An outline of systematic dialectics – General appendix

A systematic-dialectical method for the investigation and exposition of the capitalist system

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Introduction

The General Introduction sketched some elementary principles of the method of Systematic Dialectics (SD) as it is adopted in this book. Other aspects and principles of the method were briefly set out in the Explanations and Addenda of the various chapters when these aspects and principles were first introduced into the systematic exposition. The advantage of this proceeding is the immediate connection of method and content. The disadvantage is that the SD method is explained in fragments. I aim to correct this in the current Appendix, which presents the method in an integrated way. For the elementary parts this means that there is some repetition of the General Introduction and the Explanations or Addenda mentioned above.

‘Systematic Dialectics’ is the dialectical method pertaining to the study of an object totality characterised by a systematic structure. Authors adopting this method have enough in common that they themselves characterise their method as systematic-dialectical. Having said this, it should be noted that there are often different emphases between authors. Often these pertain to their object totality. My own variant of SD is focused on the capitalist system as including not only the capitalist economy but also the capitalist state. The exposition of such a comprehensive system poses problems of composition that may be less, or differently, articulated for narrower systematic structures (e.g. the capitalist economy). Therefore, when in this Appendix I refer to SD, this refers to SD in general, although especially to the SD adopted in this book.

The text of this Appendix is divided into four divisions. Division 1 provides a synopsis of the method. Division 2 sets out the concepts and principles of research prior to an SD exposition. Division 3 discusses several general principles of an SD exposition. Division 4 is the substantial part of the text, and sets out the principles and method of the systematic-dialectical exposition itself.

Internal references to chapters of the book are as indicated in section E of the General Introduction. Internal references to this Appendix appear as A§1 etc. for sections and as AD1 etc. for divisions. The General Introduction is referred to as GI.

Although the format of this Appendix is different from the main chapters (the Appendix is no part of the systematic exposition), I will include a number of Amplifications and Addenda (below indented) that go into historical details of the method or locate it in the literature. Addenda are for the specialists and may be skipped by the main reader.

SCHEME 14.1 *Division-structure of the text*

Amplification. Historical roots of the Systematic-Dialectical method (SD)

Generally the SD method springs from a development of, first, Hegel's systematic dialectical method and, second, Marx's appropriation of that method for his critique of the political economy of capitalism as set out in his *Capital*. The interest in *this* influence of Hegel on Marx is fairly recent. Equally recent is the impetus that this has given to the application of this method to current social science. One commentator, Chris Arthur, has called it the turn to a 'new dialectic'.¹ My impression is that most authors engaged in this turn started by discovering the potential power of SD through their renewed SD interpretation of Marx's method in *Capital*. Some of them then took inspiration from this to develop the method for the investigation of current society.²

1 Arthur 2002, pp. 1–11.

2 With this in mind the following authors provide, in various aspects, other accounts of the SD method: Eldred 1984, pp. xiv–xxiii [general]; Reuten and Williams 1988, pp. 3–54 [general]; Reuten and Williams 1989, pp. 3–36 [general]; Smith 1990, pp. 3–18 [Hegel], pp. 19–42 [Marx]; Arthur 1993, pp. 63–73 [Hegel–Marx]; Smith 1993, pp. 15–36 [Hegel–Marx]; Arthur 1997 [Marx: Systematic-Dialectical versus Linear Logic]; Arthur 1998, pp. 110–18 [Hegel–Marx]; Reuten 1998, pp. 103–7 [general]; Murray 2000, pp. 36–41 [marxian SD/general]; Reuten 2000, pp. 140–52 [general] (cf. Murray's reply, 2002, pp. 156–67); Murray 2003, esp. 152–8 [general]. For a *general* overview of Hegel's influence on Marx see Murray 1988 and the contributions in Moseley and Smith (eds) 2014.

Division 1. The method of systematic-dialectical exposition in brief

A§1 *Aim and synopsis*

In principle the method of Systematic Dialectics (SD) may apply, with qualifications, to natural and social object realms. For brevity, in this appendix I will refer mainly to the capitalist system, or capitalism, especially as set out in this book, from which I also take examples.

SD has in common with other scientific methods that it seeks to reliably know what can be known. One main distinction from *most* other approaches is the SD claim that the key to the reliability of that knowledge lies in the *interconnection* of all relevant knowledge about some object totality. SD is sceptical of any partial knowledge, including model building, although it does not dismiss this knowledge (see A§3 and A§8). Wider perspectives can show the limits, or the falsity, of partial knowledge. (See the General Introduction, C§1, on the limitations of mainstream methods.)

A second main distinction from *all* other approaches is the method through which the interconnection of the relevant knowledge is found (A§10–A§14). The remainder of this section provides a synopsis of the method (cf. the General Introduction, C§4), which is fleshed out in further divisions.

Figure 14.2 shows the, by now familiar, systematic of the exposition of the capitalist system in this book. For the purposes of this Appendix I adopt the in fact rigorous order of the exposition, which is the zigzag one, that is, the chapter order of the expositional levels [1;6], [2;7], and so on. This is the rigorous one in terms of ‘proximate’ conditions of existence (GI-C§4 and A§11, point 3).

Its analogue, *Figure 14.3*, was already presented in the General Introduction, but I can now properly introduce the term ‘abstract’ and its meaning.

