Marx after Hegel: Capital as Totality and the Centrality of Production

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Abstract:

This article reclaims the most contested legacies of Marxian theory, arguing that value is the *monetary expression of labour time alone*, and that *the relationship with Hegel is fundamental and positive*. The categories of *totality* and of *real abstraction* play a key role in *Capital*. They are 'structuring' value, and both are literally incomprehensible without a reference to Hegel's *systematic dialectics* and *positing of the presupposition*. I distinguish the *interpretation* of what Marx has written from the *reconstruction* of the Marxian critique of political economy. The former must be the most generous as possible towards the 'letter' of Marx, without however hiding the tensions and contradictions. The latter must be faithful to the 'spirit' of Marx but going in new directions. The reconstruction of the Marxian theory that I propose (i) is *a macrosocial* perspective*;* (ii) shifts the emphasis from money as the final universal equivalent to *money as prior finance* (providing the *monetary ante-validation* in the buying and selling of labour power, and the *monetary imprinting* of the immediate valorisation process); (iii) looks at *money and abstract labour*as *processual* dimensions within the capitalist monetary circuit (capital is 'money in motion' because it is abstract labour 'in motion'); (iv) ultimately grounds the labour theory of (surplus-)value (which is actually a *value theory of (capitalist) labour*) in the capitalist labour process as *contested terrain*. Marx's monetary labour theory of value develops into a *macro-monetary theory of capitalist production*, while capital as a totality is *constituted* by capital as a social relation of production.

Keywords: Marx, Hegel, Abstract labour, Monetary labour theory of value, Macromonetary theory of capitalist production, positing the presupposition, dialectics

Introduction

The argument that follows discusses the theoretical contribution of Marx with reference to three issues: the *monetary theory of value*; the notion of *exploitation*; the (dis)continuity of *Marx to Hegel*.

These themes have been the subjects of intense debate since the 1960s and 1970s. First. According to an opinion which prevailed in the late 1970s, the theory of value should be judged negatively for its alleged *failure in determining individual prices*. On this level, Sraffa's formulation would allow a successful reply to the Neoclassical theory, which was as dominant then as it is today. The price to be paid is to cut loose any reference to labour-values. Second. For others, despite Marx's work contains interesting insights alternative to various (Ricardian and Marginalist) orthodoxies, *Capital* would end up being trapped in a *real analysis* and in an *equilibrium approach*. Money is introduced only once the theory of value is fully formulated, or at least without essentially intervening in the determination of value. Third. On a philosophical level, many have taken for granted the idea that characterised most of, though not all, the Marxist and post-Marxist reflections of Lucio Colletti, according to whom the continuity between Hegel's method is a liability and not an asset for Marxian theory, constituting an *idealistic residue* incompatible with *science*.

The discussion on contemporary capitalism seems to add other arguments supporting the urgency to evacuate Marx from the theoretical stage. Real-world developments are put forward in favour of this conclusion. 'Post-Fordism' would lead to *the end of labour*, or at least to the ultimate crisis of *wage* work. 'Globalisation' would create a primacy of the market and of finance that *would erase the centrality of production* and then of labour. The 'new economy' would mark the disappearance of abstract labour, reduced to simple and unskilled labour, and replaced by the *preeminence of an immaterial and cognitive labour* which cannot be understood as a labour 'without properties', like in Marx.

My position, as I shall argue below, move in the opposite direction. I wish to reclaim the most contested legacies of Marxian theory, arguing that value is the *monetary expression of labour time alone*, and that *the relationship with Hegel is fundamental and positive*. I read the critique of political economy as *the macro-social foundation of the evolutionary dynamics of capitalism*. The categories of *totality* and of *real abstraction* play here a key role. They are 'structuring' value, and both are literally incomprehensible without a reference to Hegel. Abstract labour and the *central* role of production must be interpreted within this conceptual framework.

My aim is not to propose a new 'orthodox' reading of Marx. Rather I distinguish the *interpretation* of what Marx has written from the *reconstruction* of the Marxian critique of political economy. The former must be the most generous as possible towards the 'letter' of Marx, without however hiding the tensions and contradictions. The latter must be faithful to the 'spirit' of Marx but going in new directions. I will conclude with some methodological considerations.

Marx: interpretation

Value is 'actualised' on the commodity market, with the sale of the commodities produced against money. The 'form' of value refers mainly to the *monetary* dimension. The value of a commodity, *before* it actually being sold, is a 'ghost'. It is merely *ideal* money, which can only turn into *real* money with the metamorphosis of the commodity into the universal equivalent – a 'chrysalis'. If the act of *measurement* necessarily takes place on the commodity market, and if the *measurer* then is money, the

'substance' of the value exhibited[1] in money is nothing but homogenous and abstract labour - or rather, *labour which is homogenous because it is abstract*. With regard to this, Marx talks of an 'intrinsic' or 'absolute' value, whose 'immanent' *measure* is labour time (spent in the socially necessary amount).[2]

The key point is the 'unity' of production and circulation: a unity in distinction. Abstract labour is *potentially latent* in production and it *fully comes into being* in circulation. According to Marx, *circulation is intrisically monetary*, but commodities are exchanged because they are *already* commensurable *before* the metamorphosis against money. In other words, 'values' as *objective*[3] abstract labour (and as such, as *ideal* money) are a necessary pre-condition to their equalisation in monetary circulation. Nevertheless, abstract labour is perfected *only* in actual exchange, where commodities as ideal money turn into *real* money. At first glance, this seems to be a contradiction, of which Marx has been repeatedly accused. The situation is different if we consider the crucial role of '*money as a commodity*' [4] in his theory.[5] Abstract labour

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1 I translate *Darstellen* as 'to expose', or also 'to exhibit'. Another possible translation could be 'to present'. I avoid 'to represent', which I rather use for *Vorstellen*. On this and other translation issues the reader is referred, for a synthesis, at Bellofiore 2014a and for more detailed considerations (but in Italian) to Bellofiore 2013a.

2 This complex articulation of Marx's notion of 'measure' (on which there are important considerations in Fineschi 2001, Appendix A) has been lost in traditional Marxism, which often reduces abstract labor to 'contained labour' in the *technical-material* and *physiological* sense. Very often contained labour (*enthalten Arbeit*) is incorrectly translated as 'embodied labour'. Embodied labour is appropriate for concrete but not for abstract labour: and we will see that two notions of 'embodiment' (corresponding to the German verbs *verkörperen* and *einleiben*) are crucial for Marx, expressing different concepts. Even the so-called value-form approach is one sided. Especially in its most extreme versions, it denies any role to labour time. The same sophisticated analysis by Reuten 2004 conceives measurement in labour time only from the side of the concrete labour, which is the only one he recognises in the production process.

3 When Marx used the adjective *gegenständlich*, very often he meant 'becoming objective', i.e. the objectivity standing in front of human beings: something which has its origin in the *processual* moment of labour *as activity*. The term is very difficult to translate into English. A neologism would be 'objectualised'. The reader is alerted to have this in mind when I use the terms 'objective' or 'objectified'.

4 The reader should take note that I use the (may be awkward) term 'money as a commodity', and not the more usual commodity-money, to stress the difference and opposition of the Marxian versus the Ricardian theory of money. The point was clarified, though in different ways, by de Brunhoff and Carlo Benetti.

5 This is again a point that has often been misunderstood in the debate on Marx. Apart Hilferding's *Financial capital* and Luxemburg's *Accumulation of capital*, the monetary aspects of Marx were not much present in Marxism. The attention to the form of value which we read in Rubin in the 1920s has remained isolated. Things began to change with the pioneering studies of Suzanne de Brunhoff in the 1960s. Normally, in this debate, those who saw the essentiality of money as a commodity in the way Marx formulated his theory of value, tended to uncritically defend it. An

‘crystallises’[6] in commodities and is *necessarily* ‘presented’ in the form of money, but that means - according to Marx - ‘exhibited’ *in the concrete labour which is embodied in the universal equivalent as a commodity (gold)*. Given that capital is money that produces (more) money, and that money is (directly or indirectly) gold produced by labour, money has a labour content, which counts in exchange as *directly* social labour, a value which is *already quantitatively determined* when money enters the capitalist circuit.

It is clear that by virtue of this, constant capital and variable capital, which are *immediately* monetary amounts, are - *at the same time* – quantitative ‘expressions’[7] of labour magnitudes.[8] The money value of the commodity product before exchange - as ideal money: and thanks exactly to this money form-determination as a ‘representation’[9] (namely, the price *expected* to be gained from the selling of the commodities) - can be ‘translated’ into magnitudes of objectified labour[10]. That being the case, in the first volume of *Capital* exploitation can be considered as determined by what happens on the labour market (the ‘initial’ exchange) and in immediate production (the ‘centre’ of the capitalist process) - the two moments that *together* define the ‘social relations of production’ in capitalism - *before* the ‘final’ exchange (on the commodity market).

This conclusion, however, depends on two strong assumptions

exception is Messori 1985. The new ‘monetary’ approaches to Marx’s value theory affirms that money as a commodity was not essential to Marx’s argument. In my works I have insisted on the essential role of money as a commodity to establish the connection between value and abstract labour (see Bellofiore 1998a, Bellofiore-Realfonzo 2003 Bellofiore 2014a). The necessary break with the view of money as a commodity obliges to a reformulation of monetary theory and of value theory in the direction of a *(macro-)monetary theory of (capitalist) production*. Cf. Bellofiore 2004a and 2004b.

6 Actually, at that stage the commodity is a *Gallerte*, a ‘gelatine’. The gelatine has to turn into the money ‘chrysalis’, and thereby into capital as a ‘butterfly’. This is possible only when capital reveals itself as a ‘vampire’.

7 The ‘exhibition’ of the value of the commodities in the use value of ‘money as a commodity’ is for Marx a movement *from the inner to the outer*. This is how I interpret the verb *ausdrücken* in *Capital*. It refers to an ‘expression’ of the content in the form.

8 This is a point which, again, is lost in Reuten when he rightly emphasises that Marx quantitative references are always to monetary magnitudes, accounted in pounds, never directly in labour hours. The point is that in Marx these monetary magnitudes are nothing but quantitative expression of the immediately private labours ‘contained’ in commodities into definite amounts of immediately social labour ‘embodied’ in money as a commodity.

