

Notes on Geoff Pilling's
"Marx's 'Capital'. Philosophy and Political Economy"

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If *Capital* is a book which analyses political economics ahistorically, then someone forgot to tell Geoff Pilling ... and Marx.

Marx was to centre his entire critique of political economy on what he considered its decisive weakness its tendency to view society ahistorically

According to Pilling, Marx regarded political economy as above all an historical science. He insists that "to deal with any phenomenon concretely means to treat all aspects of the phenomenon concerned in their origin and development." This contrasts with the current tendency to insist that the structure of capitalist society should be taken without regard to history.

"Marx, in this work, shows not in an opening chapter, but over three entire volumes, how all the economic relations of bourgeois economy grow – and this growth is both logical and historical – out of the relations of simple commodity production. ... Thus Marx is aiming to demonstrate that the essence of all the contradictions of bourgeois economy has a common source within the commodity relation itself; but at the same time the growth and development of this, the fundamental contradiction, has to be demonstrated."

In Marx's words:

"This dialectical process of its becoming is only the ideal expression of the real movement through which capital comes into being. The later relations are to be regarded as developments coming out of this germ."

As a document written by a evolutionary *for* the working class in its struggle to overthrow capitalism and effect the transition to socialism, his analysis *had to be* historical.

Citing a letter from Marx to Engels, what was new in *Capital* was:

1) That in contrast to *all* former political economy, which *from the very outset* treats the different fragments of surplus value with their fixed forms of rent, profit, and interest as already given, I first deal with the general form of surplus value, in which all these fragments are still undifferentiated – in solution, as it were.

2) That the economists, without exception, have missed the simple point that if the commodity has a double character – use value and exchange value – then the labour represented by the commodity must also have a two-fold character, while the mere analysis of labour as such, as in Smith, Ricardo, etc, is bound to come up everywhere against inexplicable problems. This is, in fact, the whole secret of the critical conception. (Marx to Engels, 8 January 1868)

Ad 2), Pilling agrees that *all* the contradictions of developed capitalism can be unfolded from this concept of the two-fold character of labour, both concrete labour and abstract value. Labour was in all epochs the basis of all social life, the crucial question: by what social and historical forces are the activities of men expressed in the values of the products of their labour?

Marx demonstrates that the category value arises only when the products of labour take the form of commodities and that exchange value is a manifestation of this category value, its form of appearance, a manifestation which leads eventually to money, and while 'value' expresses social relations of commodity production 'Only where wage-labour is its basis does commodity production impose itself upon society as a whole'. Only then can the law of value emerge from its embryonic form, which it possessed under pre-capitalist conditions.

Labour is an entirely social category, and when Marx deals with the relationship of 'labour' to 'value' he always has in mind abstract labour – it is abstract labour which creates and recreates a set of social relations which are attached to things, namely value. Fred Moseley says that money is the *appearance* of abstract labour, and Pilling would be in agreement with Moseley here. Geert Reuten says that, "abstract labour is a placeholder for money until money" makes its appearance in the logical reconstruction", so abstract value 'turns out to be' money; Evald Ilyenkov says "The reduction of different kinds of labour to uniform simple labour devoid of any distinctions 'is an abstraction which is made every day in the social process of production'." Likewise, Pilling says that "abstract labour" is not some mental image but a real feature of social life in bourgeois society, determined objectively by the process itself. The point is always not to discover some 'measure of value', but to observe and explain how this measurement is done as an objective social process.

The market is a process of 'equalising' products of labour, and the only thing in common between products enabling this equalization to take place is "human labour in the abstract," that is, abstract labour is what is equalised by the market. In the first place this is *socially necessary* labour time, but what is necessary is established (discovered, determined) only in the last instance when the owner of a commodity tries to sell it; socially necessary labour time cannot be measured a priori. Sometimes products cannot be sold at all, that is, none of the labour embodied in them was socially necessary, at the given stage of development of the economy and in the given economic conditions.

So, it is no task of *Capital* to determine a way of measuring value. The process is its own measure. The aim is to discover how this is done, and Pilling claims that the answer appears in the form of *crises*. The researcher can then study how the crises are resolved in practice, whether spontaneously, or as a result of state intervention. This is why the logical reconstruction of capital is so intimately linked to the historical development of capital.

Marx's understanding of value did not arise from a critical analysis of what the political economists held to be the concept of value, but rather set off from the simplest social form of value, the commodity. The point is to analyse labour and the specific forms it takes in a given epoch. Private labour is concrete but is not measurable.

Equally, use-value is not a synonym for 'utility'. Use-value is only usefulness which can be transferred to another, and therefore can only be held by a commodity. Quoting Marx: "The 'value' of a commodity is neither its use-value nor its exchange-value."