The starting point, denoted in the figure by ‘ α ’, is an all-encompassing conception of the object totality (i.e. the capitalist system) that abstractly captures the essence of that object totality: ‘dissociated bifurcation’ (1§1, 1§6). This concept is abstract, because at the point of its introduction it is a non-grounded concept. (On this meaning of the term, all the mainstream economics models – to my knowledge – are, and remain, abstract. The game is played on the basis of assumptions that remain non-grounded.)³

The next layers, denoted by $\beta_1 \dots \beta_n$, are called ‘grounding moments’ and these set out the interconnected conditions of existence of the starting point. (Chapters 1–3 after 1§1 and Chapters 6–8 after 1§6.) Each stage of this dialect-

3 Nevertheless, these models can be useful to the extent that the assumptions are realistic.

FIGURE 14.2 *Exposition of the capitalist system as unity of the capitalist economy and state*

Note: ‘c.o.e.’ abbreviates conditions of existence and ‘manif.’ manifestations

FIGURE 14.3 *Systematic investigation and exposition*

ical exposition increasingly shows *how* the system, initially posited abstractly (α), can exist. The connection of two or more moments has a synthetic character, and the more we move down the pyramid, the more synthesis we reach. Necessary conditions of existence – and again their necessary conditions of existence – are a leading methodological principle. This ensures that we get to the exposition of the *interconnected* totality of the capitalist system. For the

same reason it is essential to abstain from assumptions because these would open the way for gaps (A§7 expands on assumptions).

The structure of these conditions (β) culminates in the interconnected synthetic exposition of the ‘concrete manifestations’ of the system (γ). (Chapters 4–5 and 9–11.) Along the process of the exposition (from starting point to manifestations) we each time extend our grasp of the capitalist system. In the end, this grasp will be appropriate to fully *comprehend* its essential working as appearing in empirical reality. Division 4 sets out these three stages in more detail.

Division 2. Research prior to systematic-dialectical exposition

A§2 *Object totality*

A condition for an SD investigation is that its object realm, in our case capitalism, is inherently systemic, that is, it consists of interacting constituent parts forming an integrated whole. This is an ontological matter. Without wanting to make a divorce between these, an epistemological requirement is that the object realm can also be *exhibited* systematically as a ‘totality’. The received SD view, stemming from Hegel, is that an object realm can be exhibited as a totality only when a *unifying* all-encompassing conceptualisation can capture the abstract essence of the totality (α in A§1), such that this can successfully lead to the comprehension of reality (γ).

A§3 *Research prior to SD exposition: analysis versus synthesis*

As indicated in the General Introduction, much of the mainstream science proudly casts its endeavours in terms of ‘analysis’, whereas systematic dialectics stresses its endeavour in terms of ‘synthesis’. Consider the following descriptions (rather than definitions) of the terms analysis and synthesis. *Analysis*: to scrutinise by way of the division of wholes into their elements, or the deconstruction of initial knowledge. *Synthesis*: to connect, assemble, or unite knowledge; the combination of often diverse concepts into a whole by indicating their interconnections.

SD enquiry encompasses two phases: *research* prior to the SD exposition, and systematic-dialectical *investigation and exposition*. Only the systematic exposition is reported – this is the material that one finds in a SD text, as in the current book. This A§3 is about the research prior to that exposition.

In principle, the SD method critically appropriates the relevant existing knowledge about an object totality. This is generally considered to be a condition for science in general. In the SD pre-systematic research phase, the *results*

of existing analysis and empirical research are critically appropriated.⁴ The systematic investigation thus builds on this knowledge (this point will be qualified later). I indicated that one condition for an object realm to be an object totality is that it can be successfully captured by a unifying concept (A§2). Which concept this could or should be is not straightforward – it is the result of an enormous creative research process involving a great deal of trial and error. Within this pre-systematic research phase, the reaching of this unifying concept has the character of a ‘preliminary synthesis’ – Marx called this ‘abstract determination’ (abstract constitution).⁵

FIGURE 14.4 *SD enquiry: from pre-systematic research to systematic investigation and exposition*

The left pyramid in *Figure 14.4* is a metaphoric image of the past and contemporary research. (Start reading at its bottom, supposing that this past research is

4 Tony Smith (1990, pp. 4–5) calls this the ‘stage of appropriation’; Patrick Murray (1988, 2000, 2003) calls it ‘phenomenological inquiry’.

5 Marx 1973b [1903¹] {ms1857}, p. 101. ‘Determination’ is the standard translation for the German ‘Bestimmung’ (see Inwood 1992, pp. 77–9 on the complexities of the term). ‘Delineation’ is one of its connotations; instead of determination, ‘constitution’ might be another approximation. In the current context, one major aspect of this *abstract* determination is the subsumption of phenomena under more general phenomena, as a species under a genus. Note that subsumption does *not* constitute their actual interconnection (see A§11).

based on an assimilation of empirical phenomena.) The bottom of the pyramid represents analytical research and past empirical studies, which developed through the process of making conceptual distinctions between phenomena and of partial analyses, in both everyday cultural history and scientific history.

The ‘preliminary synthesis’ is the research process of getting to the left pyramid’s top α . The convoluted character of the process is indicated by the kinked line. This unity-in-diversity (α) is then the starting point for the SD investigation and exposition, represented by the right pyramid of the figure.

However, there is a distinction but no divorce between these two phases. During the SD investigation (right pyramid) the investigator will often return to this existing knowledge (left pyramid) in order to re-appropriate it in the detailed systematic exposition.

A§3-a Addendum. Pre-systematic research: Hegel versus Marx

We have good reasons to believe that pre-systematic research along these lines was also the path taken by Hegel and Marx, to arrive at the respective starting points of their systematic dialectics.⁶

There is, however, a crucial difference between Hegel and Marx concerning the critical appropriation of existing relevant knowledge at this research stage, which then fed the content of the systematic exposition. The philosopher Hegel drew on the received views of contemporary empirical sciences, for data on the natural and social realms; his task was to gain holistic knowledge from his synthetic systematisation of these received views. He was hesitant about speculating on the fate of knowledge at the research-frontier: ‘The owl of Minerva spreads its wings only with the falling of the dusk’.⁷

For Marx this was very different. His study of the then-influential political-economic writings made him sceptical of the received view. Therefore, although he often drew on these writings, he felt compelled to carry out conceptual and empirical *analysis* of his own.⁸ In *Capital* this analysis is set out *alongside* and during his systematic exposition. Although this analysis is systematically placed at the appropriate points (by chapter), this gives Marx’s systematic-dialectical exposition a very distinctive complexion, particularly since he usually does not clearly distin-

6 See also Smith 1993, p. 18. Marx describes this research in the Introduction to the *Grundrisse*, one of his few methodological writings. (Marx 1973a [1903;1857ms].)