9 It is a *Vorstellung.*

10 I have shown elsewhere that Marx can assume the value of money as given in *Capital* because gold is exchanged with commodities at its point of production, and that kind of exchange is actually barter: Marx uses the words *unmittelbare Produkten-austausch*. This is a true weakness in his version of a monetary value theory.

made by Marx, and quite explicitly. The first is that *supply meets a demand of the same amount.* The second is that *commodities are sold at prices proportional to ‘labour-values’*. The latter have sometimes being called ‘simple or ‘direct’ prices, or even ‘exchange-values’ in the literature. They are those ratios of exchange between commodities which are proportional to the present and past labour ‘congealed’ in them.

Thanks to these two assumptions, and thanks to the monetary value theory which brings back value to *nothing but a monetary expression of labour*, surplus value can be explained *genetically* on the basis of what I have elsewhere defined as the ‘method of comparison’.[11] This is easily explained. Marx starts from a hypothetical situation (but which, obviously, expresses something very real and significant in capitalism) where the *living labour* extracted from wage workers is equal to the *necessary labour* needed for the production of the historically given *subsistence*: the latter is something reputed ‘known’ *at the opening of the capitalist circuit*. Then he proceeds, in a second logical moment, to imagine a (or rather, reveal the actual) *lengthening* of the working day beyond necessary labour: this originates a surplus labour and its monetary expression, surplus value.[12]

Some steps in this argument are worth highlighting. First, it is clear that in the first volume of the *Capital*, when Marx analyses the process of creation of value and surplus value, he *does not abstract at all from circulation*. Account must be taken, *before* the capitalist labour process, of the *buying and selling of labour power on the labour market*,

11 ‘Method of comparison’ is a term coined by Rubin, but with a different meaning than mine. Croce had already spoken of ‘elliptical comparison’, which is still remoter from me. In Croce, the term of the comparison was an economic society composed only by workers who were not dispossessed by capital. The term of the comparison in Rubin is instead a situation of universal commodity exchange where there is no equalisation of the rate of profit between branches of production. Both authors (see Bellofiore 1996 and Bellofiore 2002) do not see that the ‘comparison’ typical of Marx essentially entails the *variability* of the living labour of wage workers. It may seem paradoxical, but in the early 1940s Piero Sraffa, on his path to *Production of commodities by means of commodities*, saw quite well what was Marx’s argument: see his note *Use of the notion of surplus value* (Bellofiore 2012, 2014b). Sraffa knew also, however, that the problem that interested him in his book was different from that of Marx in the first volume of *Capital*. That’s why he had to reverse the starting point of the comparison: instead of a *prolongation* of living labour relative to necessary labour, in his note Sraffa begins with a *shortening* of the working day from the *actual* length in the real situation, until it reaches the level proper to *actual* necessary labour. In the 1960 book he will inquire the variation of prices starting from a progressive reduction of the wage from the level at which there is no surplus: thus converging with the ‘counterfactual’ comparisons of Croce and Rubin. Perri 2002 is a reading of this point very close to mine: however, he puts less emphasis on the macroeconomic aspects, and the monetary aspects of the Marxian theory of value are missing. I think that I have been the first (in the debate on Marx and Sraffa) to insist on this point, since my writings in Italian and in English going back to the mid-1990s).

12 The reader will immediately realise that in the initial situation of the comparison, analogous to Schumpeter’s *circular flow*, the rate of profit is absent. The exchange ratios are proportional to the labour contained in commodities: ‘simple’ or ‘direct’ prices.

and of the way in which subsistence is (or possibly is not) obtained[13]. Only in this way he could compare the *exchange value* of labour-power (which expresses 'necessary labour') and its *use value* (the labour 'in becoming', as he called it in the *Grundrisse*, and whose objectification is the substance of value mirrored in ideal money). He also has to assume that the *potential latent* value within the commodities produced will be *confirmed* as a 'social use value' in circulation: the metamorphosis of the commodities into real money must happen according to sale expectactions. *Abstract labour objectified in commodities as ideal money comes into being and is fully exhibited only through the immediately social labour that produced the amount of 'money as a commodity' which bought those commodities*.

Second point. Although circulation needs to be dealt with in the exposition from the start, nevertheless, in order to make *transparent* that abstract *living* labour is the *only* (fluid) *source* of value - and that thereby value is nothing more than *objectified* labour: the 'labour contained' in the commodities as *ideal* money, and then the 'labour contained' in the *real* money buying them - Marx *must abstract from the tendency towards the equalisation of the rate of profit between the branches of production*. He therefore, at the outset, does *not* consider competition in its 'static' form – a view of competition which was crucial for Ricardo before him, and for Neoclassicals after him. For this reason the analysis of the *constitution* of capital (that is, the analysis that explains 'how capital is produced', before you can move on to 'how capital produces') *must* be carried out by resorting to a rule of exchange based on 'simple' or 'direct' prices.

On the other hand - and this is the third point - although Marx throughout the first (and second) volume of *Capital* maintains that at first he must ignore competition as the tendency towards the equality of the rate of profit among industries, he cannot avoid to consider 'dynamic' competition, the *struggle to obtain an extra surplus value*, already in the first volume. The diversification and stratification of the conditions of production is determined by innovation and *spreads the rate profit within the sector*. This is the side of Marx which inspired Schumpeter.[14]

Finally: since variable capital is a *monetary* magnitude - and thus the 'cycle of money capital' *opens* with the advance to workers of a *nominal* wage bill, regulated by the *real* subsistence wage - it follows what Rosa Luxemburg argued in her *Introduction to political economy*. The increase in the rate of surplus value is produced *systematically* in the

13 The real subsistence wage expected at the bargaining on the labour market, given the money wage, may be different than the real wage obtained on the commodity market, and the price may diverge from the value of labour power.

14 An author who saw very well this side of Marx versus Classical Political Economy is Henryk Grossmann.

form of *relative surplus value*, in particular as a result of the *technological and organisational revolution in production methods*. To this there corresponds a 'law' of capitalist distribution which affirms a necessary *downward trend in the 'relative wage*': something which is quite compatible with a criticism against the tendency towards 'absolute pauperisation' which was wrongly attributed to Marx, and compatible as well with that secular increase in real wages that characterised capitalism for a long while. Marx himself asserts, in chapter 25th of the first volume, that for him *the rate of accumulation* is the *independent* variable and *the wage rate* is the dependent *variable*. Moreover, *the 'supply of labour'* for capital is generated *endogenously* from the cyclical and technological dynamic of capitalist accumulation, and therefore *depends from the same 'demand of labour'*. *Les dés sont pipés*.

In the second volume of *Capital* we find the determination of the *abstract possibility of an inter-sectoral balance*. The 'reproduction schemes', however, cannot be mistaken for an equilibrium theory of growth nor as a substitute for a proper theory of the capitalist crisis due to the circumstance that Marx declares that the occurrence of the equilibrium conditions is just a mere 'chance'. In fact, in the second and third volume of *Capital* several *crisis theories* – plural - are proposed ('disproportionality crisis'; 'overproduction of commodities'; 'tendential fall in the rate of profit'; not to mention the 'profit squeeze' due to the reduction of the industrial reserve army coming from rapid accumulation). It is another error to mistake any of these theories of crisis, alone or combined, as a *theory of collapse*[15]. Although all of them, one way or another, can be grounded in the (labour-)theory of value, Marx is unable to propose himself a convincing unified synthesis: this is an open field for an *undogmatic* extension of his system[16]. The Marxian theory of capitalist accumulation and crisis requires an *original* development putting together, in a coherent whole, the different pieces of Marx's argument, not the mere repetition of a construction that is *incomplete*.

In the third volume of *Capital* the *capitalist* prices, i.e. the exchange ratios embodying an equal rate of profit, are defined. Marx proceeds here to develop the *third step of his 'method of comparison'*. He adds up the surplus value extracted in the individual industries, and applies this total to the sum of the constant capital and variable capital anticipated in those same industries. Both sums – the one in the numerator, and the one in the denominator, are still accounted in 'simple' or 'direct' prices.

15 The only collapse theory in Marx is found in the *Grundrisse*, in the (in)famous Fragment on Machines: cf. Bellofiore-Tomba (2013).

16 For my attempt of a unified rendition of the various threads in Marx's crisis theory, see Bellofiore 2011. For an interpretation of the current, last structural crisis of capitalism, putting forward my theoretical approach, cf. Bellofiore 2014c.

Marx knows well that this is a step that needs to be supplemented by a *fourth* step, consisting in applying those transformed prices to the material elements of constant and variable capital, and so on in an *iterative* procedure, but he thinks that the final result would not conflict with the dual equality he poses: on the one hand, between the sum of 'values' (direct or simple prices) and the sum of 'prices of production'; and, on the other hand, between the sum of surplus values and the sum of gross profits. Even in this case, Marx's discourse has to be recognised as *incomplete*. It requires a *critical* review, which does not hide the problematic areas[17].

The powerful theoretical edifice of Marx appears vitiated in more than one instance, and this partly explains why over time criticisms have been advanced from many quarters.

The *identification between value and labour* was challenged by Böhm-Bawerk. It is true, of course, that the Austrian economist is blind to the monetary and the form determination of Marx's value. In truth, the identification he reproaches to Marx strictly speaking does not exist: we have instead to do with Marx's bringing back of value to labour *through money*. But it is also true that the deduction of the relationship between value and labour at the beginning of the first volume of *Capital* does not appear free from *naturalistic and physicalistic traits*. More properly speaking, it is a dubious 'reduction'. Those who defended Marx from Böhm-Bawerk's attack have often defended an objectonable Marx, and questionably accepted the confrontation on the terrain chosen by the Austrian economist.

