

The Overall Structure of *Capital*

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Abstract: The paper demonstrates that Marx's *Capital* recognizes three spheres in modern capitalist society – bourgeois society, productive capitalism and finance capital. Further, that the sphere of productive capitalism is structured as a syllogism. The syllogism is immediate production of capital, and capital mediated by itself (circulation) synthesized in capitalist production in general.

It is shown that it is this structure which allows the total value in an economy, including each of its components of variable, constant and surplus value, to be determined as the sum of the values for each unit of capital including the 'collective laborer' employed by each unit of capital, with the consequent limitation on the distribution of surplus described in Volume Three.

The Immediate Production of Capital

The opening lines of *Capital* are:

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. (Marx, 1867, Chapter 1)

In order to analyze the commodity, Marx investigates bourgeois society (*bürgerliche Gesellschaft* – literally, the townspeople), that social formation which first appeared in the towns in medieval times and in antiquity, in the interstices of the dominant sphere, and governed by a nobility. In bourgeois society, artisans and merchants exchanged the products of their own labor, using money as the universal commodity, but still in the absence of industrial capital. At no time in history has bourgeois society been a dominant sphere of society.

In historical bourgeois society, the prices of goods and the wages of journeymen and apprentices were set by guilds and courts, hours and conditions of work were strictly regulated and there was no labor market. Masters were prevented by law from hiring enough journeymen to turn themselves into industrial capitalists. Masters, journeymen and apprentices composed a single social class.

Marx traced the conditions which led to the dissolution of bourgeois society as it came under the domination of capital with the rise of industrial capital in the successive parts of Volume One of *Capital*. That is, Part I of *Capital* alone deals with bourgeois society, an analytical abstraction with a real social and historical basis, and the five following Parts of *Capital* introduced the forms of practice characteristic of productive capitalism, a distinct sphere of modern capitalist society, which came to dominate bourgeois society and transformed it according to its own needs.

Two of these concepts are of significance for this paper: the unit of capital, introduced in Part II, and the ‘collective laborer’ introduced in Part V of Volume One.

In Part I, we meet Mr. Moneybags, who buys in order to sell more dearly, expressed in the abstract general formula $M-C-M'$. Marx calls Mr. Moneybags the embryo capitalist (*Schmetterlingsentfaltung*) which becomes a productive capitalist firm when he hires labor-power. The industrial capitalist firm is the universal form of capital. Being paid for the use of their labor-power only at its value, laborers must come to work again the next day in order to live. In this way, the industrial capitalist creates and recreates an essential condition for its own existence – a supply of impoverished laborers.

In historical bourgeois society, and in the analytical abstraction of it used in Part I of *Capital*, each single commodity is the product of some quantity of the labor-time of a single independent artisan, and this relation makes it possible to define and ground the concept of and measure of *value* – abstract, social labor-time.

In Part V, Marx confronts the problem that, unlike the products of bourgeois society, each product of capital passes through many hands and cannot be said to be the product of any one worker. It is a product of a specific unit of capital. Further, many of its workers are employed in the supervision of labor.

The product ceases to be the direct product of the individual, and becomes a social product, produced in common by a *collective laborer*, i.e., by a combination of workmen, each of whom takes only a part, greater or less, in the manipulation of the subject of their labor. (Marx, 1867, Chapter 16)

and

In order to labor productively, it is no longer necessary for you to do manual work yourself; enough, if you are an organ of the collective laborer, and perform one of its subordinate functions. The first definition given above of productive labor, a definition deduced from the very nature of the production of material objects, still remains correct for the collective laborer, considered as a whole. But it no longer holds good for each member taken individually. (Marx, 1867, Chapter 16)

Just as the unit of bourgeois society is the ‘single commodity’ (1867, Chapter 1), the unit of productive capitalism is the capitalist firm, and the entire workforce of the capitalist firm must be counted as a unit of variable capital and the entire product of the capitalist firm in a given period of time taken as the whole product and bearer of its value. In Marx’s day, this analytical abstraction may not have been far from reality, with each factory pumping out a line of identical products.