7 End of Preface to the *Philosophy of Right* (Hegel 1967 [1821]).

8 See also Murray (2003, pp. 157, 160) who calls this Marx’s phenomenological inquiry, as distinct from his exposition.

guish between his analytical and synthetic texts. This often complicates the detection of the systematic order.⁹ (In the current book I solved this problem by relegating any critical analysis to Explications or Amplifications.)

A§3-b Explication. Some provisional analytical definitions for
 ‘social system’

The definition of concepts is central to analysis. An SD exposition does not fix definitions of concepts. Later on we will see why (A§6). Nevertheless, in working up the results of analysis it may provisionally adopt analytical definitions. Merely to provide an idea of the terrain of the social realm within which the object totality of ‘the capitalist system’ is located, I outline a number of provisional (non-rigorous) analytical general social system definitions. (The mark * indicates that the term is defined later on in this Explication.)

(a) System. A system is an *interconnected composite of structures* and driving forces** such that the system is, in principle, continuous. (Think of an economic structure and a state structure that together constitute a social formation, in our case the capitalist social formation.) The continuous existence of a system always requires *at least* temporary modes for resolving any fundamental conflicts.

(b) Structure. A structure is a static, more or less coherent *set of institutions**. (For examples of institutions, think of: enterprises, trade, markets, taxation, courts, verdicts.) Coherence does not imply that a particular institution by itself, or a set of institutions, is free of conflict or contradiction. Structures have a more or less *determinate* character in that – at the risk of loss of coherence – they cannot be changed at will. However, this does *not* imply that – at that risk – there could not be change.

(c) Institution. An institution is a more or less enduring *pattern of behaviour* that may but need not be established in a formal organisation (e.g. an enterprise or a court). Institutions are an expression of norms (for example, profit making by enterprises or conflict resolution and administration of justice by courts). For the object totality at hand these are primarily *capitalist norms*. Institutions (and/or their norms) may but

9 The insight that the distinct complexion of Marx's text is due to this mixture of analysis and synthesis, I owe to Damsma (2015 and 2019, Ch. 1, Section 3). As with all good ideas, this is obvious in hindsight. For me at least, this at once clarified many of the puzzles of the systematic structure/ordering of *Capital*. Further, Tony Smith's 1990 book has been most important in the detection and delineation of Marx's analytical and synthetic work.

need not be codified in laws or in ‘self-regulating’ rules. Institutions may endure by way of, firstly, education. That is, education in the narrow sense and in the broad sense of education into discourses (Foucault), including education into the capitalist culture or education into the culture of an organisation. Secondly, institutions may endure by way of social sanctions (generally: approval and disapproval). In the economic domain of enterprises, important direct economic sanctions are profits and losses, which have an indirect counterpart in the status of the management. Stable endurance correlates with the *internalisation* of, in our case, capitalist economic norms. Stable endurance is one important constituent of a structure.

(d) *Driving forces*. Like institutions, driving forces are the *dynamic ingredients (processes) of structures*. These are basically institutions (sanctioned patterns) that have gained the character of ‘force’, ‘compulsion’ or ‘coercion’ because of their interconnectedness (coherence) within structures (for example, profit making and accumulation of capital).

Division 3. Systematic-dialectical exposition – general principles

Before I set out the mode of systematic-dialectical exposition in Division 4, this division briefly sets out some general SD principles.

A§4 *Systematic in contrast with historical order*

The relative significance of a contemporary phenomenon does not necessarily pertain to its historical emergence. Although history is important in explaining *how* the existent came into being, it cannot explain why it is ‘what it is’, nor how the existent is reproduced as an interconnected whole.¹⁰ Therefore the systematic order of SD has nothing whatsoever to do with the historical emergence of institutions and processes. For example, the fact that commodity markets developed before labour markets does not imply that a commodity market is more important than a labour market in terms of the functioning of the capitalist system – both are absolutely necessary. The fact that forms of commodity money (such as gold) evolved long before ‘bank account money’ does not imply at all that a systematic treatment of money should start with commodity money, or even refer to it.

10 Reuten and Williams 1989, p. 34. See also Smith 1990, pp. 8–9, Arthur 2002, p. 75 and Murray 2003, pp. 152–3.

A§5 *Dialectical ‘moments’*

The term ‘moment’ refers to the constituents of each progression of the SD exposition. Generally, a moment is a composition of concepts that belong together; these concepts are thus posited as immediately connected – for example, ‘money expansion’ (2D4) or the state’s ‘monetary framework’ (7D2). In other words, a moment is a more or less cohesive institutional make-up, or a more or less cohesive set of entities, that can be analysed in itself (sometimes like a model) but that nevertheless derives its full meaning from the interconnection with other moments, and ultimately from its interconnectedness within the whole exposition.¹¹ Thus moments derive full meaning through synthesis.

In a text, systematic ordering is inevitably sequential. Nevertheless *ontologically* we always have the simultaneity of all moments.

A§6 *Definition and conceptual progress*

The *definition* of concepts is an inherent part of analysis (A§3), and is useful for that endeavour. To the extent that *conceptual development* is central to the development of science generally, however, the positing of concepts as ‘definitive’ can hamper this development, even within non-dialectical discourses. Starting from an abstract concept of a totality (α), SD sets out interconnections in a layered movement of setting out, first, the starting point’s conditions of existence (β_i) and next its concrete manifestations (γ). Along with this, especially key concepts such as ‘money’ and ‘production’ acquire a continuously enriched meaning. Therefore ‘the’ concept of, for example, money, cannot be meaningfully defined in, say, Chapter 1, as it acquires new meanings (in the exposition of this book) in Chapters 2, 7 and 3. SD therefore eschews fixed definitions. Nevertheless, at each dialectical level, or moment (A§5), it *delineates* concepts ‘for the moment’. Even so, in the way this book is written, early concepts and their delineations are claimed to be true, and are (if I made no mistakes) not inconsistent with the later more enriched concepts. Indeed, the early concepts are claimed to be true, but only so abstractly (in the sense of ‘encompassing’). Their truth is contained in the newly developed concept.