The unfinished state of the *transformation of values* ('simple' or 'direct' prices) *in production prices* in the third volume of *Capital* has originated a theoretical line wishing to 'correct', rather than understand, Marx's procedure, and all this ended into the *dissolution* of the 'value dimension'. The transformation of input 'values' into prices, and the fact that consequently the logically 'successivist' method of Marx ended into a 'simultaneous' approach seemed to most of the authors involved in the discussion to lead to a *redundancy* of 'labour-values' as a magnitude in the determination of prices (of production). In fact, this is the general conclusion along the arc that goes from the Neoclassical readings (such as those of Samuelson) to the surplus approach interpretation of Marx (i.e., the current sometimes referred to as 'Neoricardian', with different accents like in Steedman versus Garegnani), which is highly critical of marginalism.

Finally, if abstract labour is an *indirectly* social labour – we have

17 It is what happens in practically any other approach to the so-called 'transformation problem' trying to rescue Marx's determination of prices of production as it is. For my take on the 'transformation', cf. Bellofiore 2002.

seen that the immediately private labours have to 'prove' their sociality in the final exchange of commodities with money, produced by the *only immediately social labour*[18], on the commodity market - the way seems open to support the conclusion reached by most of the commentators who adhere to the value form approach: that labour *in the sphere of production* is exclusively *concrete* labour, that the different labour efforts are *heterogeneous* and *incommensurable*, and that the only *measure* of value is *money*. Talking, as Marx does, of an 'immanent measure' according to (socially necessary) labour time, or of an 'intrinsic' and 'absolute' value, would be contradictory to the most original and adequate aspect of the Marxian theory of value, according to which the commensurability of commodities comes from the monetary homogenisation on the market. The reference to *living* labour as *abstract* labour is completely abandoned.

At a closer look, in all three cases the abstract labour dimension as *activity* is expelled from the theory of value. In the case of Böhm-Bawerk, because he upholds an alternative value theory, which replaces labour with utility. In the other two cases, because the focus of the analysis concentrates, albeit in opposite ways, on the *closing* phase of the capitalist monetary circuit. In the case of the surplus approach, because it insists on use value, and sees in the relation between production prices and conflictual distribution the 'core' of economic theory.[19] In the case of the value form approach, because it risks to break Marx's journey *from* the content to the form of value: starting from the latter it cancels out the former, which parallels Samuelson's 'eraser theorem'. For both lines of thought, it does not seem possible to go back from *objectified* labour contained in commodities and in the universal equivalent to *living* labour conceptualised as *abstract* labour *in motion*, and this category is completely obliterated.

18 In this paper I cannot go into the details of the notion of *Vergesellschaftung*, 'socialisation' in Marx. The perceptive reader will understand that in my interpretation of Marx I recognise two different notion of *Vergesellschaftung*: the socialisation *ex post* in the final monetary validation on the 'final' commodity market; and the 'immediate socialisation' within the immediate production process. In my reconstruction of Marx I add a third socialisation, the ex ante initial monetary validation by the banking system in the buying and selling of labour power. In their alternative readings of abstract labour, Michael Heinrich (1999) stresses the first notion, Roberto Finelli (1987) the second one. The two notions must be seen in their interrelation, and have to be connected to the third, if one wants to properly develop the category of abstract labour as a process. See later in this paper. Cf. Bellofiore 2016a and 2016b on Finelli, and Bellofiore 2016c on Heinrich.

19 How much Sraffa was a surplus approach theorist in this sense is a complicated issue, and cannot be dealt here. Let me say, provocatively, that like Rubin is not the value-form theorist you may imagine, Sraffa is not the typical 'Neo-Ricardian' you would guess. Both had a stronger connection to Marx's *labour*-theory of value than usually interpreters, and even more followers, allow.

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Marx: reconstruction

The reconstruction of the Marxian theory that I propose,[20] and of which I will just give no more than the essential skeleton, tries to avoid these drifts, because: (i) it assumes *a macrosocial perspective;* (ii) it shifts the emphasis from the exchange of commodities with money as the universal equivalent *back to the previous two interrelated phases of the 'cycle of money capital'*, the phases defining the 'social relation of production' between capital and labour (the buying and selling of labour power, and the capitalist labour process as the immediate valorisation process);[21] (iii) looks at *money and abstract labour as processual* dimensions within the capitalist monetary circuit (capital is 'money in motion' because it is abstract labour 'in motion'). The capitalist process as the cycle of money capital should be understood as a *macro-monetary* 'sequence', a circuit[22] *opened* thanks to *bank money*, and punctuated by *successive* phases*. Logically* there is, therefore, an essential *temporal* dimension which is internal to the circuit, even if the relation between prices and distribution in the final phase is designed as *simultaneous*:[23] the 'data' of price determination have been *constituted* within that sequential 'monetary' and 'labour' process, and Marx's (labour-)theory of value is essential in that constitution.

In this different framework, *the abandonment of the theory of* '*money as a commodity*' is in my view necessary. This may seem to generate a serious difficulty. The bank finance thanks to which the circuit opens is immediately 'valueless', in Marxian terms. Let us look at the issue. The *money wage bill* going to the working class *as a whole* is anticipated by the capitalist firm *sector* and was *initially* granted to them by the banking *system*. This loan, like in authors such as Wicksell and Keynes in the *Treatise on Money*, has the nature of a *finance to production*; integrating Schumpeter within the Marxian system it can also be interpreted as a financing of *innovation*.[24] Marx assumed that the money wage is regulated

20 For a development of the arguments put forward below see Bellofiore 2004a, 2004b, 2005. Cf. also, on 'circuitism' old and new: Bellofiore 1992, Bellofiore 2013b.

21 Marx defines the 'capital relation' as the relation between capitalists, on the one hand, and wage workers, on the other.

22 Circuit is here *Kreislauf*, the same German term Marx uses for the cycle of money capital. I use here 'monetary circuit' and 'cycle of money capital' as synonim.

23 The same Sraffa saw his theoretical scheme as dealing with a 'snaphsot', 'before' the market and 'after' production (and, we may add, finance to production). Marx is dealing with the movie.

24 Cf. Bellofiore 1985a and 1985b.

by the subsistence wage. The *basket of subsistence consumption commodities* is *fixed* 'conventionally', from *social conflict*: not so much through struggles on the money wage in the labour market; rather, even if indirectly, through the conflict (and antagonism)[25] in production that defines the length and intensity of the labour actually spent, and reverberates on the real wage itself.

The initial finance is based on the *expectations* by banks and firms. Firms seek finance in accordance with their forecast that workers's labour as activity will be adequate in quantity and quality, as well as that in final exchange the commodities produced will be absorbed by the market at the expected prices. In the case of innovative firms, it is also relevant the expectation about the success of the 'new combinations'. This positive expectation system must be shared by the banks, whose function is that of *screening* and *selecting* the capitalist firms. In fact - and this is the central point - bank finance acts as a kind of *monetary ante-validation*, confirming *in advance* the 'bets' on *potential* immediate valorisation within production and of its mediated *actualisation* in final commodity circulation. It is an *anticipation* of the ex post social validation of the concrete and useful labours spent in the capitalist labour process: because of that, these labours can be considered as commodity-producing labours from which a gross monetary profit can be earned. Concrete labour shows itself to be, at the same time, *abstract* labour 'in motion', as long as it is spent according to socially necessary labour time.[26] In capitalist production, embedded into a commodity universal exchange, the *living* labour that originates value and surplus value *is* form-determined *already* during the labour process, before circulation, as human activity engendering value '*in potentia*'.[27] A point that Rubin had seen,[28] but only in part, because he was unable to question the monetary

25 'Conflict' mostly affect the use value domension, 'antagonism' the value dimension.

26 It is clear that in this argument the labour time supplied by workers must be socially necessary in a dual meaning: because it is 'average' in a technical sense, but also because it meets the social need.

27 It is impossible here to consider the Greek and Christian origins of the notions of 'potentiality' and 'actuality' as implied here. My presentation has been heavily influenced by the Italian philosophers Guido Calogero contributions to Enciclopedia Treccani.

28 Cf. Rubin 1927: "If instead of abstract labour we take only the social form of the organisation of labour, it would only help us to explain the 'form of value', i.e. the social form, which a product of labour assumes. We could also explain why a product of labour assumes the form of a commodity which possesses a value. But we would not know why this product assumes this given quantitatively determined value in particular. In order to explain value as the *unity* of the form of value, the substance of value and the magnitude of value, *we have to start out from abstract labour*, which is not only social, and socially equated but also quantitatively divided. [...] One can

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conditions of possibility of the capitalist process, the bank financing for production and innovation.

In fact, *expectations matter* also with regard to *workers' bargaining on the labour market*. We have seen that the working *class* merely receives a *nominal* wage bill: the purchasing power for workers – namely, its translation in *real* terms - is materialised in a *later* phase of the monetary circuit, in the 'final' commodity exchange on the market. At the same time, the latter, the real wage for the working *class*, ultimately depends on the autonomous expenditure by capitalists. The originality of Marx in respect to the other authors who think in terms of a monetary circuit perspective is to assume that the *actual* real wage the workers get on the commodity market fully confirms their expectations when bargaining on the labour market, so that it is *equal to the 'historically given' subsistence*.[29] Behind this assumption there is the fact that Marx wanted to rule out any 'injustice' - in exchange or in distribution - as an explanation for the systematic creation of surplus value.

Together with the assumption that, within the period, firms' expectations concerning the realisation of their output are fully realised, this hypothesis about the wage is crucial to allow a *quantitative* determination of exploitation (surplus value as surplus labour) *before* the final circulation: which is what actually Marx delivers in the first volume of *Capital*. Let us see how.

Once the real wage for the working class can be assumed as known at the opening of the capitalist process, and once current methods of production are also considered as given, it is also determined *ex ante* the amount of labour needed to *produce* the wage commodity basket, which corresponds to *necessary labour* as defined in *Capital,* first volume. This is true, even if the initial finance is not linked to money as a commodity, and then has no value (in labour contained terms) in itself: the value of initial finance can be defined in terms of its *purchasing power*. Put differently, the value of 'money as [variable] capital' is no longer expressed as the amount of labour that has produced the amount of gold which has been anticipated. As finance to production, the purchasing power of bank

find formulations in Marx himself, which, if one chose, would be sufficient reason to say that Marx substituted the social form of labour for labour itself [...] instead of the thesis that labour creates value, we have the thesis that the social form of labour produces the social form of wealth. Some critic would well say that Marx replaces labour completely with the social form of labour: *which Marx obviously did not intend*. [...] It has been said that my explanations give rise to the impression that abstract labour is only produced in the act of exchange. One could conclude from this that value also is only created in exchange, whereas from Marx's standpoint, *value and consequently abstract labour too must already exist in the process of production*." (quoted from transcription on-line, my Italics). I will come back on this point later on.