Just as each producer of bourgeois society was independent, every capitalist firm in productive capitalism is taken as an independent producer in Volume One. This is why Marx labels Volume One as the ‘direct (or immediate) production of capital’. In the case of Part I, there is no capital, so this characterization covers only Parts II to VII, but the entirety of Volume One concerns the direct production of *value*.

What is significant about this is that the values of the products of independent producers, each working on distinct products, side-by-side can be arithmetically added – each contributes some labor-time and these can be added. By contrast, the value of the products of each employee of a capitalist firm cannot be arithmetically added because the workers in a capitalist firm are all using the same constant capital, all working on the same product! By contrast, the workers in bourgeois society sell their entire products to one another.

This leaves value of the single commodity which is a product of capital formally indeterminate. But this is as it should be, because the capitalist firm (generally) does not produce single commodities.

Volume One concludes with Part VII reviewing the wealth of modern capitalist society, once a vast accumulation of commodities, now transformed into accumulated capital, leaving the majority of the population in misery.

The defect of the analysis so far is that the units of capital put money into circulation and withdraw it from circulation again at a profit, but the recreation of the conditions of its initial investment is not part of this unit – workers ready to work again, materials, disposables and machinery available for production and a renewed demand for its product. It is not the business of a capitalist firm to recreate all the conditions for the existence of capitalist society. All the capitalist can do is put his capital back into circulation and draw it out again. The task of renewing the social fabric of capitalist society is the work of Volume Two, on circulation, and that is not the business of Mr. Moneybags.

The work of recreating all the conditions for the continuation of the production of capital include all the functions of society, including the state, the family and all the social and technical conditions and reserves for the continued operation of capital. Once the individual capitalist firm puts its product back into the market, it loses all control of it. Circulation is a process in which capital is mediated by itself – every product of every industrial capitalist becoming the property of commercial capitalists, other industrial capitalists and innumerable private individuals in turn until the original capital is recovered.

For the process described in Volume One, the processes described in Volume Two must already be in action. For example, Mr. Moneybags puts money into circulation and then withdraws it at a profit. But this is only possible because a wide variety of conditions have been brought about through the circulation of capital. He can withdraw from local markets endless supplies for his factory and find endless merchants ready to sell his products. But these conditions are taken for granted.

The direct process of production of capital and the mediation of capital by itself take place simultaneously, both logically and historically. There is no historical or logical development from immediate production of capital to circulation of capital. They are two simultaneous premises of a syllogism.

This is the same, for example, with the three books of Hegel's Logic. Throughout the Logic of Being, determinations unfold in successive minute steps until arriving at the very concrete category of Measure. After Measure, the next determination is Identity. This is a huge leap; it is the first determination of a new book, in fact, on Reflection, and Reflection was no part of the Logic of Being.

Returning to *Capital*, Volume Two must do the work which was taken for granted in Volume One. The first determination is a *circuit* of capital, whereas Volume One was composed entirely as if every unit of capital was *independent* of every other unit of capital. In Volume One, the subjugation of bourgeois society by capital is described with a series of distinct ‘units’. Volumes Two and Three continue with this structure. However, the relation between the three sections of productive capitalism – direct, reflected and concrete – is a distinct logical form, a syllogism, quite different from the step-by-step introduction of new units.

The Syllogism of Productive Capital

The outcome of the synthesis of the immediate production of capital and the mediation of capital by other units of capital is capitalist production in general – the concrete forms in which productive capitalism appears on the surface. This corresponds to what Hegel calls the Syllogism of Necessity, but let us see it in Marx’s own words. Marx explicitly describes the structure uniting the three volumes of *Capital* as a three-fold structure:

In Volume One we analyzed the phenomena which constitute the *process of capitalist production* as such, as the immediate productive process, with no regard for any of the secondary effects of outside influences.

But this immediate process of production does not exhaust the life span of capital. It is supplemented in the actual world by the *process of circulation*, which was the object of study in Volume Two.

In the latter, namely in Part III [of Volume Two], which treated the process of circulation as a medium for the process of social reproduction, it developed that the capitalist process of production taken as a whole represents *a synthesis of the processes of production and circulation*.

and Marx continues:

Considering what this third Volume treats, it cannot confine itself to general reflection relative to this synthesis. On the contrary, it must locate and describe the concrete forms which grow out of the *movements of capital as a whole*.

