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Hegelian sources of the Structure of Marx’s *Capital*.

Marx grasped the **content** of capital chiefly through a critical appropriation of political economy, especially that of David Ricardo. But the **structure** of *Capital* is drawn from the penultimate chapter of Hegel’s *Logic*, entitled “The Idea of Cognition.” *Das Kapital* also reflects the structure of Hegel’s *Philosophy of Right*, with *three distinct but interlacing ethical formations*.

First, Marx conceives of capitalism in three successive layers, each characterised by a *unique ethical principle*, as in Hegel’s *Philosophy of Right*. The first part of Volume One, the first three chapters, is **bourgeois society**, in which independent producers exchange commodities at their value. The second layer is **productive capitalism**, occupying the rest of *Capital* up to Part IV of Volume Three. Productive capitalism is characterised by selling the products of capitalist industry at cost of production plus profit. The third and final layer is **finance capital**, in which capital is *loaned* at interest without releasing ownership, irrespective of whether the capital is used productively. All three ethical principles operate within modern capitalism, and are identified by a study of their historical genesis.

Second, productive capitalism is conceived in terms of a syllogism, in which the *immediate* production of capital is joined with the *circulation* of capital to reproduce capitalist production *as a whole*. This syllogism constitutes the second structural formation in *Das Kapital*.

The **third** structural formation of *Das Kapital* will be a revelation for Marxists. Of the 18 Parts of the book, each Part being composed of 3 or 4 chapters, 15 have a specific internal structure which constitutes the fine structure of the book. Each of these 15 parts builds on the Parts which have gone before, as in Hegel’s *Logic*. The remaining 3 Parts and some odd chapters here and there take up various historical, ideological or political issues, but do not bear materially on the *structure* of the whole work. These chapters however can only be made sense of in the context of the structure.

Each Part identifies a *unit* (or embryo or cell-form) which captures some problem or phenomenon, characterising it as a whole, in a nutshell so to speak. Generally, Marx identifies a *universal* unit, and then identifies one or more *particular* units.

Once this structure is grasped, you will find that the whole of *Das Kapital* becomes for you an open book.

The subject matter is *social labour*, and insofar as labour is offered for exchange, *value*. Bourgeois society is a precondition for productive capitalism and has existed since antiquity although only in relatively recent times subsumed by capital. Any given community, at whatever stage of development of its productive forces, has a certain quantity of social labour at its disposal. The quantity of social labour is called its *value*, which measures itself by socially necessary labour time. This time may be allocated in one or another way, subject to the availability of labourers, but the total value of the social labour in a community is *fixed*. Volume One of *Das Kapital* determines this quantity, and nothing in the remaining two volumes changes that, including the composition of constant and variable capital.

A single unit of capital is not in itself capable reproducing the conditions for its own productive existence. On its own it would soon exhaust its resources and die. The process of circulation of capital dealt with in Volume Two shows how the circulation of capital, in commerce, and throughout the entire social body, reproduces the conditions for the reproduction of capitalism.

After paying the costs of production, including the workers' living expenses, the capitalists divide the social surplus amongst themselves according to the quantity of capital invested; nothing to do with value. This sharing of surplus is effected by the banking system. The banks create capital, but they cannot create value. The distribution of surplus between capitalist producers takes place within the constraints of a fixed total value.

As a result, the industrial capitalist who has transformed the worker into a mere instrument, is himself transformed by finance capital into a salaried operative. Finance capital is capital in its purest form because here capital generates interest irrespective of whether it is used productively. It appears to grow of itself.

I will now outline the 15 units which make up the fine structure of *Das Kapital*.

The unit of Part I, bourgeois society, is the **commodity**: bourgeois society is nothing but innumerable commodity exchanges. Alongside particular commodities – shoes, coats, loaves of bread, etc – there emerges the *universal* commodity, money. Money is the universal commodity because it is exchangeable with *any* particular commodity in any circumstances. Bourgeois society is not capitalism, but is a logical *and historical* precondition for capitalism and is sublated into industrial capitalism.

The unit of Part II, the founding unit of industrial capitalism, is the individual who buys in order to sell more dearly; Marx calls this unit **Mr. Moneybags** and describes him as the embryo of capital. The industrial capitalist who creates surplus value by employing industrial workers is the *universal* unit. The usurer and the commercial capitalist who simply lay claim to already-existing surplus are *particular* capitalists, albeit historical precedents of industrial capitalism.

The unit of Part III is the sine qua non of productive capital – the **unpaid labour time**, worked every day by the labourers over and above the time necessary to produce the equivalent of their subsistence for the day. The surplus value appropriated by forcing the labourer to work unpaid labour time will be redistributed among the various sectors of the capitalist class, and subsequently shared with landowners and finance capitalists. Its total is equal to the total of unpaid labour time of all the workers involved in the cooperative production process.