29 I refer to the 'norm' in the basic analytical scheme. Of course, Marx studies also the deviations of the price from the value of labour power, even when prices are 'simple' or 'direct' prices.

credit to firms in order to finance production corresponds to the *number of workers* that, given the money wage set on the labour market, those firms are able to buy. To these workers necessarily corresponds a certain amount of *labour contained in their real wages* (the '[exchange-]value' of their labour power, depending on the total subsistence wage). To these workers also corresponds a certain amount of *living labour* that capitalist firms *expect* to be able to extract (the *use*[-value] of labour power). As a consequence, it is also known the amount of *objectified* labour as the (*potential*) *new value* added within the period. In the final commodity exchange, the monetary expression taken by this 'value added' is the *new value realised*. Assuming all the workers are productive, it also corresponds to the national income, to be shared between gross profits and wages.[30]

My reconstruction of the Marxian theory mirrors the first volume of *Capital*, whereas exploitation is, not only qualitatively, *but also quantitatively* defined from the articulation between the labour market (the moment of initial circulation, regulated by the subsistence wage) and the immediate process of production (the moment of valorisation in production, regulated by the conflict/antagonism between workers and capital on labour as activity), *before* the final selling of commodities on the market.

It could be argued that this result very much depends on the identity which has been set between firms' supply and demand on the market: and rightly so. This is assimilated by many to some kind of *Say's law*: which is not true. The direction of the equality between supply and demand in the first volume is to be read *in reverse*: *from* demand *to* supply. Firms' production is driven by their sales expectations - which mirrors what Marx himself suggests in chapter 10 of the third volume.[31] We have here something not too far from the *principle of effective demand* by Keynes in *The General Theory*, and from his initial hypothesis that *the short-run expectations of firms are confirmed* within the period. What is not yet fully developed in Marx is rather a theory of investment as an autonomous component of effective demand, driven by changing long-run expectations. When supply is driven by effective demand, the new 'value added' is generated by workers whose *living labor is spent in the*

30 If the distinction between *productive* and *unproductive* labour is introduced, as it should be, this last statement should be qualified.

31 See the observations of Fineschi 2001 on the notion of 'ordinary demand', and its relevance to the definition of 'socially necessary labour time'. His stress is, however, *backward looking*, so that his argument is that the socially necessary labour time is said to be determined 'ex post'. Mine, as always in my reconstruction, is instead *forward looking*, so that my argument is that the socially necessary labour time is determined ex ante. The first perspective may be accused of having a circulationist bias; mine could be accused of putting too much stress on immediate production. In my view, however, it's the only way to maintaine a role to production without dissolving it in circulation, and therefore to affirm the 'centrality' of production in capital as a totality.

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socially necessary magnitude, already in immediate production. Since the total money wage bill corresponds to the subsistence commodity basket *for the class*, and therefore is the monetary expression of a *given amount of necessary labour*, there is a precise (*theoretical, not operational*) sequence, from the labour contained in initial finance (to buy labour power) to the labour contained in ideal (turning into real) money output produced (the objectified labour, originated by living labour).

The idea that the Marxist theoretical construction should be re-read as *monetary macroeconomics* (an idea that in the Italian debate goes back to the second half of the 1970s, if not before) has been recurrent in many other authors. By some - for example, Fred Moseley[32] - it is presented not as a reconstruction, like here, but rather as a sort of literal and textual *interpretation*, inasmuch as it is asserted that it corresponds neither more nor less to what Marx himself left us in *Capital*. Things, it appears to me, are different. And there are numerous and radical divergences in the meaning of 'monetary' and 'macro' between me and most of contemporary Marxists.

As regards the *monetary* side, most of the more recent generation of Marxist scholars - in addition to Moseley, a particularly significant author to be named here is Duncan Foley[33] - mainly stress money as the *universal equivalent*, therefore the last phase of the circuit, *not* as the initial finance. It would not be difficult to document the slipping of these authors into the *quantity theory of money* (Moseley) or the drifts toward the *loanable funds approach* (Foley). The perspective advanced here, by contrast, has its roots in a strong version of the *endogenous money supply view*.[34] With regard to the *macroeconomic* nature of the Marxian theory of value, I think it is misleading to consider the 'macro' nature of Marx's argument as the same as the simple *aggregation* of the magnitudes, or to *identify* the individual capital with the total capital (within a common unqualified reference to 'capital in general', and with individual capital as a kind of total capital in miniature). The approach that I have suggested rather insists on the *class divide*: both in the sense of a separation between the capitalist class and the working class, and in the sense of the distinction, within the capitalist class, of 'financial capital' from 'industrial capital'. And that is why in Marx the logic of total capital not only has priority but is also *inverted* relative to the logic of individual capital, revealing in

32 See Moseley 2015.

33 See Foley 1986.

34 The reference here is to the theory of the monetary circuit. As I wrote before, the main exponents of the old tradition of the circuit approach are Wicksell, Schumpeter and Keynes (until the *Treatise on Money*). The contemporary version has as its main exponents Alain Parguez and Augusto Graziani. See Graziani 2003.

which sense the way in which capital necessarily *appears* is a *semblance*. This is the *true* significance of the *macrosocial and monetary foundation* in Marx.

We can verify some of the consequences of this reconstruction: first of all, about the issue of *how to bring back value to labour*, and about the role of labour as a *source* of value and surplus value. On closer inspection, these are the two main problematic topics in Marxian theory - something that escapes completely the new orthodoxies, which take the one and the other conclusion for granted: see in this connection also the contributions of the so-called 'non-dualist' line of the *Temporal Single System*.[35] If we assume, as we did here, a *macro-social, monetary and class point of view*, it is clear that surplus value cannot have origin from the *internal* exchanges *within* the capitalist class (inter-firms transactions could only give way to a 'profit upon alienation', cancelled out at the level of the firm sector as a whole). The genesis of surplus value can be found in the *only external* exchange for capital as a whole, the one between capitalist firms (financed by banks) with the living bearers of labour power. And that's why Marx insists that *the only opposite of dead labour is living labor*, which is the use value of labour power.

The buying and selling of labour power is the social and market act *before* the production process. Afterwards, workers, who are the living bearers of labour power, could 'resist' the extraction of living labour. Capitalist organisational and technological revolutions have here - also, if not chiefly - their birth. The new value *exhibits* 'congealed' living labour, and *nothing* but living labour, *because* the new 'value added' in the period - and thereby the surplus value, that is of course a part of that 'value added' - depends *causally* on the objectification of the *living* labour extracted by capital from the living bearers of labour power in *the labour process as a contested arena*. Compulsion (but also cooperation) and conflict (but also antagonism) are all part of the conceptual story to develop here.

The living labour of the wage workers legitimately belongs to capital, since it 'bought' labour power; but that living labour unmistakenly also belongs to workers, since they are the human living bearers of labour power: the labour power they 'sold' remains *attached* to them after the bargaining of the labour market, and the use of that labour power in immediate production is the *consumption* of their flesh and bones and mind.[36] That's why I defined the capitalist labour process as a 'contested terrain'. *Herein lies, indeed, the final and decisive theoretical ground for*

35 This group counts among its adherents Carchedi, Freeman, Kliman. Cf., lately, Kliman (2006).

36 Lately, the author who most forcefully has insisted on this point is Massimiliano Tomba.

the Marxian (labour-)theory of value: in the causal dependence of the coming into being of the new 'value added' out of an 'uncertain' extraction of living labour from the workers as human bearers of labour power, whose determination in actuality depends from class struggle in production.[37]

Capital must secure for itself labour *in actu* from *potentially* 'recalcitrant' workers, who somehow can still claim control over their own activities. This 'other' from capital must be 'embodied'[38] – namely, *made internal* and controlled, as part of the capitalist 'machine' - so that value begets (more) value, money brings about (more) money. The new value, even before surplus-value itself, springs from nothing but an 'exploitation' of workers: exploitation here means the *use* of their labour power. This notion of exploitation is a concept *co-extensive with the whole working day*. It is not a 'distributive' conception – it does not change much if this distribution is of amounts of use values or of labour time. Exploitation of this kind cannot but inherently affect the same *nature* of labour *as activity*.

The reconstruction of Marx's theory that I am proposing here is able to *ground* logically how (new) value is brought back to (living) labour by Marx: a point that, as I lamented, the other approaches just *assume* to be true. Despite its many theoretical vicissitudes, it was a major contribution of Claudio Napoleoni to have always contended that *grounding* this argument was, at the same time, *essential* to the critique of political economy, but also *problematic* in Marxian theory. It is still so today. In this paper, the conclusion that value *exhibits* in money nothing but labour is

37 "Finally, Marx devotes numerous analyses to a third level of development, which is even more specific: the transformation of the mode of production itself or, to put it in other terms, the process of accumulation. In the central chapters of Capital devoted to the 'production of absolute and relative surplus-value', to the struggle over the working day and to the various stages of the industrial revolution (manufacture, machino-facture, large-scale industry), it is not the mere quantitative result which interests him – the increasing capitalization of money and means of production – but the development of the workers' skills, factory legislation, the antagonism between wage-earners and capitalist management, the ratio of employed workers to unemployed (and hence the competition between potential workers). The class struggle intervenes here in an even more specific way on both sides at once: on the side of the capitalists, all of whose 'methods for producing surplus-value' are methods of exerting pressure on 'necessary labour' and the degree of autonomy enjoyed by the workers; and on the side of the proletarians whose resistance to exploitation leads capital endlessly to seek new methods. With the precise result that the class struggle itself becomes a factor of accumulation, as can be seen from the way in which the limitation of the working day indirectly leads to 'scientific' methods of labour organization and technological innovation, or to what Marx terms the transition from 'absolute' to 'relative surplus-value' (Capital, Volume 1, Parts 3 and 4). The class struggle even comes in from a third side, namely that of the State, which is an object of struggle for the contending class forces, and which the aggravation of the contradiction causes to intervene in the labour process itself, in the form of increasingly organic 'social regulation'." Etienne Balibar (1993), p. 96.

