logic*. Consequently, half a century later none of the Marxists understood Marx!!" It was indeed Lenin who first noticed this connection. A hundred years later, Haymarket published a volume in which twelve Marxists each gave a *different* account of the basis for Lenin's aphorism.

### Method of Political Economy

There were only two things that all twelve agreed upon. The first was that Marx provided the basis for the connection in his 1858 essay "The Method of Political Economy," and in particular, that this essay constituted Marx's synopsis of Hegel's *Logic*.

I have provided a link to this essay in the text, hoping that you will read the essay for yourself. The essay sketches the historical development of any science, political economy in particular. The science can be represented in terms of three phases, which I will describe like this.

Firstly, as a result of *prior* development of the science and of the practices and technology based on this prior development, the science has gathered a mass of data, such as the population, the output of the various industries, the wages, working hours, prices and so on. When the researcher settles down to work, this data is already available; there is, at first at least, no chance of collecting different data, but this data constitutes one image of reality. It is an image rich in detail, but poor in conceptual form. Each item taken on its own is relatively meaningless. If you have been paying attention, you will know that this is the stage of development of the science, of a concrete concept of the subject matter, which Hegel calls Being. It is the precondition and background to the development of any science.

Marx begins:

"It seems to be correct to begin with the real and the concrete, with the real precondition, thus to begin, in economics, with e.g. the population, which is the foundation and the subject of the entire social act of production."

But then Marx continues:

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

Here Marx encapsulates the logically next phase in the development of the science. It is the *analytical* phase, and is represented in reality by the theoretical work of all

his predecessors in the science. In Marx's analysis it is represented in the decades of labour and stacks of notebooks in which he engaged in critique of political economy. Marx approached political economy, then, not just as an objective economic process, or as a mass of data, but as a body of *theory*. Like the data produced in the phase of Being, it is an ideal object. In this ideal movement, Marx, like his predecessors, is able to trace the contradictions in successive attempts to grasp the data of political economy and represent it in conceptual form, each contradiction disclosing its ground in a deeper contradiction. If you have been paying attention, you will recognise this process as the phase of Essence in Hegel's Logic.

And the *outcome*, the product, of essence, is a new concept, or rather, as the analytical process continues down the generations, a series of such concepts. These concepts are *concrete abstractions*. All of the concepts which appear in theories are of course abstractions, but whereas the raw data are very thin abstractions – rich in content, but bare in conceptual form, the abstractions which come out of the process of analysis are *concrete* abstractions, because each *contains* interrelations of all kinds between whole masses of data.

Marx says then:

“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. The former is the path historically followed by economics at the time of its origins. The economists of the seventeenth century, e.g., always begin with the living whole, with population, nation, state, several states, etc.; but they always conclude by discovering through analysis a small number of determinant, abstract, general relations such as division of labour, money, value, etc.

and

“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.”

Summing up:

“Along the first path the full conception was evaporated to yield an abstract determination; along the second, the abstract determinations lead towards a reproduction of the concrete by way of thought.”

The second phase of Marx's work is thus the writing of *Capital*, beginning with the simplest determinations, the concrete abstractions, and reconstructing the whole, but now not as a dumb series of economic data, but as a conceptual whole, a comprehensive *science* of political economy.

This conceptual whole does not have the same scope as the sensual whole from which the science began. *Capital* did not include a theory of the state or the family, or of civil law or history – it was based on an abstraction – economic activity was abstracted from the wider social context. The resulting concept therefore differs from the whole which was the starting point. The young Marx who resigned from journalism to take up the study of political economy had been more concerned with state repression and censorship than exploitation of wage labour, and *Capital* would

represent only one aspect of the concrete world which produced the original economic data.

Method of Political Economy was written in 1858 and has been published as part of the *Grundrisse*. A year later, Marx published the Contribution to the Critique of Political Economy, often described as the first draft of *Capital*. In the interval, Marx has made a correction to this synopsis. *Capital* will begin not with a “small number of abstract general ... concepts,” but with one, namely *value*.