Profit and Surplus Value

Having clarified the distinction between concrete labour and abstract labour, Marx was able to make the distinction between profit and surplus value. For Marx this capital was "the dominant social relation of modern society attached to things." Fetishism is therefore not an illusion, but a real process, by means of which capitalism functions and develops

Capital is "productive" in the sense that it generates and extends that social relation. The various things (artefacts) to which that relation is attached are productive in whatever form of society they exist.

In the very first chapter on capital, "Capital in General," and making the point that the circuit M-C-M' is nothing to do with a profit motive, but arises in the circulation of commodities under conditions in which commodities are exchanged at their value. Pilling also makes the observation:

Marx's discussion is about merchant's capital, for the very good reason that the first form assumed by capital is that of money and as such it constitutes the *germ* which is sublated in all the higher, more developed forms.

Note that merchant's capital is described here as a germ cell. This is explicitly in contradiction to those who believe that because all the contradictions of developed capitalism are found in embryo in the commodity relations, *there can be no other germ cell*. Capitalism is not a society of "pure commodity exchange"; further processes are needed to transform underdeveloped commodity exchange on the fringes of feudal society into capitalism. Merchant capital is what provides this new element, in germ cell form.

According to Marx:

"All new capital, to commence with, comes on the stage, that is on the market, whether of commodities, labour, or money, even in our days, in the shape of money that by a definite process has to be transformed into capital." (*Capital* v. 1, chapter 4)

The concept of capital is money withdrawn from circulation and then returned to circulation. Capital first appears as merchant capital, but merchant, usurious (the first forms of capital), rent-seeking or industrial capital, all are taken out of circulation and returned to circulation as a greater quantity of money. This applies to capital in general. Only industrial capital, by converting labour-power into a commodity, recreates the conditions for its own reproduction.

'Capital in general' is also a real capital alongside others, it is that capital which is held by banks and is distributed through them. Particular forms of capital is taken to mean fixed and circulating capital? Capital as a whole circulates through the different phases which simultaneously exist side by side with one another. In reference to Universal, Particular and Individual moments of capital, Pilling takes the universal to be capital in general, i.e., finance capital,

particular fixed capital, materials, etc. without elaborating on the “etc”, and individual to be share capital. I find this unconvincing.

Pilling cites the section where Marx (v3, p. 593) suggest that banking and credit capital “does away with the private character of capital and thus contains in itself, but only in itself, the abolition of capital itself” – the driving force towards Socialism. Pilling also cites the *Grundrisse* where Marx says that in share capital “capital has worked itself up to its final form,” but only “in itself,” and at the same time the most potent source of swindles and crises.

Pilling’s résumé of the structure of *Capital*:

Volume 1 develops the basic theoretical concepts of capitalism, beginning with Part 1, the simplest social form of value, the commodity, a contradictory cell-form, a unity of exchange-value and use-value. The commodity thus a unit of concrete labour and abstract labour. This is expressed in the contradiction between the relative and equivalent form of value, i.e., the value of the commodity offered for exchange and the value of the commodity facing it as its equivalent (a commodity for buying or a commodity for selling?). This relationship develops to the universal form of value in which a quantity of some *one* commodity stands as the equivalent of every other. Finally, “the product of labour assumes a double form of the commodity itself and its monetary equivalent.”

Part 2 concerns the conditions under which money becomes capital, the internal contradiction in the general form of the movement of capital M-C-M’ and the resolution of this contradiction in the buying and selling of labour-power, at which point the commodity relation becomes the predominant relation in society and “the **law of surplus value** is raised to a position where it becomes the most basic law of motion of modern society.”

What is meant by “law of surplus-value”? The law of value is presumably that commodities are always exchanged at their value, a law which is supplanted by the costs of production law in Cv3. Is it that consumption of labour-power produced both value (in the commodity form) and surplus-value, which is an addition to capital. Or that the product of capitalist commodity production contains both the value of what is consumed in production plus a surplus value?

Marx then examines how the drive for a continual increase in the rate of surplus value (demanded by the very nature of capital itself as ‘self-expanding value’ – is this what is meant by the ‘law’ of surplus value?) runs up against the twin barriers of the limited length of the working day and the growing resistance of the working class. This is in turn a fundamental source of intensified contradiction. This leads to the transition from simple capitalist cooperation (workers concentrated in workshops) into manufacturing and thence into production by machinery.

These contradictory relations of capital provide the foundation for the emergence and development of a series of interconnected phenomena. To this are devoted the second and third volumes of *Capital*.

In the final volume, the process of capitalist production, conceived of as a whole, as a dialectical unity of production and circulation, is examined. Marx deals here with the division of surplus value into the forms of profit of enterprise,

interest, profits of commerce and ground rent and how the law of value grows into the law of production prices, the organic composition of capital tends to grow, the tendency of the rate of profit tends to decline. At the end of the third volume Marx has shown that the phenomena of capitalism are appearances, but necessary appearances, conditions which foster the class struggle.

