CHAPTER 2

Capital and the Actuality of the Ideal

The method followed in my presentation of capital's social form rests on the logic proper to the peculiar character of the object. For a theory of active social form, specifically the value form, Hegel's dialectic of logical categories is relevant. To the objection that an idealist science is hardly appropriate to a materialist critique of political economy, I reply that the value form has itself an objectively 'ideal' character insofar as it may be presented as a logic of pure form, forms as pure in their own way as those presented by Hegel.

The systematic dialectic of form is rooted in the observation that the movement of exchange is analogous to the movement of thought, in that there is generated therewith a realm of pure forms, which stand in logical relations to each other, any material content absented. Of course, the exchange forms have their own specificity, in that sense not identical with Hegelian thought categories. But, nonetheless, in virtue of their origin in practical abstraction, they, and their relations, are homologous with the pure thoughts adduced by Hegel. It is of the first importance to see that I am not applying Hegel's logic to a given material, rather I find that exchange itself generates pure forms parallel to Hegel's logical categories. I argue that the analogy with Hegel's turn from logical truth to the reality informed by it is that the pure forms of value sink into the world of production, circulation, and distribution.

Much more is at stake than method. Hegel's so-called 'logic' is really an (idealist) ontology, its categories define what is required for the real world to gain its actuality. In the same way, my own investigation is ontological, its categories define what makes capital a real power in the world. It is in this context that I can answer the big question: how can Hegel's ontology serve as a guide in the critique of capital? It can, precisely because in an important respect capital is ideal. The abstract beginning of the presentation itself parallels capital's abstracting from production, when it throws commodities on the market unmarked by their origin.

Hence, in my view, a significant homology obtains between the movement of exchange, generating a system of pure forms of value, abstracted from the material specificity of commodities, and the movement of thought, generating Hegel's system of logical categories, abstracted from the real material world. Here, because of its importance in shaping the character and direction of social material production, below (in Chapters 6–8) I analyse first the value form as such, 'bracketing' entirely the origin of the objects of exchange.
The main reason why I must give a more complicated account than Hegel’s is that the pure forms I address are borne by material objects, commodities in the first place. Thus, whereas Hegel simply derives the category of universality logically, I have to say that the equivalent value category must be borne by money, which stands in a logical, rather than material, relation to commodities. It makes present their universal aspect to them, namely their identity with each other as values ideally posited through exchange.

The ideal realm, as it is constituted here, is not a true opposite of the material, because it is a peculiar ‘fold’ in material reality induced by the practice of exchange, which entirely absents use-value. This fold contains an inverted world in which socially objective abstract forms, *sui generis*, appropriate material ‘content’. It is not the case that productive activity takes appropriate form in value. Rather, the value form shapes this given material into its adequate basis. This interpenetration of the ideal mediation with the material ground of the economy means each pole has its own peculiar effectivity on the other.

Certainly, in our case, all depends on material exploitation; yet the ideality of the value form has an immediacy of its own, once constituted in its separation from matter. If it is said the real underlying ‘essence’ is to be contrasted with the superficial ‘appearance’, this is too one-dimensional a picture. Rather, the interpenetration of the material and the ideal means that living labour and capital are yoked in an unhappy marriage of material and ideal, each equally real, and each having autonomous effectivity in their combinations.

If I grant production is a more fundamental determinant, when I say the object of our theory is the capitalist mode of production, this is to align it with the general thrust of historical materialism, and in addition, to acknowledge that capitalism is a specific form of production, preceded and succeeded by other forms. However, capitalism is peculiar because practice has displaced this material ground, as the most fundamental of a hierarchy of determinations constitutive of the social whole, and it has substituted for it the seeming hegemony of abstract forms. While still effective in its own right, material production narrowly conceived cannot claim unproblematic dominance when there is also the effectivity of purely formal determination, of the value form, narrowly conceived.

I argue that the categories of Hegel’s logic may be deployed in understanding the nature of capital because material practice has generated a model of Hegel’s logic of the concept. This idea is the most novel, and difficult, aspect of what I propose here. There is no ‘given’ object realm of which one forms a concept, namely the concept of value, rather value *is a concept* given to us from practice, having been generated ‘behind our backs’. Value is a concept objectively
presented to us in the circuit of capital. It is not through some externally applied method that the nature of capital is identified and defined; capital defines its own identity through the circuit of the determinations of its concept that it itself presents.