38 This embodiment corresponds to the German *einleiben*, and must conceptually be distinguished from *verkörperen*: 'internalisation' within a body, rather than 'taking possession' of a body.

not just supported, as in Marx, from an analysis of generalised commodity circulation. This was a kind of 'phenomenological' starting point at the opening of *Capital*:[39] its *presupposition*. In Marx what is presupposed must emerge from the exposition as a *result*. The 'position' of this *presupposition* ultimately has to do with *the transformation of (the nature of) labour prompted by the form determination of the capitalist production-cum-exchange process*. This means that the *positing of the presupposition* is eventually achieved *only* at the stage of the *real subsumption of labour to capital*.

It is this subsumption that *systematically* ensures the capitalist command over labour, and makes work performance to an appendage of a production system designed by a will and knowledge which is 'alien' to workers. It is a process of *abstraction* of labour which should *not* be identified with the social form of the organisation of labour (that is, with the *ex ante* 'dissociation' of *private* labours to be overcome by the *ex post* socialisation on the market), though it is related to it. It has nothing to do with a linear 'deskilling' of work, but rather with the fact that at this point of Marx's exposition *the properties of labour originates from capital*. Labour not only *counts* as abstract in commodity circulation, when it is already *objectified*, but it *is* already abstract in production, as *living* labour.

Let us now consider the *distribution of the new value* between social classes. According to the new approaches to Marx, the *value of labour power* should not be delineated along the lines I have used to define necessary labour - that is, as the amount of labour needed to *produce* the subsistence basket - but rather as the labour *commanded on the market* by the money wage.[40] The two definitions *diverge* quantitatively when the capitalist prices do not correspond to 'simple' or 'direct' prices: something which must be considered as the normal situation, as a result of the different value composition of capital in the different branches of production. If the second definition of the value of labour power is applied to the first volume of *Capital*, the criticism of Marx's transformation of (labour-)values into prices of production could be circumvented. Once postulated the identity between the new 'value added' with the monetary 'presentation' of 'direct labour' (the objectification of living labour, or the labour which has been actually spent in the current period) in circulation, the 'labour contained' *in* national income and the 'labour commanded' *by* national income cannot but be equal by definition. The rate of surplus

39 See. Bellofiore-Finelli 1998, Finelli 1987.

40 The reference is to the first definition of 'labour commanded' in Adam Smith. The labour commanded in a commodity was for Smith *the quantity of labour that the commodity enables its owner to purchase or command*. The *first definition* runs like this: the labour commanded by a commodity is the amount of labour *objectified* in the commodity/commodities bought by the commodity which has been sold, on the (commodity-)market. The *second definition* of 'labour commanded' was the amount of *living* labour which can be 'hired' on the (labour-)market by a commodity.

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value, *in the* first *as well as* in the third volume of *Capital*, would thus be expressed by the *same* ratio between (the labour *commanded* by) gross *money* profits and (the labor *commanded* by) the *money* wage bill.

Rather, in the reconstruction that I have suggested, the rate of surplus value is defined in terms of the (abstract) *contained* labour, also when prices are not anymore 'direct' or 'simple' prices. It differs, then, from the ratio of the gross money profits over the money wage bill, 'translated' in terms of labour *commanded*. Of course, I am not willing to dispute that this latter definition of necessary labour has to be applied from the argument of the third volume about the 'transformation'; even more so if, as I argue, it is fully developed. The *textual evidence* in the first volume of *Capital* in favour of the definition of the value of labour-power based on the subsistence wage is however overwhelming, in my opinion. At the same time, it is also clear that in the third volume of *Capital* the definition of the value of labour power should be amended introducing the definition in terms of the labour commanded by the money wage. What happens is that the subsistence consumption basket in the first volume is evaluated in 'simple' or 'direct' prices, while in the third volume it is evaluated in 'production prices'. For sure, we have a tension to resolve, not to hide under the rug. But is it a fatal contradiction?

From a macro-monetary class approach, the answer is definitely negative. The double definition of the value of labour power takes on two different theoretical tasks. In *Results of the immediate process of production* and in *Capital* volume I, Marx suggests that the real wage of the working class is determined by the capitalist class as a whole, exactly as a consequence of the money form of the capitalist *Kreislauf* (circuit, or 'cycle').[41] In my reconstruction, the reference is to the collective (though

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41 In the *Results of the Immediate Process of Production:* "The fact that capitalist No. I is a money owner, and buys means of production from capitalist No. II, who owns means of production, while the worker buys means of subsistence from capitalist No. III with money received from capitalist No. I, makes absolutely no change in the circumstance that capitalists Nos. I, II and III are, *taken together*, in exclusive possession of money, means of production, and means of subsistence. ... [W]hat stamps money or commodities with the character of capital from the outset, even in the first process, before they have actually been converted into capital, is neither their nature as money nor their nature as commodities, nor is it the material use value these commodities have of serving as means of subsistence and means of production, but the circumstance that this money and these commodities, these means of production and subsistence, confront labour capacity which has been denuded of all objective wealth as independent powers, personified in those who own them. The material conditions necessary for the realisation of labour are therefore themselves alienated from the worker, and appear rather as fetishes endowed with a will and a soul of their own, and commodities figure as the buyers of persons. The buyer of labour capacity is only the personification of objectified labour, which gives up part of itself to the worker, in the form of means of subsistence, in order to incorporate living labour capacity into its other part, and through this incorporation to preserve itself as a whole and grow beyond its original measure. *It is not a case of the worker buying means of subsistence and means of production, but of the means of subsistence buying the worker, in order to incorporate him into the means of production*." (MECW 34, pp. 410-411: the Italics are mine). In *Capital I*: "*The capitalist class is constantly giving to the labouring class order-notes, in the form of money, on a portion of the commodities produced by the latter and appropriated by the former. The labourers give these order-notes back just as constantly to the capitalist class, and in this way get their share of their own product. The transaction is veiled by the commodity form of the product and*

unconscious) *choices* that the firm sector takes about the *composition of production*, thanks to privileged access they have to bank finance. It follows that the variable capital (which must *always* be considered as a money magnitude, in the first as well as in the third volume: *the total money wage bill*), must be able to buy the *given and invariant* wage subsistence goods, *whatever the price rule*. The gap between the labour 'contained' in the commodities made available to workers by the capitalist class and the labour 'commanded' by the total money wage bill – the gap which is opened by the circumstance that the prices of production differ from 'simple' or 'direct' prices - merely expresses the *reallocation* of the direct labour time required to produce the 'necessaries of life' between individual producers, i.e. between the capitalist firms: that is, between the producers of the commodities devoted to reproduce the working class, on the one hand, and the producers of the other commodities, which are not made available to workers (such as means of production or luxury goods), on the other.

Contrary to what may seem at first sight, the consequent divergence between total surplus value and total gross money profits does not amount to a blow against Marx's labour theory of value.[42] Since there is no change in the real wage for the working class, *necessary labour* (in the definition prevalent in the first volume) *remains what it is*. What changes is what may be called *paid labour*: a different money wage bill

the money form of the commodity. Variable capital is therefore only a particular historical form of appearance of the fund for providing the necessaries of life, or the labour fund which the labourer requires for the maintenance of himself and family, and which, whatever be the system of social production, he must himself produce and reproduce." (MECW 35, pp. 568-569)

42 Eduard Heimann, in his *History of Economic Doctrines. An Introduction to Economic Theory* (Heiman 1945, pp. 151-152), was one of the very few, if not the only, to come near to understand what is going on here. With production prices different than labour-values, the capitalists employing more labour per unit of capital do not get the full surplus value produced by their workers (relatively to the capitalists of the more mechanised industries, who instead receive more than the surplus value produced by their workers). The 'transfer' however is effected *in circulation*, where capitalists and workers consume different kind of commodities. If workers are the main consumers of the commodities tagging 'prices' lower than 'values', it may seem that they get a 'refund' equal to the loss of gross profits relative to surplus value; and it also seems that if they are instead the principal consumers of the commodities whose 'prices' exceeds their 'values' they are, so to speak, super-exploited. Unfortunately, Heimann concluded that the labour theory of value is 'invalidated'. Nothing of the sort, of course, in my reconstruction, since *the real wage of the working class is given*. What is going on is just a redistribution of the new value added among capitalist producers, so that total gross money profits may end up to be less or more than total surplus value. The *paid labour* (as I call the '[objectified] labour commanded' by the money wage bill) to workers diverge from *necessary labour* (as I call the labour required to produce the class real wage). But, as I argue in the text, the total living labour *actually* extracted from the working class and the total amount of labour required to produce what *actually* is consumed by workers – the two magnitudes determined in the first volume by the conflictual/antagonistic 'capital relation' - do *not* change. Hence, also the surplus labour *contained* required to produce the surplus do not change. *The labour 'exhibited' by the money wage bill is 'displaced' relative to the labour-content of the real wage for the working class.* The price dimension add to the fetishism of bourgeous society, and cancels any trace of exploitation. See next footnote for more on this.

must be disbursed to workers relative to what was supposed to be in the first volume, where a different price rule was temporarily assumed. Now, removed the assumption of 'simple' or 'direct' prices, the norm of the equalisation of the rate of profit imposes that the capitalist manufacturers of the commodities sold to wage workers enjoy the same profitability as any other capitalist manufacturer. This different money wage would take a different share of the value 'pie', simply because the 'composition of capital' of wage goods and the 'composition of capital' of national income (the new value added) are different[43]. It is a phenomenon relating to the *final circulation* of commodities: it does not affect the 'macro' *social relations of production* between labour and capital, but it distorts the 'presentation' or the monetary exhibition of the new value added through the 'individual' exchanges among capitalist firms. This *may* feed back into the future quantitative determination of the total wage bill, since the 'capital relation' between industrial capital and the working class includes a moment of circulation (the bargaining on the labor market).