A *further* development in Marx’s thinking took place in that year. The 1858 essay had nothing to say about the commodity relation, and yet – and this is the second point that all the Marxists referred to agreed upon – Marx begins *Capital* not from the concept of *value* as such, but from analysis of the *commodity* – “the simplest social form of value”!

In the [Preface to the first German edition](#) he says:

“in bourgeois society, the commodity-form of the product of labour – or value-form of the *commodity* – is the economic cell-form.”

and in 1881 he clarified:

“I do not start out from the ‘concept of value’ ... What I start out from is the simplest social form in the which the labour product is presented in contemporary society, and this is ‘the commodity’.”

and the opening words of *Capital* itself confirm this:

“The wealth of those societies in which the capitalist mode of production prevails, presents itself as “an immense accumulation of commodities,” its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.”

### The One

Here Marx made a further step bringing himself into line with Hegel’s Logic. In Hegel’s Encyclopaedia, each science begins with a One, alternatively called a germ cell or a unit, the single discrete entity which is the simplest social form of the concept given to natural consciousness, which although marking the starting point of the science presupposes *nothing* about that science.

Any member of a modern capitalist society will understand perfectly well what a commodity is – a product of labour which you can swap for something else. The only presupposition entailed in this first concept is human beings engaged in production for exchange. “Value,” on the other hand, is an abstraction in the same sense that “Activity” or “Being” are abstractions in that they can only be understood from the standpoint of this or that theory. Only when a unit has been determined – “commodities” or “activities,” – is there an entry point in the natural consciousness of a given society – only then do we have a starting point for *synthetic* science, for the synthetic reconstruction of the whole of the economy.

The only two things agreed by all 12 writers was the importance of these two passages from Marx. Beginning with *what* the significance of the two passages were and everything else flowing from there, nothing else was agreed. But I continue.

### Unfolding of the synthesis of value

Where Marx goes with the analysis of the commodity is well-known; he shows that the very concept of “commodity” as the substance and unit of value, has an irreconcilable contradiction within it. On the one hand a commodity is a product of a

certain concrete quality of labour meeting some need, and on the other, it is the product of a certain quantity of social labour. Marx proceeds by analysing this contradiction to find its ground.

Now, a fact which almost no one has noticed is that this method: determining a simple unit of some economic concept, given to natural consciousness, and analysing it to disclose the internal contradiction it contains, is repeated. Repeated multiple times throughout Volume One of *Capital*. Lacking explicit clues from Marx himself, few people have noticed this rather obvious fact about *Capital*.

Marx explores commodities and exchange, including labour-power as a *commodity*, for 35 pages, before he introduces money in the form of gold, but a further 68 pages pass before the words “buy” and “sell” appear, and he leaves paper money and other forms of credit till much much later. So the whole of Part I, 112 pages, is confined entirely to the commodity form, with money and labour-power figuring as *kinds of commodity*. If on the other hand Marx had begun with money, as it appears in modern consciousness, then political economy would have remained a mystery, as it would remain a mystery why a coin or banknote had value. Money as it appeared in a capitalist society of Marx’s time, could not be drawn into the analysis until much later in the conceptual reconstruction of the whole.

Now this is the interesting part. Part II of *Capital* begins with a new concept, capital. Marx abstracts capital from the circulation of commodities on the market, C—M—C—M—C—, etc. in which a single unit is (C—M—C), that is, a person selling a commodity in order to acquire money to buy a commodity that they need. No new value appears in this process of exchange of equivalents. But a new unit emerges in this infinite procession simply by beginning with buying instead of beginning with selling: M—C—M', i.e., buying a commodity in order to sell it at a profit. Whereas C—M—C represents the activity of a worker, M—C—M' represents a capitalist firm.