To be sure there is here a lack of analogy with Hegelian identity of (our) thought and being, in that theory remains at a distance when it corresponds to the dialectic of the value form. However, since the dialectic of the value form is conceptual in nature objectively, its being and its own concept may be considered objectively identical.

In order to establish the special relevance of Hegel’s logic to this project, it is necessary to grasp the ontological foundation of the capitalist system. This foundation is the reality of that abstraction in exchange predicated on the identification, as ‘values’, of heterogeneous commodities. This ‘practical abstraction’ has a substantive reality quite independent of any methodological point about abstraction in theory construction. It produces an ‘inverted reality’, in which commodities simply instantiate their essence as values. The use-value character of the commodities concerned is ‘suspended’ for the period of exchange. They must be realised as values before they can be realised as use-values. So the value form of the commodity creates a split, between value as the identity of commodities premised on equivalent exchange, and their material diversity differentiating them from each other as use-values.

Here the problem to be explored is why and how a categorial logic drawn from Hegel’s idealist philosophy is relevant to a critique of political economy. In my opinion what has to be understood as subjected to an idealist inversion is not only Hegel’s ‘Idea’ but capital itself. It is because capital is upside-down, so to speak, that an upside-down philosophy applies to it. How does a domain of material reality become inverted? Well, in the first place it is because the logic of exchange imposes the same universal form on all goods, namely the value form, which then develops to capital as the form of self-valorising value. I hold that there is a peculiar affinity between the articulation of Hegel’s ‘Idea’ and the structural relations of commodities, money, and capital. Moreover, since the human bearers of the structure of capital are reduced to personifications of its categories, the capitalist, the wage-labourer, and so on, we find the same kind of self-acting forms as those in Hegel’s logic. They cannot be forms of thought as they are in Hegel. Nonetheless I believe that the capitalist system does indeed consist in part of logical relations.

Hegel’s logic starts with an abstraction from everything determinate. The ‘pure thoughts’ spring from the evacuation of contingent empirical instantiations to leave the category as such. We see the same process in practical terms when a commodity acquires a value form which disregards its material body.
Just as Hegel’s logic follows the self-movement of thought as it traverses the categorical universe, so the dialectic of exchange sets up a form-determined system.

There is a sense in which the forms apply themselves to the material to be formed, rather than the form naturally being taken on by the supposed content. However, this means that the form and the material content are not fully unified, but retain a structure of abstract contraposition: the content is inscribed in the form while retaining much that cannot be grasped in it. Because of this, I argue that capital is both material and ideal.

Here the formal structures are indeed ‘self-acting’, not just in the sense of being categorically connected by our thought process. Immediately, such formal determination posits commodity value as nothing more than the abstract possibility of place, a pure algebraic variable, a determinable with no particularly necessary determinate content. Although there is no given ‘content’ that could express itself in exchange-value, the latter reflects its form into itself, we shall see, itself as content. So anything and everything can in principle become a bearer of value.

The relationship between Hegel’s logic and the value form is much closer than that of an external identification of its logical structure, or a methodologically motivated application of its norms of adequacy, or an expositional strategy that finds it convenient to move from simpler to more complex structures. I believe that in some sense the value form and Hegel’s logic are to be identified. There is a significant homology between the practical movement of exchange, generating a system of pure forms of value, abstracted from the natural specificity of commodities, and the movement of thought, generating Hegel’s system of logical categories, abstracted from the real material world.

Commodities brought to market are incommensurable as use-values because their particular qualities are adapted to different uses. What happens in the formation of exchange-value is the negation of this difference of use-value. It is not necessary for the parties to the exchange to know what they are doing in this respect. But as a consequence of this practical abstraction from the specificity of the use-values concerned, which is ‘suspended’ for the period of exchange, the commodities acquire, as a new determination, the universal form of exchange-value. Theoretical priority must be accorded to ‘form analysis’, because it is the practice of exchange that establishes the necessary social synthesis in the first place, before labours expended may be commensurated in it.