A§7 *Presumptions and pre-positions (contrary to assumptions)*

This section is almost identical to C§3 of the General Introduction.

SD not only eschews definitions (A§6), it also eschews assumptions. However, the exposition in this book adopts three *presumptions*. Firstly, a *cultur-*

¹¹ See also Reuten and Williams 1989, p. 22.

ally determined language (in our case, specifically ‘English’). Along with it goes an *episteme*.¹² We can, to a degree, be aware of this, but no scientific endeavour can escape this far-reaching presumption. (Sometimes it is believed that mathematics does. However, mathematics requires at least ‘initial translations’ from cultural language into mathematics.) Secondly, it is presumed that our object of investigation exists. In our case, that is, capitalist social formations and especially capitalist economies and states. Empirically these are exemplified in OECD countries as well as all other countries with a similar structure, independently of their level of development in terms of GDP per capita and of state expenditure. Thirdly, it is presumed that this object of investigation is systematic (A§2 above). This is a precondition for any scientific study of an object of investigation beyond mere descriptions.

Next to these three presumptions I adopt ‘*pre-positions*’ in Chapters 1–3 and 6–8. I adopt these merely because all the constituent elements of a ‘system’ cannot be presented at the same time. I use the term ‘pre-position’ (instead of ‘assumption’) so as to indicate that these have a temporary status. (In modelling approaches many ‘assumptions’ have a permanent status.) Thus in the course of the dialectical exposition, I introduce entities that at the stage of their introduction are not, or not fully, ‘grounded’. (For example, when I introduce ‘money’ in Chapter 1, the creation of money by banks in Chapter 2 is pre-positied.) A major difference between systematic-dialectical pre-positions and the assumptions of a standard model-building approach is that systematic-dialectical pre-positions must *always* be grounded within the exposition – an SD exposition is never complete until all determinations relevant for the object realm have been determined *endogenously*, that is, when no pre-positions (or assumptions) are required, and all earlier (temporary) pre-positions have in fact been eliminated. In the main systematic text of this book, I never used assumptions – if I have made no mistakes (in Explications I sometimes used an assumption, merely to simplify an example).

When, in a modelling approach, some assumption is dropped, earlier statements (based on the dropped assumption) may no longer hold. This is different for pre-positions. All the statements formulated at each level (e.g. at the expositional level of Chapter 1 or 2) are claimed to be true, and still to be true when we have reached Chapter 5 or 11.

12 Foucault (in *The Order of Things*) uses the term *épistème* to refer to the ‘unconscious’ mental arrangements that underpin the production and the *possibility* of the production of scientific knowledge, in a long-term era (think of the Middle Ages versus ‘modernity’). An *épistème* is much more far-reaching and inescapable than Kuhn’s notion of paradigm.

All the remarks above about pre-positions pertain to the object realm we study here ('capitalism' – A§2). Although capitalism cannot exist in a void, it is hardly opportune to begin a book about the capitalist system by an exposition of natural-scientific entities (if I could).

A§8 *Synthesis and the role of analysis*

SD investigation is the process of enquiry from a systematic starting point (Figure 14.3). This investigation *results* in the *systematic exposition* that one finds in an SD text (such as this book). An SD exposition is *synthetic*.

In A§3, I indicated that SD investigation requires sufficient conceptual and empirical analysis for its synthetic exposition. It selects from this analysis and neglects what is considered deficient. However, if the existing analysis is lacking or poor regarding some moment, then the author of an SD work will need to undertake the appropriate analysis.¹³ (In the current book, and if required, I have relegated any such analysis to 'explications' or 'amplifications', so that the systematic exposition proper in the main sections is purely synthetic.)

A§9 *Immanency and immanent critique*

The SD exposition of a social totality is an immanent one. That is, it sets out the system from the perspective of the object totality's principles, norms and standards. This is a principle adopted from Marx. Even if the system is presented *from within itself*, this does not imply the absence of any evaluation or assessment. When the norms and standards are taken to *their* logical conclusions, we may detect possible inconsistencies, which an immanent critique makes explicit. (See the General Introduction, C§6, for some more clarification.)

Division 4. Systematic-dialectical exposition

In this last division I discuss the systematic exposition proper. Strictly, the 'exposition' is the text of an SD work. However, it should be emphasised that alongside the actual writing process, the author is engaging in a complicated SD investigation.

13 In A§3-a I noted that Marx was confronted with this exact problem, so that he had to engage in analysis himself. In my 2000 paper on systematic dialectics I neglected the possible requirement for analysis along with the systematic investigation and Guido Starosta (2008) rightly criticised me for this.

A§10 *The systematic starting point*

The pre-systematic research (A§3) leads up to the starting point of an SD exposition. This starting point is an all-encompassing conceptualisation of the object totality. It is abstract in the sense of it being an as yet non-grounded conceptualisation. At the starting point we merely have the appropriation of analysis as an abstract determination (α in *Figure 14.4*). Or, we have ‘merely’ posited a unity-in-difference. In Hegel’s work on society (1967 [1821]) this is ‘free will’, for Marx (1976 [1867]) ‘commodification’, and in the current book ‘dissociated outward bifurcation’ (on the latter two see also 1§1-h, 1§5-b).