The unit of Part IV is the **necessary labour time** required to produce the equivalent of the workers' daily needs. This is determined by the progressive development of the productive forces *as a whole*, outside the control of the individual capital which purchases the labour power.

In Part V the unit is **productive labour**: “it is no longer necessary for you to do manual work yourself; enough, if you are an organ of the collective labourer.”

Part VI is the **daily wage** paid to the worker for the use of their labour-power for an entire working day. Its value however remains the necessary labour time. Marx isolates this unit to analyse the various particular forms of payment which serve to disguise the nature of the value of the worker’s labour-power.

This completes Volume One, the immediate production of capital.

Volume Two deals with how the entire capitalist social formation is reproduced through the circulation of capital.

The basic unit set out in Part I, is the **circuit of a single unit** of capital from money-capital to productive capital to commodity-capital and back to money-capital. This *universal* unit is interlaced with the *particular* units being the circuit of commodity-capital and the circuit of productive capital.

Part II is the **turnover time**, the time required for each circuit of capital, making the denominator for the rate of profit.

The Part III is the **generalisation** of the circuit of capital so as to reproduce the *entire* capitalist social formation. Capital must not only renew itself, but must renew the entire social formation.

The first three parts of Volume Three will complete the analysis of productive capitalism.

The unit of Part I is the ***cost-price*** of the product to the capitalist **plus the profit**, based on the total capital invested, irrespective of its division into constant capital and wages. Cost-price and price of production are the *appearances* of the economic categories under the rule of capital.

The unit of Part II is the **average rate of profit**, the total social surplus divided by the total capital invested in a given period of time, *generalised* by the joint action of the commodity market and the capital market and applies to all units of capital whether productive or commercial.

The rate of profit can be equalised only by industries which are inherently more profitable *cross-subsidising* those sectors which have a large quota of constant capital to sustain. This happens by commodities being sold above or below their value and by the movement of capital on the capital market.

The unit of Part III is the **accumulated mass of material and machinery** which must be engaged in production in order to maintain the rate of surplus value; thus the tendency of the rate of profit to decline.

This completes the structure of productive capital.

Part IV is the **commercial capitalist**, a capitalist firm which buys the products of industrial capital in order to sell more dearly, a *necessary* component of productive capitalism. In its pure form, however, commercial capital deals solely with *forms of credit*. It is *speculative* and does not contribute to creation of the social surplus at all.

Part V is the **finance capitalist**, a capitalist firm which *lends* money-capital without relinquishing ownership, and charges interest for its use. This is the *universal* form of finance capital; particular forms of finance capital include those firms who hire out the use of *infrastructure* such as warehouses or roads or platforms like Facebook or Google Earth.

In finance capital, *function is divorced from ownership*. The interest of finance capital in the expansion of credit serves only as a burden on the back of productive capital and the source of a new class antagonism.

Part VI, the last of the 15 units of *Das Kapital*, is the **private landowner**, a unit which plays no part in production whatsoever, but charges a levy on productive capital by means of its monopoly control of land. The private landowner is a redundant class, surviving only on the basis of an inherited monopoly of the land.

As can be seen, the writing of *Das Kapital* entails a critical study of Economic Science as it existed at the time, and isolating a series of distinct phenomena or problems which together constitute the nature of the whole process, and in each case identifying a single unit, which expresses the nature of that problem or phenomenon in a nutshell – like the elements of chemistry or the organisms of biology, in their simplest form as molecules or embryos, working together in a kind of ecosystem. Any phenomenon will be manifested in an array of such entities, but analysis will determine *that one* such unit which is the universal – the hydrogen atom or the single cell. All the aspects and problems can be revealed beginning from the examination of these units or germ cells.

The writer must be able to determine *which* unit is fundamental to the domain of phenomena concerned: in this case, first of all: the commodity, Mr. Moneybags and the Banker. And then arrange the various units in order so as to reveal the conditions of existence of each successive unit in terms of simpler units. This is the method perfected by Hegel in his *Logic*.

Despite the conviction of many Marxists that *Das Kapital* is some kind of mirror of the *Logic*, as if Marx thought that capitalism was *logical*, every one of the categories of *Das Kapital* is an *economic* category, the content of which is represented in its units, ultimately *social labour*. Logic, on the other hand, is a science with *no definite content whatsoever*, just human practice in general. Every positive science has definite content, content which is captured in its units.

Nor was *Hegel* under the illusion that modern society was based on an "empty concept." The content of the *Philosophy of Right* was not Being, but *private property*. Marx differed with Hegel on this point, and began from the active *exchange* of commodities, rather than simple private property.

Das Kapital is a work of science, but its categories are derived not just by analysis of modern society as it is found here and now, but from a study of the *historical* development of modern economy. Its categories are *both* historical and logical. Marx's use of history I call "categorical genealogy" and is key to Marx's use of the dialectic.