In their actual movement, capitals confront each other in such concrete shape, for which the form of capital in the immediate process of production, just as its form in the process of circulation, appear only as special instances.

The various forms of capital, as evolved in this book, thus approach step by step the form which they assume on the surface of society, in the action of different capitals upon one another, in competition, and in the ordinary consciousness of the agents of production themselves. (Marx, 1894, Chapter 1)

Marx here describes what Hegel called the *syllogism of necessity*: the immediate mediated by its reflection in another, synthesized in the actual. In

the *Science of Logic*, the syllogism of necessity is the final category of the Subject. In its general form however, it mirrors the syllogism which structures the whole of the Logic, namely: (1) The immediate, or Being; (2) Reflection, or Essence; (3) The Concept, or the truth of Actuality. The same structure is found in the Logic Essence: (1) Identity, (2) Appearance, (3) Actuality. It is also found in the Concept Logic: (1) Subject; (2) Object; (3) Idea.

Hegel's definition of self-consciousness in the Subjective Spirit has the same form:

all consciousness of an other object being as a matter of fact also self-consciousness. The object is my idea: I am aware of the object as mine; and thus in it I am aware of me. (Hegel, 1830. §424)

The will was a basic concept for Hegel's *Philosophy of Right*, and he began by defining property as follows:

I as free will am an object to myself in what I possess and thereby also for the first time am an actual will , and this is the aspect which constitutes the category of property. (Hegel, 1821, §45)

In the above instances, all of them very fundamental to Hegel's key works, the structure of the syllogism is the same: the immediate, mediated through an other becomes actuality.

Let's examine Marx's own outline of the syllogism. The first premise is the '*immediate process of production*'. The second premise is circulation, in which the product of one unit of capital is transformed into components of *other* units of capital, and again and again, until it returns to the same form of capital ready to begin a new cycle. The conclusion is the 'actual' movement – its 'concrete shape' to be outlined in Volume Three.

The form of syllogism – immediate, reflected , actual – appears throughout Hegel's *Encyclopedia* from which I have offered but five examples. Marx was a Hegel aficionado and mocked these syllogisms in 1843, but he knew very well how to use them in 1867.

No new value is created in circulation; value distributes itself and is realized, but at a *cost* to surplus value, value is not expanded in circulation. Further, as prefigured in the above quotation from Marx, the action of every unit of capital upon every other continues in Volume Three, specifically in shaping capitalist production through the capital market. Just as in the commodity market discussed in Part I, the capital market does not create new value, but does move value from one sector of industry to another.

Consequently, at the conclusion of Volume One in consideration of the accumulated capital of numerous independent units of capital, the total constant, variable, and surplus value can be calculated as the arithmetic sum of that of each of the units of capital with their 'collective laborer'.

In summary, the values created in Volume One by distinct and independent producers, whether in bourgeois society or productive capitalist firms, can be added to determine the total value in an economy.

In Volume Two, the units are circuits of capital in which one and the same product passes from being a part of one capital to being part of another, repeatedly. Thus, if I were to add up the values as they appear in Volume Two,

there would be extensive double counting. This would be the case wherever circulation were introduced. Volume Two realizes the total value, but it does not change its magnitude, already set in Volume One.

In Volume Three, the total value is recovered not by adding circuits but by reconstructing the totality of social labor, and is counted only once.

The syllogistic structure is what makes this possible.

Capitalist Production as a Whole

The first four Parts of Volume Three resemble the first seven chapters of Volume One in that the remaining *units* of productive capitalism are introduced, but now under conditions when a capital market exists and the units of capital are now no longer independent. Part V introduces a new sphere of capitalist society – finance capital, and its antique predecessor, traditional landed property.

Marx's manuscript broke off at the end of the Chapter entitled 'The Trinity Formula' (Marx, 1894, p. 826) in which Marx cited Adam Smith (1776): 'Wages, profit and rent are the three original sources of all revenue as well as of all exchangeable value', (though Engels added another five chapters and a Supplement of his own, obscuring the significance of this juncture). This confirmed that Marx saw this Volume as concluding the conceptual reconstruction of capitalism which he had begun with its simplest determination – the commodity form of value.