At the beginning it is unclear how the starting point can have existence. At the beginning it is, as yet, unproven that the starting moment (α) indeed is the unifying concept of the object totality. This has to be shown in the process of setting out its conditions of existence, along which the starting point appears progressively less abstract. Thus we have a process of progressive concretisation and differentiation (β). As Hegel says, at the beginning ‘difference is still sunk in the unity, not yet set forth as different.’ Only on completion of the exposition, he continues, will we know that ‘[t]he truth of the differentiated is its being in unity. And only through this movement is the unity truly concrete.’¹⁴ Once the exposition is complete – and thus when the initial unifying concept is shown to be inherent in the object totality, in its full concreteness (γ) – we will have come full circle, confirming the truth of the abstract starting point.¹⁵ Thus the ultimate test of a starting point is the success of the exposition itself.

A§10-a Addendum. Hegel’s Systematic Dialectic

Throughout this division I refer in footnotes to the work of Hegel, and especially his *Encyclopaedia Logic*.¹⁶ However, my own SD is not the same as Hegel’s. I rather build on Hegel – the footnotes acknowledge this – in a way that often deviates from him. I especially mention that in my exposition I have no analogue for his ‘subjective logic’.¹⁷ Instead I move to ‘concrete manifestations’ (A§12 below), which in Hegel’s terminology would be a further development of his ‘actuality’.¹⁸

14 Hegel 1985 [1833], p. 83.

15 Compare Murray 2003, p. 157 and Arthur 1997, p. 31.

16 *Encyclopaedia Logic* (1991 [1817¹; 1830³]). This book is composed of three main divisions: I. The doctrine of being; II. The doctrine of Essence (also referred to as the Essence Logic); III. The doctrine of the concept (also referred to as the Subjective Logic).

17 See the previous footnote.

18 The last part (C) of the Doctrine of Essence.

In Reuten and Williams 1989 (pp. 26–30), we indicated why an SD of the capitalist system could not reach beyond Hegel's Essence Logic. Tony Smith (1990) made this point in a far more sophisticated manner (unfortunately, at that time we did not know each other and the printing of the books coincided). See also Smith 1993 and 2014. Chris Arthur takes a very different position in his SD project (elements of which are outlined in Arthur 2002, 2011 and 2016). He highlights the dominance of capital within the system (we agree on this) and *therefore* considers Hegel's Subjective Logic to provide an adequate framework for presenting that dominance. Riccardo Bellofiore (2014), without explicitly endorsing Hegel's Subjective Logic, posits that fetishism empowers capital in a way that is similar to it being a Subject in the Hegelian sense.

A§11 *Grounding moments (conditions of existence)*

1 *Exposition of 'how' the system can exist*

Systematic-dialectical 'exposition' refers to the SD mode, or way, of conceptualising an object totality characterised by a systematic structure. The main body of an SD exposition consists in the presentation of the 'conditions of existence' of the starting point. (In this book Chapters 1–3 and 6–8 after the starting point in 1D1 and 6D1.) This way the exposition shows *how* the system can exist. This is the same as showing *how* the starting point – which captures the essence of the system – can exist. In reference to the starting point of 'dissociated outward bifurcation' (1D1 and 6D1), the 'how' regards exposition of how the bifurcation is bridged such that the capitalist system can exist.

2 *Concretisation of the starting point*

Even if the starting point can be phenomenally interpreted and understood, it is abstract to the extent that its conditions of existence have not been set forth (these are either yet pre-positated, or as yet implicit). With the exposition of each condition of existence, the starting point, and hence the existence of the system, is gradually concretised. This is the same as the existence being further grounded. Therefore a condition of existence is, alternatively, indicated by the term '*grounding moment*'.¹⁹ (Metaphorically, and referring to the metaphoric pyramid of *Figures 14.2 and 14.3*, we reach each time *more* concrete ground as

19 The terms 'condition of existence' and 'grounding moment' are used interchangeably. The first term has the advantage of focusing on existence, and is perhaps initially more transparent. The term 'grounding moment' has the advantage of focusing in on the momentary, therefore emphasising its incompleteness.

the dialectic unfolds. The ‘foundation’ is not in the top, but rather in the movement towards the concrete bottom.)

3 *Systematic order*

The systematic ordering of these conditions/moments is central to the ‘art’ of SD investigation. At each stage of the exposition it has to be determined what is the necessary *proximate* condition of existence of what was posited earlier on. Beginning from the starting point, an SD exposition must pose its *proximate* grounding moment, that is, the immediate and most general conditions for that what was posited before. To the extent that the proximate grounding moment cannot exist by itself, that moment requires *new* proximate grounding moment(s). This way we have a series of grounding moments.²⁰ At each point, the dialectical exposition is driven forward by the insufficiency of a posited moment. The grounding moment at a new level (say, Chapter 2) sets out a still (relatively) abstract existence that cannot yet actually exist, which drives the exposition forward as described.²¹ This goes on until all conditions of existence have been determined, and so are endogenous to the exposition.

‘Insufficiency’, above, refers to the cohesive limits of a moment (A§5). Nevertheless there is a truth claim for the conceptualisation of each single moment, one that will not be withdrawn in a later moment. Rather, the truth of earlier moments is contained in later moments (cf. A§6). Thus the more we move down in the metaphorical pyramid, we have ‘a concentration of many determinants’, as Marx put it.²²

4 *Systematic interconnection*

Along the process just set out, the exposition posits the interconnection of the grounding moments, and hence the interconnection of the phenomena that necessarily constitute the system. (We reach interconnection because grounding moments are again grounded in further grounding moments.) This is the great merit of the SD method. Each proximate grounding moment posits further interconnections, and therefore further *comprehension* of the system. (We may perhaps ‘understand’ the starting point and the capitalist system that we had phenomenologically before us. It is through comprehension of the interconnections that we gradually move towards grasping it.)