What is at issue in the value-form abstraction is by no means the same sort of abstraction as natural science employs, when it studies mass, for example, and treats bodies under this description regardless of their other properties. For while mass is indeed a given property of the bodies concerned, inhering in
each, value has a purely social reality. Whereas in the case of mass ‘the principle of abstraction’ may quite properly be used to say that two bodies, balancing each other on a scale, share the same mass, in the case of value this principle operates in reverse, so to speak: because we equate commodities in exchange, we in practice impute to them the same value as if value were a property inherent in them. But the fetishism so posited is an objective phenomenon, not a confusion of social consciousness.

I go further than just drawing attention to methodological lessons from Hegel’s systematic ordering of categories, as do others. I draw also on his ontology. Hegel is the great expert on how an ideality builds itself up, moment by moment, into a self-actualising totality, an ‘Absolute’. If then, as I believe, capital has in part an ideal reality, then if it can be shown to incarnate Hegel’s blueprint it may be self-sustaining in the same way. Hegel’s logic can be drawn on in such a study of capitalism because capital is a very peculiar object, grounded in a process of practical abstraction in exchange in much the same way as Hegel’s dissolution and reconstruction of reality is predicated on the abstractive power of thought. Abstraction is ‘out there’.

It is striking that the dialectic of capital is pretty much parallel to the dialectic of Hegel’s logic. It is as if Hegel, in his philosophy, absolutised the specific dialectic of capital, although his factual knowledge of fully functioning capital was gained second-hand, in his readings of classical political economy and the English newspapers. (This ‘elective affinity’ is more striking than the parallel of Protestantism with ‘the spirit of capitalism’, as suggested by Weber.)

Initially the presentation follows Hegel in first treating the Ideal (in our case the logic of the value form) as opposed to the Real (in our case the material metabolism of the economy). However, he shows that the Ideal subsumes the real, ‘idealises it’, so to speak, such that the Ideal makes itself Real, indeed quite as real as the material sphere. In its unity with the Real, the Ideal shapes the former according to its own logic. So the Idea as the unity of the two aspects is objectively present, not merely a thought in the head. But my presentation is complicated by the fact that the homology of form relies on commodities and money to bear the ideal. These are perfectly real themselves, whether their putative ideal aspect is, or is not.

When I argue that the object of critique should be the Idea of capital, I do not mean by this ‘ideas about capital’, but that what confronts us is itself Idea in the Hegelian sense of an identity of concept and reality.

For Hegel’s absolute idealism the major point of reference is not the individual thinking being. Instead of the ordinary mind solving problems with this method of advance, Hegel likes to think of the categories arising and dissolving out of their own instability; insofar as they are thought, it is by some ‘objective
mind’. This ‘objectivist’ tendency of his logic is further strengthened because its truth is meant ontologically as much as logically. The coherence of the logic is at the same time the coherence of reality.

Hegel drew on previous systems of categories such as those Aristotle and Kant articulated. But his view of system is peculiar in that he claims ‘the Concept’ is the self-acting author of its own forms. I say the same of capital. Just as Hegel holds that thinking itself, devoid of personality, is ‘the productive subject’, so I take capital as a productive subject devoid of personality. It is the activity of the subject that is constitutive of objectivity. Thus it finds itself in its own world. So here capital is the constitutive subject that builds a world for itself, but on material foundations, including human labour, that are potentially destabilising of it. The counter-subject, labour, is trapped in the capital relation, which is played out in a counterpoint such that it is the very same movement that engenders both the self-constitution of capital and the self-negation of labour.

I aim to show that, epochally, capital has made good its claim to be Absolute through its wealth and power. In subsuming all otherness as a moment within it, capital seems a self-identical totality because the totalising logic of the value really imposes itself in such a manner that material and social relationships become inscribed within it. But I shall argue that capital as an ideal totality cannot account for what is in excess of its concept of itself, the concrete richness of social labour, not to mention that of Nature.

Finally, I must explain that a specific domain of reality, namely capitalist commodity exchange, can yet give rise to the most abstract categories, homologous with those of Hegel’s logic, the most abstract part of his universal philosophy. Whereas Hegel abstracts from everything through the power of thought, exchange abstracts only from what is presented to it, a delimited sphere of use-values. So we have in the dialectic of capital one that is less general than Hegel’s in its scope, but within its own terms equally absolute insofar as it is founded on all-round abstraction to leave quasi-logical forms. Hegel’s philosophy is encyclopaedic, and it has hundreds of categories accordingly. Capital, compared with the universe as a whole, is characterised by a poverty-stricken ontology, in which the qualitative is generally less prominent than the quantitative.