This is the unit of capital, the individual capitalist firm. Simple. A concept already well known to natural consciousness, but now appearing as merely one cycle in the circulation of commodities, but one which begins with having money to buy rather than beginning with having only labour-power to sell.

At this point it still remains a mystery, however, how new value arises from the circulation of commodities simply by beginning with money rather than labour-power.

Marx’s next move is brilliant. In Part III he explores the buying and selling of labour power, leading to the discovery that the labour time required to produce the equivalent of one day’s labour-power was *less than* one day’s labour. Thus arises the concepts of necessary labour time, and so *surplus* labour time, a new unit. Labour time discloses a contradiction within it – necessary labour, and surplus labour over and above the value of wages.

He evokes the idea of a worker reproducing the equivalent of their own needs, and then continuing to work! This *unpaid surplus labour time* which the worker provides every day is the *unit of surplus value*.

This is the third unit Marx has drawn into his analysis: commodity, capitalist firm, and surplus labour time. Workers would already be aware that selling the products of their labour is the source of the capitalist’s profit, but the source of this surplus had always been mystified. But the idea of unpaid labour time connects immediately with natural consciousness, including pre-capitalist forms of consciousness. Marx’s examination of commodities has demonstrated that it is consistent with the obvious fact that labour power is a commodity worth more to use than it costs to produce.

In the next chapter, Marx introduces the ideas of constant and variable capital, and thus the contradiction between relative and absolute surplus value, and on this basis he gets “rate of profit,” though this is a very different concept from what goes by the same name in bourgeois economics. Notice the way Marx introduces a new concept at each stage, each arising only from what has already been established so far, just the same way that Hegel built his Logic.

None of the categories Marx produces, at least in the first volume of *Capital*, can be identified in the actual prices and rates of profit found in a real capitalist economy. None of it makes economic sense at all until Marx gets to the Third Volume of *Capital* after dealing with the circulation of capital. But *Capital* was never intended as a handbook for making a profit. Its aim was to establish the *source* of surplus value in unpaid labour time and to explore the deep seated contradictions in the bourgeois economic formation. It is as much an exploration of bourgeois ethics and the class structure of modern society as a work of economic science.

### Concrete concept of capital

Over and above the method of identifying at each stage of the synthesis – a new *unit*, analysing the contradiction in that unit, and drawing in a new units to resolve the successive contradictions – there is one other connection with Hegel’s Logic which is equally as profound.

There is another parallel between the Logic and Capital which requires me to skip over about 500 pages of *Capital* to show you, but it is important enough to pay special attention to.

As I have said, the unit of capital is a capitalist firm, a concrete unit given to natural cognition, a form of activity not a group of people. Marx chooses this definition rather than saying simply that capital is a form of value, or for example, a sum of money for the purchase of means of production – which is the formal definition of capital. According to the formal definition of capital, capital is just a sum of money; it is a flat abstraction, a sum of money standing over against the unit of productive material that it represents. This conception of capital can be compared to the formal conception of a concept as a mental image representing a real object. It is purely quantitative, one-dimensional.

Hegel’s conception of a concept was a *concrete* concept in that it is essentially the unity of three moments – universal, particular and individual. In the Logic, Hegel introduces this as three distinct units, and then internally develops them through their interrelations.

Marx’s concept of capital is also a concrete concept. Money can be capital only by being repeatedly withdrawn from circulation and then put back into circulation again, realising a profit. Capital ceases to be capital unless it constantly renews itself. As a result of its entry into the circulation of commodities, a unit of capital also enters into the *circulation of capital* where it finds itself in competition with *other* units of capital.

In the first place, the different individual units of capital compete in the same market place for the same products and the same labour. As a result, capital moves from the less to the more profitable units, driving down the costs of production and driving innovation in the relevant forces of production. Thus every *individual* capital is also a unit of the *particular* capital, particular in the sense of competing in a *particular kind of labour product*. Incidentally, the same process affects the sellers of a particular kind of labour-power.