20 This, in my view, is the core of Hegel’s Essence Logic (i.e. the Second Part of his Logic) – Hegel 1991 [1817].

21 Cf. Hegel 1991 [1817], §120–§124; 1985 [1833], pp. 81–3.

22 Marx 1973a [1903; 1858ms], p. 101.

In order to guarantee that indeed all the necessary interconnections are posited, it is indispensable that SD abstains from any assumptions. Assumptions would open the way for gaps in the interconnections, hence gaps in the comprehension of the system.

5 *Necessary conditions*

It was indicated above (point 3) that the ‘art’ of SD investigation consists in the determination of the necessary *proximate* condition of existence of what was posited earlier on. Part of this art is to indeed determine what is a ‘necessary’ condition, and therefore what aspects of the phenomenological reality are merely contingent (meaning that these phenomena could be either absent or different without changing the essential reproduction of the system).²³ As the necessity–contingency distinction is also relevant for Manifestations (A§12), I amplify on this distinction in A§13.

6 *Necessary forces and enforcements*

The result of the exposition of grounding moments is a structure of interconnected conditions of existence of the starting point. All these have the status of necessary forces and enforcements for the continuity of the capitalist system.²⁴ Much of this structure is pervaded by two necessary forces that, inevitably, were presented early on in the exposition: those of, first, the *production and appropriation of surplus-value* (1D5) and, second, the *legitimation of the state* (6D3) for upholding the first force in the form of granted rights to production and appropriation of surplus-value.

Other necessary forces and enforcements ground the former two. (For economic agents that, in their self-perception, consider capitalism as the embodiment of freedom, these enforcements must be thought-provoking – cf. 6§2-a.)

7 *Systematic-dialectical synthesis, and the end-point of its first stage*

The SD exposition of systematic interconnection (point 4) is inherently a synthetic exposition (cf. A§3 for the distinction between analysis and synthesis). Analysis aims to gain knowledge through the deconstruction and decomposition of phenomena – or of phenomenological realms – into their elements. SD, as indicated in A§3, uses the results of analysis. However, SD exposition is the opposite (or counterpart) of analysis in that it posits interconnection and hence synthetic knowledge – synthetic comprehension. Nevertheless the SD

23 ‘Reproduction of the system’ refers to its continued existence.

24 Hegel sets out this connection in Division B (subdivision C, on Relationship), of his *Essence Logic* (1991 [1817], §135–§141).

synthesis may not be the analogous opposite of analysis. Analysis must assume that the phenomena, or phenomenological realms, that it deconstructs relevantly belong together. This assumption may be right, but it may also be wrong.²⁵ Therefore synthetic conclusions may, qua content, be opposite to analytical conclusions.

The completion of the exposition of the interconnected conditions of existence of the starting point completes the first part of the SD synthesis. With it, all the *grounding* moments have been presented. However, these may not reach the moments that, without requiring further conditions of existence, are nevertheless substantial to the SD synthetic exposition. The next section turns to these.

A§12 *Manifestations: synthetic moments of concrete manifestation*

The final phase of the exposition is that of the ‘concrete manifestations’ of the capitalist system (Chapters 4–5 and 9–11).

It might have appeared to the reader that in the earlier chapter texts (1–3 and 6–8), I presented manifestations of the capitalist system all along the exposition of the grounding moments (A§12). In a particular way this is the case; however, these could be no more than ‘abstract manifestations’ (which is a rather contrived terminology). This is so because *prior* to the completions of all the grounding moments (A§12), it is not shown *how* the capitalist system can concretely exist. Hence prior to that point we still have merely multi-interpretable phenomena, rather than the manifestations of the capitalist system that we can concretely comprehend: ‘concrete manifestations’.

Therefore all the empirical graphs that I presented at the level of grounding moments could be no more than pre-positions or illustrations. I always relegated these to the non-systematic Amplifications rather than to the systematic main sections.²⁶

These concrete manifestations take the exposition further, without (I repeat) introducing any additional conditions of existence. Not being grounding

25 For example, the analysis of unemployment by considering the realm of the employed and unemployed labour may result in the reduction of unemployment to the shortcomings of unemployed individuals. On the other hand, if the analytical starting point would have been the realm of the accumulation of capital, then the analytical conclusion might have been that accumulation requires unemployment, whatever the characteristic of individuals. Generally analysis is more reliable to the extent that its realm is wider, and to the extent that it minimises its assumptions, and to the extent that the assumptions it does use are realistic.

26 In fact I experimented with presenting all that stuff in a very long Chapter 10. I ‘fired’ this to my students in 2015/16, but that did not work. (I thank them for their polite criticism of it.)

moments, these are nevertheless necessary moments that are the culmination of the synthetic exposition, building on that of the grounding moments. Those grounding moments – posited in their proximate sequence (A§12, point 3) – reveal the reproductive strength of the capitalist system. However, the concrete simultaneous interaction of these grounding moment's forces (A§12, point 6) is also expressed in concrete manifestations that reveal *not only* reproductive strength, but also reproductive vulnerability.²⁷ I recall in a most condensed way the core of these manifestations.

Whereas enterprises constitute a unity as (in brief) appropriators of the surplus-value produced by labour, they are in their market interaction manifest in their difference. On the one hand, this takes the form of antagonistic competition, but on the other, it takes the form of escaping competition and 'practising unity' through cartels and the centralisation of capital (Chapter 4). Given the economic rights granted by the state, the state's position regarding this practising unity is inevitably ambivalent and paradoxical (Chapter 9). The accumulation of the enterprises' active capital is concretely manifest in its cyclical over-accumulation and partial destruction along with super unemployment (Chapter 5). The state is concretely manifest in its increasing expenditure, not least on social security transfers, and in the increasing size and complexity of regulation (Chapter 10).

The concrete manifestations are a combination of strength and vulnerability. The latter reveal how the walls of the grounding moments (A§12) are perhaps not 'crumbling' (to use Schumpeter's metaphor in his 1943, ch. 12), but nevertheless shaking.