It should be quite clear at this juncture in what sense my reconstruction puts production and labour *at the centre* of the theoretical perspective. The foundation of the argument that national income (the new 'value added' in the period) is the 'exhibition' in money of nothing but the direct labour objectified represents the working-class' 'point of view'

43 This is something which happens, of course, also with gold as money. It is a point which was observed also by Piero Sraffa after the publication of *Productions of commodities by means of commodities*. He had assumed that the net product at prices was equal to 1, and also that direct labour was equal to 1 (the 'monetary expression of labour time', the so-called MELT, was implicitly taken as an arbitrary parameter, also equal to 1). This amounted (or can be interpreted) as an *implicit* adherence to some version of macroeconomic labour theory of value. The question was then: once we leave the view of the wage as a bundle of commodities, and pass to the view of wage *as a share*, how must be conceptualised the rate of exploitation? Sraffa's answer in his unpublished papers was similar to the New Interpretation and the new approaches: it must be conceptualised as the 'labour commanded' on the market by the money wage, not as the 'labour contained' in workers' real wage. The choice was justified with the argument that the commodities bought by the wage may vary (the same argument is found in the New Interpretation): something that, in my perspective, in the *basic* abstraction is excluded *for the class*: a point which is confirmed by Marx's quote that the means of subsistence are buying the workers, and not viceversa. It is interesting that the Sraffa papers at the Wren Library consistently show that the Italian economist did not bother too much about the transformation problem in itself, and he quite approved Marx's approach. The argument here was what has been called the Statistical Hypothesis: "It is clear that M's pros are not intended to deal with such deviations. They are based on the assumption (*justified in general*) that the aggregates are of some average composition. This is *in general* justified in fact, and since it is not intended to be applied to detailed minute differences it is all right." (my Italics, Sraffa's underlining: about this, including the references to Sraffa's papers, cf. Bellofiore 2012 and 2014b, and the works quoted there). The 'deviations' should and could be dealt with the Standard Commodity, he wrote. I think, however, that the 'distortions' due to money are integral to Marx's analysis of capitalism as governed by the *Verrückte Formen* – the 'deranged' (both displaced, crazy and perverted) forms – so typical of value, money, capital as fetishes. The search for an invariable measure of value cannot but look meaningless from a Marxian perspective. What should be done is to *understand* the meaning of the distortions, not to sterilise them.

on the capitalist process as *provider of living labour*. It represents, at the same time, the 'point of view' of total capital which is vitally interested in that same extraction: *from it the creation of value and surplus value* depends. Also the conceptualisation of the wage as the real subsistence for the working class expresses the outlook of workers and capital. Workers are, of course, interested in the *use values* they get, not in the labour commanded by the money wage. What matters for total capital is the amount of labour which is needed to *reproduce* the working class, without which there is no valorisation and no accumulation. Living labour and necessary labour (as I defined it) are the key categories – both qualitatively and quantitatively – to portray theoretically the macro class 'social relation' as a relation of *exploitation*. Thus, my argument so far has shown - *beyond* the letter of Marx's *Capital* - how the alleged failure of the transformation of 'values' into 'prices' just amounts to a *deepening dissimulation* of the fundamental class relation, and of the hidden nature of the valorisation process. Rather than a failure, or a weakening, this looks like a confirmation and a strengthening of the theory.

My reconstruction of Marxian theory rests on an *alternative vision of competition* compared with the dominant, old and new, readings of *Capital*. I have already mentioned that in Marx competition is not only 'static' (the equalisation of the rate of profit among industries), but also 'dynamic' (the 'struggle for extra-surplus' which differentiates the rate of profit within industries). Capitalist innovations can be brought back *both* to the need to control the quality and quantity of labour and to intra-industry competition. The 'social value' on the market, determined by socially necessary labour time, results from this interaction among firms within industry. This kind of competition must be theoretically appreciated as a key determinant of the articulation between money (as capital) and (abstract, indirectly social) labour.[44] The essential role of banks is not only to finance the production, but also to finance innovation. Through the *screening and selecting* the capitalist firms, banks contribute to the definition of the 'norm' of value, *through a non-equilibrium path*.

This view of competition reacts upon the interpretation about price determination. The *methods of production* – that is, the 'data' of the productive configuration, from which the *calculation* of prices for the *abstract* hypothesis of reproduction has to begin - must be seen as the *outcome* of the aforementioned *competitive dynamics*. Moreover, the

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44 Money as capital, as long as it is *banking finance of innovation*, has of course a direct link to dynamic competition. But, in my view, it may be argued that the same notion of abstract labour imply intra-industry competition because the 'immediately private labours', which need to be socially validated against money as a universal equivalent, are in fact nothing but the 'many capitals', the *capitalist firms organising the collective labours*, competing with each other in the struggle for (extra-) surplus value. I'll come back to this point later in this paper.

financial constraints and the changing conditions of production play a crucial role. These considerations help to understand why 'values' are *not* redundant in the determination of prices of production. They also *restrict* very much the role of (re)production prices in the analysis of capitalism. As they are constructed, production prices *make absolute* the tendency towards an abstract equilibrium (in the Classical-Ricardian fashion), whereas the capitalist cycle of money capital is permanently *out-of-equilibrium*.[45] The tendency towards a sort of 'long run' equilibrium embedded in the notion of prices of production actually represents an only *ideal* outcome, rather than *actual* 'centres of gravity'. That tendency is going on side by side with the constitutive tendency towards non-equilibrium, a tendency which is inextricable from the categories of value, money, capital. Unfortunately, the non-equilibrium tendency has been *cancelled out* in most of the interventions on the so-called 'transformation problem'. The price norms fixed by the equilibrium tendency may act as *temporary* 'centres of gravity' for market prices: but only when the struggle for the extra-surplus value is slowed or halted, otherwise those 'centres of gravities' are constantly *shifting* without ever being reached.

The 'struggle for extra-surplus value', and the ensuing relative surplus value extraction, are fundamental components of the dynamics leading to the *real subsumption of labour to capital*. In fact, the real subsumption of labour to capital is at the *heart* of Marx's critique of political economy and cannot be divorced from his *dual* view of competition. Interacting with class struggle within the immediate valorisation process, dynamic competition lead to the constitution of a specific *capitalist* mode of production: *both* set the data for the determination of individual prices. *None of this can go on without the prior initial bank finance as monetary ante-validation*. All these interrelated themes mark a sharp *break* with the old and new Ricardian traditions, without cancelling their scientific merits, and the need to integrate part of their result in Marxian theory. The reprise of the Marxian 'critique of political economy' should never lose sight of the need to construct a 'critical political economy'.

The dynamics of the relative surplus value extraction is also basic in my proposition of a *unitary* reconstruction of the crisis theory *away from* from any collapse theory. I cannot go into this problematic in this paper for reason of space.[46]

45 'Out of equilibrium' should not be reduced to disequilibrium, requiring a prior notion of equilibrium. *Out-of-equilibrium* refers to the *formation* of the data (and of the economic categories more in general), so that we can afterwards speak of equilibrium and disequilibrium. That is why Marx's (labour-)theory of value can be defined, as some authors have done, as a theory of equilibrium *and* non-equilibrium. None of the two poles should (or could) be absolutized in the critique of political economy.

46 Cf. Bellofiore 2011.

Method: abstract labour

To fully appreciate the premises of my reconstruction a brief and subjective review of some key contributions on abstract labour and on Marx's method - with a special emphasis on the Marx-Hegel (dis) connection - is now proposed, focusing on the past fifty years. The main concern here will be what is unique to Marx's *critique* of political economy. The traits of a possible coherent discourse emerge, a discourse which is compatible both with my 'interpretation' and my 'reconstruction' of Marx as sketched in these pages.

Let me begin with 'abstract' labour. Lucio Colletti[47] argued that we do not have here to do with a mental generalisation but with a *real hypostatisation*: the 'inversion' of subject and predicate. Colletti insisted on what happens in the 'final' exchange on the *commodity* market, where the *objectified* labour expresses the 'alienation' of human subjectivity, in *circulation*. Pursuing this line of interpretation, Claudio Napoleoni[48] considered explicitely the prior phases of the capitalist circuit. He was thus able to show that the same real hypostatisation takes place *in the labour market* (where labour power becomes the subject and the workers who are the human bearers of labour power a mere appendage of labour power) *and in the capitalist labour process* (where, once the real subsumption of labour to capital is achieved, labour not only 'counts' as abstract but 'is' already abstract, *in production*). As I have maintained before, the 'properties' of labour comes to workers from the *imprinting* of the impersonal command which is embodied in the capitalist technological and organisational revolutions.

Napoleoni also clarifies that the deduction of abstract labour from *exchange as such*, which we read at the beginning of *Capital*, should not be intended as an alternative to the (more fundamental, though less apparent) deduction of abstract labour *from capitalist production*, which we read in the *Grundrisse*.[49] Looking at the form determination of the capitalist immediate process of production, before the form

47 See the essay on Bernstein in Colletti 1969a. On the debate, cf. Bellofiore 1999.

48 See Napoleoni 1972, 1973. There is a German collection of essays from both Napoleoni's books edited by Cristina Pennavaja for Suhrkamp Verlag, with the title *Ricardo und Marx*. See again Bellofiore 1999.

49 It does not disappear in *Capital*: it is buried behind the arguments about the 'real subsumption of labour to capital' and the 'immediate socialisation' of labour within immediate production. I cannot go here into the different consequences of these processes for the *individual* worker versus the *collective* worker.

determination of the (monetary) universal circulation of commodities, abstract labour is the (*living labour of*) *wage labour*. The reason for the complementarity of the two deductions lies in the circumstance that the *universalisation* of commodity exchange is the result of *capital*. 'Labour' does not systematically produce (value as) money except in so far as it is a commodity - labour power - acquired by money (as capital), and governed by it.