But further, because of the varying organic composition of capital – that is, the differing ratio of constant to variable capital – the profit rate varies from one particular kind of labour to another, and as a result, capital flows from one particular industry to another. This is *universal capital, the activity constituting the capitalist class* as a whole. Likewise, abstract labour will flow into the industries offering the best living.

The formal conception of capital only allows for unmediated universal and individual forms, Cartesian images of one another, and consequently, could not theorise the movement of capital around the economy which produces the uniform rate of profit despite the fact that a uniform rate of profit is inconsistent with a uniform rate of surplus value, which is guaranteed by an economy in which there is free movement of abstract labour.

Marx goes to great trouble to elaborate this concrete, tripartite concept of capital, to such an extent that he died before he got to write the second and third volumes of *Capital* and had to leave that task to Engels. But without the second volume, which deals with the circulation of capital, and the third volume which draws together the first and second volumes and reconciles the rate of surplus value with a uniform rate of profit, *Capital* is counterfactual, notwithstanding the very down-to-Earth and concrete way Marx introduces his concepts.

### Logic and Political Economy

Now, self-evidently *Capital* is a very different book from Hegel's *Logic*, not so much because of differences in the personalities of the two authors, but in their subject matter. In each of Hegel's books, the form of movement is different. Self-evidently, when the subject matter is capital, the way the concepts unfold in the synthesis is going to be different than if the subject matter is conceptual logic.

The relation between the two is in the way the argument begins, at each stage of its elaboration, with a *unit*. The choice of this unit determines how the exposition will unfold from there. It is itself a product of analysis, and arises from a critical reworking of the history of the given science. The second significant relation between the *Logic* and *Capital* is that both produce *concrete* rather than formal concepts of their subject matter.

The process of analysis is complicated by the fact that the subject matter of the analysis, the concept which the science aims to shed light on, is not the starting point of the analysis. This in two ways. In order to reveal to us what a concept is, Hegel had to begin with Being, and the Concept arises as the third book of the *Logic*. Secondly, Being proved to be a mere abstraction, as did Essence. A unit had to be determined in each case before a concrete unit for the concept logic could be determined.

Likewise, in writing a book on capital – a definite and historically unique form of society – Marx had to first determine the concept of value: capital was just one form of value. And secondly, he had to have the insight into what the unit of value was. From there he could go on to derive capital and the unit of capital, a capitalist firm. There never has been in history any such thing as a *society of commodity exchange*. The idea arises as the logical presupposition of capital, but pure commodity production only arises when capital has already become the dominant relation in society.

I emphasise this connection between Hegel's *Logic* and Marx's *Capital* because the methodological symmetry between them as I have presented it to you can be utilised

in the analysis of *any* complex process. There *are* homologies between Logic and Economics which are unique to this relation, but I have not focussed on these. What is most important is how Marx produced concrete concepts of the capitalist class and the working class.

The advantage of reading the Logic mediated by a reading of *Capital* is that Marx has shown us very clearly how apparently abstract and intangible concepts can be represented in their simplest social form. This process is hidden under too many layers of abstraction in Hegel to be easily discernible. But Hegel demonstrates the idea dozens and dozens of times throughout the Encyclopaedia. Marx demonstrates the idea in only one science, the analysis of nineteenth century capitalism, but he does this job much more effectively than Hegel did when he turned his mind to analysing economics. And understandably so, because Marx wrote in Britain in the aftermath of the Industrial Revolution; Hegel wrote in an economic and social backwater in the early 19th century.

So Hegel's Logic is not a *model* for any part of *Capital*. Hegel's Logic demonstrates some very basic *methodological principles* which were emulated by Marx, and *should* be emulated by all of us when we try to understand any complex phenomenon, such as the present conjuncture in the political and social crisis in our own country, or any more localised or restricted novel problem.