The extended quote from Marx cited above however, constitutes the overall structure of Marx's representation of productive capitalism, and it is a syllogism – the Hegelianism which the Young Marx had mocked in his 1843 *Critique*:

In his development of the rational syllogism all of the transcendence and mystical dualism of his system becomes apparent. (Marx, 1843, Chapter 5)

It is remarkable that the Marx of 1867 has given such a central place to a syllogism, a logical form he made such a sport of mocking as a youth.

Finance Capitalism

Part V of Volume Three opened a new sphere of modern capitalist society, finance capital, with the introduction of a new unit, $M-M'$ (1894, Chapter 21).

The first sphere is defined by: $C-M-C'$, the commodity exchange mediated by money. The second sphere by: $M-C-M'$, buying in order to sell more dearly. The third sphere is defined by: $M-M'$. Interest is charged for the *use* of the capital-commodity without alienating it, placing a cap on the general rate of profit formerly accruing to the productive capitalist who owned the capital he managed:

the industrial capitalist, as distinct from the owner of capital, does not appear as operating capital, but rather as a functionary irrespective of capital, or, as a simple agent of the labor-process in general, as a laborer, and indeed as a wage-laborer. (1894, Chapter 23)

Finance capital is now divorced from the productive process. The borrower must pay the interest irrespective of whether the capital is used to make a profit. The central part of *Capital*, productive capital – spanning from pre-capitalist bourgeois society now effectively reduced to production of one commodity alone, labor-power, to finance capital destined to reduce the industrialist to the status of wage-laborer – has the distinct character of a syllogism, a logical form which is otherwise not used as an organizing principle in Marx's *Capital*.

Value

Value is defined as the measure of social labor. Social labor is understood as labor which produces a use-value, the substance of wealth, but distinct from labor on my own behalf or that of my dependents or in fulfillment of traditional obligations, which is private labor.

Volume One describes how industrial capital transformed bourgeois society into merely suppliers of labor-power for capital but still the only source of value in modern capitalist society. The limiting amount of labor-power in an economy is given by the total population, the available number of working days, and the necessary labor-time and the level of workforce participation. This value, the total labor-power applied to commodities, is composed of variable capital paid to workers for the subsistence and surplus value appropriated by the capitalists, plus the great weight of the product of past labor invested in means of production which must be maintained.

This total corresponds to the value available for redistribution in the capital and commodity markets in Volume Three. In addition to new value there will be an ever-growing quotient of constant capital carried over from labor-power applied in previous time periods and invested in each commodity.

The total value in an economy is important because, even though prices are determined by cost-price plus profit without any reference to value, the total amount of value available for redistribution by the capital and commodity markets is limited by this total. The total can be computed by the arithmetic addition of the variable, surplus and constant components of value contributed by all units of capital with their 'collective laborer' and capital expenditure.

Conclusion

The central structural feature of *Capital* is the representation of capital in three spheres – bourgeois society, productive capitalism and finance capital – and the representation of the sphere of productive capitalism as a syllogism. The consideration of process of production of capital initially as *direct*, i.e., unmediated production, makes possible the determination of the total variable, surplus and constant capital which may be shared by capitalists, as considered in Volume Three, completing the conceptual reconstruction of the actuality of modern capitalism.

The distribution of this value is possible only by treating the circulation of capital separately before synthesizing it with immediate production in the capital and commodity markets, and by recognizing that commodities are

exchanged at value only in bourgeois society, prior to its subordination by capital.

The role of value in the life of an independent producer, whether an individual artisan or a capitalist firm remains just as it was analyzed in Volume One. The capitalist must have a mind to the deployment of his 'collective laborer' as the only source of value he has at his disposal. But the price in which a value appears is subject to 'outside influences', and it is only in Volume Three that prices can be determined according to cost-price plus profit norms applicable under productive capitalism, now subject to the capital market. Further, the total value in an economy places limits on the redistribution of capital in the commodity and capital markets (Moseley, 2016) – a conclusion possible only thanks to the syllogism structure of the sphere of productive capitalism.

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