A§13 *Necessity and contingency*

1 *Contingency*

The reach of SD is restricted to the interconnected exposition of phenomena (entities, institutions and processes) that are necessary to the reproduction of the capitalist system (A§11–A§12).²⁸ Thus it generally abstains from the presentation of contingencies (some qualifications are pointed out later on in this section). The provisional delineation of contingencies as being 'accidentals' is insufficient, as contingencies may have grounds. However, contingencies and

27 Major vulnerabilities are absent from Hegel's systematic dialectic. Smith (e.g. in his 2014) therefore calls Hegel's dialectic a system 'affirming' dialectic.

28 In Reuten and Williams 1989, we endeavoured to present a number of contingencies in the light of necessities. In the present book I refrained from doing this, whilst maintaining the presentation of the type of contingencies set out in the next subsections.

their possible grounds are external to the essential reproduction of the system. Phenomena are contingent when these could be either absent (e.g. gender discrimination or military expenditure and wars) or different (e.g. retail opening hours or bankers' dress codes) without changing the essence, the essential functioning and potential reproduction of the system.²⁹

There is in principle 'an endless sea' of contingencies ('it could be this way, or that way') whence it is not opportune to list contingencies and to argue why these have not been dealt with in the exposition. Therefore the implication of the exposition is that everything that is *not* dealt with is contingent. The implication is also that contingencies are 'in principle' changeable within the system.³⁰

However, the statements above do not imply that all contingency can be abstained from. This is the subject of the following subsections.

2 *System necessity of moment versus individual contingency*

The moments of the capitalist economy are predicated on capitalist economic forces (A§11, point 6; amplified in A§14). However, even if the moments and these forces are necessary for the totality, a force almost never has such an absolute character with regard to any individual constituent part of that totality. For example, whereas a profitable individual enterprise could deliberately interrupt its capital circuit, cease accumulation and liquidate – in spite of the various constraints that will usually act upon it not to do so – the collective group of enterprises *must necessarily* accumulate in order to reproduce capitalism.

3 *Necessity of moment, contingency of intensity*

All moments of the exposition are necessary; however, their intensity might be contingent. Regarding the capitalist economy this applies first of all for the degree of accumulation of capital. Thus whereas the accumulation of capital is necessary to the system, its expression in a rate of accumulation of three or six percent is contingent, and each structurally positive rate is compatible with the system's reproduction.

29 For example, gender discrimination and retail opening hours do have a social and economic impact – huge for gender discrimination; however, these are contingent in the sense that their absence (in case of discrimination) or their variety (in case of discrimination or opening hours) are, in principle, compatible with the capitalist system.

30 Cf. Reuten and Williams 1989, pp. 35–6. Without referring to the methodical necessity-contingency distinction, Smith 1990, pp. 38–40 and 1993, p. 28 casts this in terms of 'fundamental' and 'non-fundamental structures'.

Apart from this main moment of accumulation, the contingency of intensity applies also for other moments of the capitalist economy, especially the degree of incorporation of enterprises (2D6), the degree of the ex post substitution for the pre-validating finance provided by banks (3D3) and the degree of over-accumulation of capital (5D2). The contingency of intensity applies for almost all moments of the capitalist state apart from the Hard Core moments (Chapter 6). In fact, the history of full-fledged capitalism reveals this contingency (10D3). However, this again does not imply that this contingency of intensity is an indeterminate contingency. Quite a few of these have a tendency character, and this category is separately dealt with in the next section (A§14).

4 *Necessity of moment, contingency of form*

Some necessary moments may take on a contingent form (or mode). For example, whereas the moment of taxation is necessary (8D2), the particular form of taxation (i.e. the content of that moment) is contingent (8D5). This nevertheless means that at least one form is necessary, whence the exposition must treat a variety of forms. Another example is the qua moment necessary market interaction of enterprises (4D1). This interaction may take a variety of forms (or modes), amongst which at least one form is necessary (4D2–4D5). Regarding the particularly competitive form of interaction, we have seen that this may take a deflationary or an inflationary form (4D2–4D3).

5 *Becoming necessary*

A particular SD exposition, such as the one in this book, cannot be definitive because the dynamics of the system may evolve in such a way that the content of a particular moment posited may no longer be sufficient. This means that a specific content of a moment (or part of it) posited in this book may at some historical point have *become necessary*. Note that this is due not to an epistemological defect (a defective exposition at the time of its presentation), but rather to new ontological developments. I mention the three cases of this in the current book.

First, the corporate enterprise (2D6). For full-fledged capitalist economies around 1870 the corporate enterprise was prevalent, but it was no dominant necessity. However, given the growth of the enterprises' size within the category of medium and large enterprises, the corporate form for the latter is generally necessary in 2015.³¹ Thus the corporate form of the enterprise has *become necessary* for this category.

³¹ This is expressed in both a generalised increasing concentration of capital within enter-

Second, generalised price competition in combination with vast technical change tends to lead to generalised deflation and economic stagnation (4D2). The structural combination of the two may not have been prevalent prior to the 1930s, and not actual in the later decades when the structural overcapacity form of competition was dominant. However, because generalised price competition in combination with speeded up technical change remains lurking, a monetary policy, or an expenditure policy, generating a creeping inflation has *become necessary* (7§8 of 7D2 and 9§5 of 9D2).³²

Third, banks that are ‘too big to fail’ are a fairly recent phenomenon, though one with enormous consequences for the reproduction of the capitalist system. Therefore the regulation and finally the prevention of this phenomenon have *become necessary* (7§9 of 7D2 and 9§6 of 9D2).

The protection of the environment might be considered a fourth candidate. That protection is certainly necessary for the reproduction of the capitalist system. However, that protection has been necessary throughout the history of full-fledged capitalism. The fact that many states did not much care about it until around the beginning of the twenty-first century is another matter.