Because capital has a poverty-stricken ontology this has consequences for my use of Hegel. To put it bluntly, what is presented below may be rightly characterised as a ‘bare-bones’ Hegel. What is lost is the conceptual richness of Hegel’s categories, as well as their wealth of reference. Nonetheless, even in the schematic version deployed here, they function well enough to elucidate the value form and its inner dialectic.
The identity of the presentation with the inner dialectic of capital itself is vindicated in that capital has a certain conceptuality to it in reality. The relation between forms has a logical character, despite their need for material bearers. This is why the presentation traces the unfolding of the capital Idea itself, not of my conceptualisation of capital. Thus I do not apply the logic to capital. I follow its logic.

This also explains why the forms adduced must be grasped as simply logical. For example, let us consider the category of ‘substance’, which I use below when I term money ‘the value substance’ (§ 23). (This case I have found in experience is a category to which objection is made.) If I were to apply it, I would immediately have to ask, what kind of substance is that of value? Is it material or spiritual or what? But it is not any kind of substance; for it is the elucidation of the pure form here incarnate. It is true that these forms of value are socially constituted through practice, so for short one could speak of value as a ‘social substance’, for example. It is also true the forms become present in the ideal realm; so for short one could speak of value as an ‘ideal substance’. However, that is wrong if it presupposes it could have been a material substance. In truth, in this realm there is only ‘substance’ without any such attribute, other than its equally logical ones. (But to be borne in mind is the sublated material realm with its material substances underpinning use-value.)

So the self-presentation of capital takes shape as the Concept presupposing and positing itself, in an ideal activity which we unfold as if theory conjures up the categories itself. Moreover, the peculiarity of my domain of enquiry means that in the development of its categories I use only some of Hegel’s own. It also leads me to introduce new categories.

The most general guideline in evolving these new categories, and in the presentation of the whole system of categories, is that the presentation should be able to establish a clear order of succession, from the simplest to the most complex, from the most abstractly indeterminate to the most concretely specific. Each category will unify a manifold. But insofar as it appears external and imposed on the elements, and they, conversely, appear only contingently available to it, the category is not securely grounded, and hence the real as it is grasped under this aspect appears unstable and liable to dissolution. So, we follow in the method of presentation a Hegelian procedure in ordering categories according to their relative abstractness, and in motivating transitions between them according to the criterion of the relative insufficiency of the currently established categorial framework to guarantee on its own basis the self-reproduction of the system.

---

Insofar as the real is self-reproducing, the presentation should be able to exhibit its categorial articulation in such a manner as to show how this is achieved through certain inner necessities of its structure, in other words, to show how the logic of the system tendentially ensures its reproduction. It should also be possible to indicate the degree of dependence of the system on empirically given contingencies. Thus that money is a necessity for capitalist development may be demonstrated; but the role historically played by gold in this connection clearly presupposes the contingencies of its existence and suitability.

The ultimate object of the theory is the capitalist form of social material production; but it does not follow that in the presentation it is necessary to evolve general categories of production and then further specify these in terms of the form of capital. It is proposed here that, because of its importance in shaping the character and direction of social material production, the value form (as the germ of capital) should be analysed first; and the transition made to production in accordance with the determinations immanently required for the reproduction of capital according to the necessity of its concept.

I begin with the same perception as that of everyday consciousness, namely that in the bourgeois epoch nearly everything is capable of taking on commodity form, so we avoid the arbitrariness of concentrating from the outset only on products of labour. My approach has the advantage of starting with commodities in general, while arriving through the dialectic of the systematic presentation itself at the justification for a focus on production as the prime site of economically significant relationships.

Summary

The actuality of the Ideal results from the way the practical movement of exchange parallels that of thought, insofar as it generates a system of pure form. So the method here is not the application to our specific domain of one of universal truth, such as Hegel's logic. Rather, our domain itself generates a system of self-moving forms. Thus it is anticipated that there will be a homology between the economic forms and the categories of idealist ontology. Capital is an ‘upside-down’ reality instantiating an ‘upside-down philosophy’. However, that we deal with a specific domain means only some of Hegel's categories need be taken up, primarily those of quantity, for capital has a poverty-stricken ontology. The material basis of the economy has effectivity; but this is regulated through its formal determination by its Idea.