In my view, these clarifications by Napoleoni must be revisited taking into account the contribution of Rubin.[50] The Russian economist highlights how the reconciliation of abstract labour as something *already* present in production in a *latent* state, on the one hand, with the *eventual actualisation* of abstract labour in universal commodity exchange, on the other hand, is possible if 'exchange' is not interpreted as that *particular phase* of circulation where the economic circuit is consummated, but rather as the *totality* of that circuit, which includes circulation and production in their unity, without however cancelling the distinction between the two. According to *this* Rubin,[51] 'exchange' is *the form of the social process of total reproduction*: though the abstraction of labour in the phase of the immediate process of production is still only 'ideal', labour nevertheless *already* takes on certain specific social characteristics *before* commodity exchange as the final *particular* phase of the entire process.[52] In that final phase of the complete production-

50 See Rubin 1928. It is the third edition, substantially different from the second (1924). There is a fourth edition (1930), with no changes in his perspective. Both the third and fourth original Russian editions contain substantial material (appendixes, and introductions) not included in the English translation by Fredy Perlman and Milos Samardzija. The editorial and conceptual issues are dealt with in Bellofiore 2013a. The factual informations (and some translations from the Russian) there are taken from Silvano Tagliagambe and Susumu Takenaga.

51 The second edition was much more compromised with the view of exchange as a particular phase in the circuit. In current terminology, and paradoxically, the Rubin of the 2nd edition was a 'Rubinite' author, the Rubin of the 3rd edition was not!

52 'As soon as exchange really became dominant form of the production process, it also stamped its mark on the phase of direct production. In other words, since today is not the first day of production, since a person produces after he has entered into the act of exchange, and before it also, the process of direct production also assumes determined social characteristics, which correspond to the organisation of commodity production based on exchange. *Even when the commodity producer is still in his workshop* and has not yet entered into a relationship of exchange with other members of the society, he already feels the pressure of all those people who enter the market as his customers, competitors or people who buy from his competitors, and ultimately pressure from all the members of the society. This link through production and these production relations, which are directly regulated in exchange, continue to be effective even after the specific concrete acts of exchange have ceased. They stamp a clear social mark both on the individual and on his labour and the product of his labour. *Already in the very process of direct production* itself the producer appears as producer of commodities, his labour assumes the character of abstract labour and the product assumes the character of value. [...] All Marx's writing on this show that *we must not approach this problem too linearly*. We should not think that because commodity producers are already linked to one another by determined social relations in the process of direct production, therefore their products and their labour already possess a directly social character. *The labour of a commodity producer is*

circulation complex, abstract (i.e., indirectly social) labour is not created, but *only confirmed* as part of a social distribution of labour. This processual 'coming into being' of abstract labour is the 'actualisation' of its 'potential' reality *already latent in immediate production*. Immediately private labours are, in fact, *mediately* social labours: this 'mediated' sociality has to be sanctioned by the 'transubstantion' of the commodity with with money.[53]

Rubin's and Napoleoni's positions face however the difficulty that is already in Marx. The value form gives the imprinting of sociality in a 'retroactive' fashion, *from* the final circulation closing the circuit, *to* the production as the central phase of the circuit. Without money as a commodity, a chasm between the 'two worlds' of production and circulation is opened: a genuine *dichotomy* between the 'real' world (of the concrete, dishomogeneous labours) and the 'monetary' world (of the universal equivalent) opens up. This difficulty vanishes if the abstraction of living labour is reconstructed in the way that I have suggested, as a *process* opened by initial (bank-)finance as *monetary ante-validation*, before production. As a consequence of the *monetary dimension* marking the buying and selling of labour power, living labour too earns a 'latent' sociality *in anticipation* of the final ex post-validation in exchange. My reading of Marx's approach as a *monetary value theory* (built upon Marx's conceptualisation of 'exchange') evolves necessarily and conceptually into a *(macro-)monetary theory of capitalist production* (built upon Marx's conceptualisation of the 'capital relation').

Money is not just a passive 'reflection' of value, *ex post*: it is actually essential to 'constitute' it, *ex ante*.

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directly private and concrete labour, but together with this it acquires an additional 'ideal' or 'latent' characteristic as abstract universal and social labour. [...] *Abstract labour and value are created or "come about," "become" in the process of direct production* (Marx used the expression "werden" more frequently for this process) *and are only realised in the process of exchange*.' (Rubin 1927, quoted from online transcript: my Italics)

53 This 'transubstantiation' through money turns the *ghost* of value into value as a *chrysalis*. An embodiment (*Verkörperung*) which is also an 'incarnation' (*Inkarnation*). Marx writes that in order that a commodity may in practice act effectively as *exchange-value*, it must quit the bodily shape of its use value, and must transform itself from mere *imaginary* into *real* gold (*money* 'as a commodity'). Marx adds that to the commodity such transubstantiation may be more difficult than to the Hegelian 'concept' the transition from 'necessity' to 'freedom'. I return to the fundamental (dis)connection of Marx with Hegel in the next section. This problematic, of course, is essentially intertwined with the fact that Marx is a 'monetary labour theory of value': not just a labour theory of value, nor just a monetary theory of value. Rather, properly, a monetary *labour* theory of value (cf. Bellofiore 1989). Through this essential link between value and money, one can understand why Diane Elson was absolutely right in stressing in 1979 that the labour theory of value in Marx is - breaking with Ricardo – a 'value theory of labour'.

The method: the relationship with Hegel

The general perspective on Marx that I adopted so far is the following.[54] Marx's writings should be read 'backwards', from the perspective of *Capital*, i.e. the mature work, which also illuminates the early writings.[55] Also in this case, the most developed stages are the key to understand the least developed. Moreover, Marx's writings should be read, knowing that *the author's self-understanding is not up to the positive theoretical contribution he brings to social science.*[56] One index is that in publishing the results of his research Marx has been gradually *concealing* the key role played by the *dialectical* method and its Hegelian roots.[57] At the same time, the study of *Capital* requires that *full* account is taken of the path leading to the manuscripts of the three volumes, at least from 1857-58.

Let me start from the meaning to be given to the expression 'critique of political economy. In *Capital* the *ultimate* object of knowledge is the contemporary social reality as a 'whole' (capital as *totality*). The *immediate* object of knowledge are the *empirical* conditions. But the critical knowledge of reality can only be *mediated*, i.e. it needs to pass through a critique of bourgeois theories. There is an *inner connection* of objects and concepts: the objects are apprehended through the intermediation of concepts, without, however, being entirely dissolved in them, as for Hegel. Alfred Schmidt is right in seeing in this internal relation between categories and objects a *first* role of dialectics in Marx: what he calls a 'weak ontology'. There is an *ultimate irreducibility* of the real object to the object of analysis, and the *method of inquiry* has to be distinguished from the *method of presentation*. In fact, the logical course of exposition is often *the opposite* of the historical course of events.

The 'presentation' (*Darstellung*) goes from *immediate being* to mediating *essence*. External phenomenal manifestation (*Erscheinung*), however, deviates from hidden essence, though it is not possibile to divorce the two: essence *must* have a phenomenal manifestation, and this 'appearance' is not a mere *semblance* (*Schein*). On the other hand the 'phenomenal manifestation', while *exhibiting* the essence (and this exhibition/exposition, *Darstellung* again, is at the same time a 'revelation':

54 This perspective has been substantially developed in my chapter in the book edited by Moseley and Smith and in the on-line article in *Consecutio Temporum*, both listed in the references.

55 Elsewhere I have proposed this method in reading the *Grundrisse* (Bellofiore-Starosta-Thomas 2013) and the *1844 Manuscripts* (Bellofiore 1998b).

56 See Schmidt 1968.

57 See Reichelt 1995.

Offenbarung), also fundamentally *distorts* it.[58] Roberto Finelli is right in seeing in this systematic distortion a *second role of dialectics*, and hence a second influence of Hegel on Marx: dialectiscs as *dissimulation*.

As a whole, capital has to be known through a 'systematic' exposition that begins from *simple* and *abstract* categories, developing into more and more *complex* and *concrete* categories. This movement has been called 'concretisation' by Geert Reuten[59]. Here we have a *third* modality of referring to the role of Hegel and dialectics in value theory, according to the so-called *systematic dialectics*. From this point of view, the same category, such as 'value', is *redefined* at each successive stage or layer of analysis. It is not possible to 'transfer' mechanically qualitative and quantitative results from a more abstract level to a more concrete level, without taking into account the appropriate 'conversions' and 'transformations'. The understanding of what is more complex and more concrete requires a review of the conclusions reached at a level more simple and more abstract, that as such *has no independent cognitive validity*. So, for example, the categories of the first volume are not 'final', in a sense each of them must be re-read in the light of the further development of the argument. Since Marx's *Capital* has remained *unfinished business*, this interpretation of Marx opens to a 'non-orthodox' *reconstruction* and an 'open' attitude.

All these three perspectives on dialectics are important contributions, and I use them in my interpretation and in my reconstruction. I think however there is something deeper in the role of dialectics in Marxian critique of political economy, without which *Capital* cannot be fully understood. Paradoxically it is something which has very often been seen as a source of embarrassment in the Marxian camp. The most relevant author here is Lucio Colletti,

Colletti is an author who has been consistently critical of Hegel. Yet, in 1969, in the last chapter of *Marxism and Hegel*,[60] the Italian philosopher clearly states that the objective mechanism of capitalist society is incomprehensible without reference to the *Logic* of Hegel. The inversion of subject and predicate, real hypostatisation, which are so central in Hegelian dialectics, are also pervasive in exchange relations (both on the commodity market and on the labour market) and in capitalist production. Hegel's *Logic* – Colletti wrote explicitely - *is* the logic of capital: and that

58 I already explained the relevance of the exact meaning to attribute to the verbs *darstellen*, *vorstellen*, *erscheinen*, *scheinen*, *ausdrücken*, etc, according to the way Marx uses them. I have only to add the relevance of the theological meaning of *Offenbarung*, 'revelation', in Marx's discourse, as it happens with many others which we already met (like 'incarnation', 'transubstantion', etc.). Rather than being metaphorical, this mystical terminology clarifies *die Sache selbst*.

59 See Reuten 2003.

60 See Colletti 1969b.

is why it enters into the deep structure of *Capital* exposition. No wonder, then, that *really* the commodity is a 'mystical' entity, that *really* capital is an 'indeterminate' abstraction. The universe governed by capital is an *upside-down* world.[61] Why?