Logic and History

Pilling supports Ilyenkov's concept of 'concrete historicism', the tracing of the history of practices as they develop historically subject to their conditions, determining the logic of this progression, as opposed to what Ilyenkov called 'abstract historicism' and 'logical structuralism'.

He says the commodity relation is the basic relationship of bourgeois society, the simplest and historically first, and fundamental in that it is an economic relation. Capital grew out of simple commodity production, which constantly engenders capitalism.

Pilling emphasises that an explanation of the crises of capitalism in our times cannot be found in the pages of *Capital*. There have been so many developments across all spheres of life. But all these phenomena "would have to be analysed in the light of Marx's work in *Capital*."

Engels makes the point in a review of *Contribution* that the logical and historical methods must begin from the same point, the first economic relation. The logical development will be a "correction" of the historical course, but corrected according to laws provided by the actual course of history.

"Contradictions will emerge demanding a solution. ... these contradictions will have arisen in practice and have probably been solved. We shall trace the mode of this solution and find that it has been effected by establishing a new relation, whose two contradictory aspects we shall have to set forth and so on."

The concepts which Marx uses in *Capital* are abstracted from the contradictions which have arisen in practice and their solution. "Economics is not concerned with things, but with relations between persons." These concepts correspond to definite *forms of practice*. These practices are bound to things [mediated by artefacts] and consequently appear as things. – Engels, August 20 1859,

The first three sections of the opening chapter of *Capital* are concerned with the formation of money. ... "The difficulty," as Marx puts it, 'lies not in comprehending that money is a commodity, but in discovering how, why and by what means a commodity becomes money'

The economic categories reflect human practice. Marx always confronts the results of his abstract analysis with actual historical developments

this elementary form is the key to understanding the mystery of the entire value-form, just as the contradictory nature of the commodity is the 'germ' of all the more developed contradictions. Thus, "The whole mystery of the form of value lies hidden in this elementary form."

Even in the simplest popular judgment is found the germ of dialectics (the relation between the individual and the universal

etc.) so in the elementary value-expression is found the ... germ of the entire movement of capital.

Pilling insists that the relation between the relative and elementary forms of the commodity contains all the contradictions of capitalism in embryonic form. Pilling here observes that Marx deliberately takes his analysis through various moments of Hegel's Logic. He associates the elementary, expanded and universal forms of value with individual, particular moments of the Concept, the elementary form as semblance and money as appearance (appearance meaning that the opposites can be identified). It is the key to grasping the riddle and source of the fetishism of all bourgeois economic forms.

the elementary value form itself, 20 yards of linen = 1 coat. This is the first expression of the 'externalization' or 'alienation' of the opposition between value and use-value

Note here that Pilling is demonstrating that in the analysis of the commodity, the starting point of *Capital*, Marx is examining the *moments of the concept*. For those who want to paint *Capital* as an image or reflection of Hegel's *Logic*, this contradicts the claim that *Capital* begins with the Doctrine of Being. Later, Pilling identifies Marx making self-conscious allusions to Semblance and Appearance (taken by Pilling in its Hegelian sense as the concept which makes the form-content relations explicit, rather than the usual assumption that 'Appearance' means simply a superficial form prior to its 'exposure').

Marx's conception of the priority of production over exchange he expresses by saying that value controls the proportions in which commodities are exchanged, not the other way around.

Pilling claims that fetishism is exhibited throughout *Capital*, not just v1C1§4.

"For Marx the essence of fetishism was this: under commodity production relations between men take the form of relations between 'things'. The social relations are indirect relations, relations mediated through these things, and men simply 'represent' or 'personify' these things."

It was Marx's aim to discover the origin and development of these social forms assumed by the material-technical production process at a definite stage in the development of the productive forces. ...

fetishism is not only a phenomenon of social consciousness, but of social being'

What is unique to capitalism is that *all* the workers' products, as commodities, become the property of another, *hostile class*. In all pre-capitalist modes the conditions of production dominate men, only under capitalism does this take the form of the dominance of things over men. It is precisely because fetishism is inherent in commodity production that it cannot be 'demystified' in thought alone but only in practice, in the overthrow of those social relations which create the very conditions for this fetishism. Fetishism is not an illusions, "but as what they really are material relations between persons and social relations between things." (Marx).

The Ideality of Value

Value is an expression of a objective social relation. This is what Marx means by ideality – the form of human social activity represented in a thing.

his material medium has become independent of the world of commodities – this provides the basis for the emergence of money. And it is through this medium of money and through it alone that man's social bond is established.