6 *Necessity versus contingency: a matter of content of the exposition*

Phenomena (entities, institutions and processes) are contingent when these could be either absent or different without changing the essential reproduction of the system. The decision to qualify phenomena as either necessary or contingent is a continuous major ingredient of the SD investigation: it is a matter of the *content* of the SD investigation and exposition. I indicated at the end of the first subsection (‘contingency’) that it is not opportune to list contingencies and to argue why these have not been dealt with in the exposition. Therefore the implication of the exposition is that everything that is *not* dealt with is contingent. Ultimately I must leave it to the reader to show that an instance of what I implicitly consider contingent is in fact a necessity (that is, a necessary condition of existence or a manifestation of forces behind these conditions). If one is found, then it should be included within the systematic of necessary conditions or of necessary manifestations.

prises, and a generalised continued centralisation of capital among enterprises, which would be impossible without the corporate form of enterprise (i.e. with limited liability).

32 Cf. Reuten 2003, On ‘Becoming Necessary’ in an Organic Systematic Dialectic; the case of creeping inflation. The idea of ‘becoming necessary’ was first developed in this paper (pp. 43–4 and 52–3). In the same book in which that paper appeared, Tony Smith (2003, pp. 26–8) takes a similar view about moments becoming necessary.

A§13-a Addendum. Hegel and Marx on necessity and contingency
 The concept of ‘necessity’ is central to Hegel’s *Essence Logic*.³³ In his lectures, not published by him, Hegel is quoted as saying: ‘The sole aim of philosophical enquiry is to eliminate the contingent. Contingency is the same as external necessity, that is, a necessity which originates in causes which are themselves no more than external circumstances.’³⁴ In his *Encyclopaedia Logic*, Hegel begins the exposition of this issue with the category of ‘possibility’, in the sense that everything that we perceive is possible (he means ‘determinate possibility’, not fictional possibility by assumption). Next he introduces the category of ‘contingency’ (accidental) in order to contrast it with necessity.³⁵ The point here is that these contingencies (for example, bankers’ dress codes) may have grounds (or perhaps must have grounds), though *these* grounds are not a part of, or are not essential to, the object totality at hand. Hegel’s third category is that of ‘necessity’. Necessities posit the object totality as an interconnected whole (as set out in A§11 above). A ‘necessary’ moment contains the antecedent moment transcended in itself.³⁶

This makes sense as far as it goes. As we have seen above (A§13, subsection 3–4), necessary moments can be of contingent intensity or be expressed in contingent form. ‘Normally’ this poses no problem in the systematic exposition to the extent that, firstly, this has no consequences for the systematic interconnection of moments, and, secondly, we comprehend these contingent intensities/expressions within a totality, that is, when we have reached the end-point of the exposition.

While Hegel is explicit about necessity and contingency, in his scant methodological writings Marx is not, and we must use the content of his texts to make inferences. These inferences are complicated by the fact that Marx expounded analysis alongside his synthetic exposition, without clearly separating the two (A§3-a). Often his (apparent) analysis does introduce contingency. Even so, considering the general structure of his exposition throughout *Capital I–III* (and considering the preliminary-draft character of especially Parts Four to Seven of *Capital III*), I think that Marx’s synthetic exposition mainly addresses necessity. (I cannot substantiate this issue here, as it would require an extensive study).

33 In his *Encyclopaedia Logic* it is the most substantial element of the *Essence Logic*’s last *Division C*: ‘Actuality’.

34 Hegel 1984 [1837], p. 28; cf. 1991 [1817], §143–§145.

35 See also Damsma 2015 and 2019, Ch. 1, Section 2, footnote.

36 Hegel 1991 [1817], §142–§149; cf. 1985 [1833], p. 80.

A§14 *Tendencies: dynamic constituents*

Tendencies are important dynamic constituents of an object totality, in our case the capitalist system. A tendency should be distinguished from an empirical 'trend'. A tendency is a process working in a certain direction, such that an entity takes a certain form or a certain quantitative expression. A tendency is always predicated on one or more forces or compulsions. In other words, a tendency sets out the *potential* effect of one or more forces. Therefore an alternative formulation is: A tendency is the generation of a particular form of an entity or the particular quantitative expression of an entity, this generation being predicated on one or more forces or compulsions. For example, the tendency for enterprises to take the corporate *form* (2§12) or the tendency for average inter-sector rates of profit to *equalise* (4§2, 5§1, 8§7, 8§7-a) – predicated on the forces indicated in 2§12 and 4§2.³⁷

Tendencies may be *counteracted* by other tendencies, or by other lower-level complexities. For example, the tendency for average inter-sector rates of profit to equalise is counteracted by 'the tendency to centralisation of capital', that is, the tendency to oligopolisation and monopolisation (4§14).

A tendency is a determinant whose *actualisation* might not always predominate in any individual case (for example, enterprises that do not take the corporate form because of their finance structure or for taxation reasons). However, for it to have the status of a tendency (in this book), it must apply to a significant enough number of cases such that, when abstracting from counteracting tendencies, it has a *predominant character for the totality*.

Even if some tendency would not be counteracted, this does not mean that the form or the quantitative expression at hand is actually reached (empirically). A tendency is indeed a process, a generation 'in force', 'in operation'. Thus, taking the rate of profit case, we are never in an 'end-state' of equalised rates of profit (as neoclassical general equilibrium theory would have it);³⁸ rather we are in a never-ending movement towards equalisation.

Tendencies can be posited at the level of conditions of existence or at the level of manifestations. The most important example of the first (namely conditions) is the tendency to incorporation of enterprises. This regards a strong drive generally, but a necessary one for medium-sized and large enterprises. However, tendencies are most often posited at the level of manifestations.

37 The concept of tendency is not found in Hegel's work. Marx does posit tendencies in *Capital*, without, however, elaborating on the meaning of his conception of tendency in this or his other works. In Marx's *Capital* it is often not clear whether his term tendency refers to a force or its expression, or perhaps both (I discuss Marx's use of the term in Reuten 1997).

38 See Blaug 2001 on the notion of 'end-state competition'.

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