In order to properly answer this question we should go beyond Colletti, and we should return to consider in what sense the exposition in *Capital* is 'circular'. This was made very clear by Roberto Finelli, when he showed that the implicit method of Marx is, again, Hegelian: the *positing of the presupposition*. His argument is that what is 'presupposed' at the opening of *Capital*, on the basis of a subjective and mental abstraction, shows itself to be, in the course of the development of the exposition, a result 'posited' by an *objective* process of real abstraction. My reconstruction of abstract labour, indeed, brings back value to labour because it shows how the *presupposition* by Marx of the nexus value-labour (through money) is firmly and soundly *posited* only with the real subsumption of labour to capital: that is, when the same concrete labour is determined 'qualitatively' by the fact that it is spent as abstract labour (labour 'becoming' value and surplus value, money and surplus money).

Abstract labour as capitalist labour is *forced* labour (of 'equal' and 'free' subjects: an absolute historical novelty!) and *other-determined* labour (by capitalist design, technology, organisation). Similarly, the distinction of money capital and industrial capital, with the key role of the banking system in the financing of the latter – a distinction which has such an important role in my reconstruction of the first volume of *Capital* - should be justified revisiting Marx's deduction when he deals with interest-bearing capital, dissolving the ambiguities in his theory of banking.[62] The essential role I give to monetary ante-validation in the homogenisation of living labour as abstract labour 'in becoming' is part

61 'What, however, we are concerned to point out - apart from the fact, already well-known, that Marxists do not read Marx – is that Marx, *horribile dictu*, accepts the argument that 'value' is a metaphysical entity and merely confines himself to noting that *is the thing, i.e. the commodity itself or value, that is a scholastic entity, and not the concept* which he, Marx, uses to describe how the commodity is made ! [...]The contradictions which arise from the fact that on the basis of commodity production the labour of the individual presents itself as general social labour, and the relations of people as relations between things and as things - *these contradictions are innate in the subject-matter, not in its verbal expressions*. [...]This society based on capital and commodities is therefore the metaphysics, the fetishism, the 'mystical world' - even more so than Hegel's Logic itself! [...]The commodity and, even more so of course, capital and the State, represent processes of hypostatization in reality. Now, our thesis is that, *given realities of this nature*, it is impossible to understand them fully unless one grasps the structure of the processes of hypostatization of Hegel's Logic. In other words, *Marx's critique of Hegel's dialectic and his analysis of capital hold together*. Failing to understand the former it is also impossible to understand the latter. [...] It is not a question of contraposing 'determinate' abstractions to 'indeterminate' abstractions, a 'correct' logic to an 'incorrect' logic - *methodology is the science of those who have nothing*.' (Colletti 1969b, pp. 279-283, my Italics)

62 In the pages of the manuscript for the third volume, which however were very preliminary, Marx sometimes sees banks as intermediary of saving (though he allowed for a flexible money and bank credit multiplier), sometimes as creators of money ex nihilo, without limits.

of the 'positing the presupposition' of the real subsumption of labour to capital, *integrating bank financing in the dynamics of valorisation*.

The point to be grasped to connect Colletti's insights - which, because of their not-so-hidden, at least partial, Hegelianism, very soon opened a crisis for him; and which eventually led to his break with Marx - to the logic of positing the presupposition is the following, put forward by Chris Arthur[63]. Ontologically, capital is self-expanding value, whose internal drive is to 'actualise' itself as *pure form*. This Subject is an Automatic Fetish defined by the never-ending production of (surplus) value: *a totality that grows on itself in a spiral movement*. Arthur, like Colletti (but also Reichelt, or Postone, or myself: each in our own way), affirms an *omology* between Marx's Capital and Hegel's *Geist*. Capital is a (mechanical) Subject whose goal is the reproduction of itself, and then of its conditions of existence. I have shown before that for Marx value is nothing but the exposition/exhibition in money of the labour objectified, 'congealed' in commodities (according to the socially necessary labour time 'contained' in them). Dead labour, however, cannot originate more dead labour. Arthur is right in maintaining that capital's aim cannot be accomplished unless value goes beyond a merely 'ideal' dimension, and pass through a 'material' metamorphosis. Capital must include in its own body labour as *activity*, and hence must *incorporate* the human bearers of labour power as a part of itself. Capital's valorisation becomes possible only thanks to the *'internalisation' of living labour power*, and then thanks to its 'command' consisting in the power of *making workers work*. *Living* labour becomes a 'gelatine' a 'crystal', containing more objectified labour than the dead labour who put 'labour' to work.

Arthur remarks, like me, that if capital has to include workers an *internal other* so that it can absorb, 'suck', living labour from them (so that the ghost of value has finally turned into capital as vampire), workers can however 'resist'.[64] As a matter of fact, capital's capability of presenting itself as productive (of value) stems from the sterilisation of what Arthur's pertinently calls a (potential) *counter-productivity* (of value) by workers. The same thing was already in the Colletti of 1969[65]. He observed that capital may appear productive of value as long as 'labour' is unilaterally reduced to the dimension of labour power, which as variable capital is a only part of that same capital The whole of capital, however, originates from, and depends upon, 'labour' as living labour. It is only living labour that creates value, of which surplus value is a part: capital is reproduced in its entirety exactly through the progressive accumulation of surplus value. As long as it is kept down, the first perspective is, up

63 Cf. Arthur (1993). See also Bellofiore (2015).

64 Cf. Arthur (1999)

65 See "Marxism: Science or Revolution?", the last essay in Colletti 1969b.

to a point, quite legimitate. The truth of the second perspective can be reclaimed *negatively*, in the sense that it may become apparent when workers are not a cog of capital, a part of the capitalist mechanism.

We have here a *fourth* way of bringing in Hegel's dialectics, as dialectics of opposites, or more precisely as *dialectics of the contradiction*. But it is noticeable that exactly where Marxian dialectic *almost* identifies with that of Hegel, there Marx's *critique* towards Hegel is the most vibrant and far-reaching.

Conclusion

Abstraction in Marx refers, as claimed by Reuten, to the layered and complex structure of exposition moving towards progressive 'concretisations' and 'transformations'. Yet it also expresses the process of *real hypostatisation*. The real hypostatisation becomes *practically real* with the 'real subsumption of labour to capital', when the 'formal determination' of worker's activity impacts on the 'material' content, adapting the latter to the social form. It is clear at this point that the 'positing of the presupposition' goes well beyond a methodological precept under capitalism, and assumes an *ontological* statute.

It is clear too that in *Capital* the more 'concrete' levels of analysis will not displace the central role of the *conflictual* (or even *antagonistic*) extraction of living labour as abstract labour in 'becoming'. The 'ideal' or 'latent' value remains the heart of the theoretical construction, the *ens realissimum*[66] behind the 'totalitarian' tendency of capital as an 'overgrasping'/all encompassing and 'overriding'/dominant Subject. This tendency is, together with the ongoing class struggle in production, part of the ontological constitution of the 'capital relation'. This is the meaning of the *centrality of production* in the capitalist totality. *Capital is the Abstract in motion*.[67]

Although it is true that capital as a totality (the unity of the different moments of production, circulation and distribution) is categorically transformed during the process of exposition, there is a sense in which the 'macro-social' analysis brings about results which are taken as a 'given' throughout the entire construction. The capitalist extraction of *living labour* from workers, on the one hand, and the reproduction of the working class according to a known subsistence, and a hence given *necessary labour*, on the other hand, are the *quantitative invariants* throughout the successive stages of the argument in *Capital*.

66 The term is borrowed from Adorno, via Backhaus. In the Introduction to his 1997 collections of articles in German, Backhaus wrote that the premonetary 'absolute' value cannot be realised in a premonetary exchange value; nevertheless, in its premonetary character, it is extremely real: 'it is the *ens realissimum* in Adorno's sense, it is the the engine of "dialectical development", it is a principle which is ultimately realised only in the movement of capital's world market'. (Backhaus 1997, p. 33)

67 See Sbardella 1998.

I agree, as far as I'm concerned, with Korsch's suggestion about the need of *historicising Marx(ism)*, from the point of view of the evolution of class struggle. It is not about reading historically the logic of capital, but rather of deepening our understanding of the logic of capital, thanks to what is revealed in crucial historical conjuctures of the 'capital relation'. The analytical and methodological re-reading (involving both an 'interpretation' and a 'reconstruction') of *Capital* that I have proposed in these pages seems to me to re-establish on firmer grounds the key and most controversial points within the critique of political economy, remaining close to Marx's theoretical project: the *monetary nature of value*, the *exploitation of labour*, capital as a *contradictory totality* and as *an upside down reality*. Such a reading was possible *only after* workers' struggles in the 1960s and 1970s contributed *in practice* to the opening of the crisis of Fordism; and *only after* the financial dynamics that in the 1980s (if not before) *in practice* contributed to the restructuring of capitalist production (and society). Equally important, in writing these pages, was the belief that a critique of political economy *today* entails a critical confrontation with the political economy *of the twentieth century*. It is in this sense that the 'critique of political economy' still has a 'critical political economy' as a crucial internal task to be accomplished.

The widespread assumption that the theoretical legacy that Marx leaves us would be obsolete is open to question. Abstract labour cannot be reduced to manual, unskilled labour, but it is instead a labour whose properties comes from capital: something which has not been disproved by what happened after Fordism. The totalitarian dimension of capital is nowadays more evident than ever; class struggle in production is very well alive, with capital having the upper hand. The structural crisis of capital is here again. And so on.

The problems in Marx are real, but come from somewhere else: most dramatically, from the refutation of his idea that capitalist accumulation would 'of course' bring forward, not only a centralisation of capital, but also a concentration in large factories of an increasingly homogeneous working class: unified in its material conditions, finally able to regain possession of concrete wealth and alienated social knowledge. The conditions of class struggle 'from below' are more difficult than ever, even more so when capital is in a deep structural crisis. On the other hand, these difficulties are literally *incomprehensible* without Marxist conceptual armoury. And, still today, it can be doubted that the task of *reunifying* the world of labour against the fragmentation and rampant precariousness of the working conditions could do without Marx.

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