

CHAPTER 3

THE ESSENCE OF CAPITAL

Common sense or mere perceptual thinking had led many classical political economists to identify simple circulation or the monetary system with capital. They saw only the appearance of capital. They failed to discern the inner essence that lies beneath or behind simple circulation and in terms of which the latter must be explained. A more sophisticated exposition would distinguish between capital as it appears and capital as it is in its essence. Such an exposition would employ a scientific method that would take into account the fact that the essence of capital is merely implicit in simple circulation. Simple circulation therefore presupposes the essence of capital as the ground of its existence. A dialectical exposition of capital recognizes this fact and accepts it as a basic tenet. A careful, scientific treatment of commodity and monetary circulation detects what lies behind the mere appearance of capital. What capital is essentially differs from what it appears to be. Simple circulation is the mere “immediate being” of the underlying reality of the organic system of capital.

Marx sets out to explicate the inner nature of the capitalist system of production in this part of the *Grundrisse*. He demonstrates that simple circulation is a mere *Schein* or illusion for what takes place beneath or behind it; that circulation is in fact the necessary, outward appearance of the essence of this organic system; and, finally, that circulation is a process of “actualization.” Thus, he not only formulates a distinction between appearance and reality, but also shows how the essence of capital is related to this appearance.

Such a dialectical exposition begins by relating simple circulation to the essence of capital. Once the transition from simple circulation to capital is made, Marx can examine the interrelated elements that comprise its essence. This dialectical exposition of the essence of capital proceeds in turn from an examination of its abstract or simpler moments toward ever more concrete and complex relations. Finally, the exposition culminates in a demonstration of capital as a concrete whole of inseparably, correlated moments.

Three distinct steps are entailed in the exposition of a particular moment of the essence of capital. We begin with a relatively simple identity, e.g., money, the commodity, the whole of the working day, etc., and then show how this simple identity is differentiated into opposed and/or contradictory

sides. The two sides are actually two phases that constitute a single whole. The two sides then serve as the basis for further development, which likewise entail two phases that are superseded in a single whole. This advance from the abstract to the concrete does not entail that the simple moments are canceled out with the emergence of a more concrete, complex whole. Rather, Marx contends that these simpler moments are superseded, i.e., transformed yet preserved in the more complex whole. Thus, the essence of capital is conceived of as a system of hierarchically ordered, dialectically related forms of existence.

This way of understanding capital relies on a conceptual schema (a “background theory”) that distinguishes between appearance and reality. Yet it must not merely distinguish between the two, it must also demonstrate how they are inextricably related. It must provide a framework through which one may understand how and why reality must appear as it does. We contend that Marx found such a logical structure in Hegel’s presentation of the logic of “Essence,” in the SL. Hegel provided Marx with the necessary conceptual tools that would enable him to present an exposition of the essence of capital.

1. THE BECOMING OF ESSENCE AND THE EXCHANGE BETWEEN EQUALS

Marx has told us that if money is to prove itself the real material representative of wealth, it must be negated in its “purely objective form, as a form of wealth external and accidental to individuals” (*rein dinglichen Form, den Individuen gegenüber äußerlichen und zufälligen Form des Reichtums*) (N 235, MEW 161). In short, if money is to become capital, it cannot remain a mere thing, but must become a relation between individuals. The “becoming of capital” entails the transformation of money from a material substrate into the foundation of a relation between exchangers.

The exposition of such a transformation is by no means an easy one.¹ The deep, logical structure of the development is indebted to Hegel’s exposition of the “becoming of essence.” Hegel shows that individual quanta are brought into relation within the context that is established by the material substrate. The former are different “states” or “individuations” of the one material substrate. Because their existence is a function of quantitative determination, they are in this sense “indifferent” toward each other. Yet since they are individuations of the material substrate, they are nevertheless reciprocally related.² Each is itself “the unity of the two qualities into which the qualitative moment splits itself” (*jede selbst die Einheit der beiden Qualitäten ist, in welche das qualitative Moment sich spaltet*) (SL 378, STW 449). The existence of one is a function of its being in relation to the other.

Each continues itself out of itself into the other. They therefore maintain a state of equilibrium with respect to, or are equal to, one another (SL 379, STW 450).

Marx's treatment of the relation between exchangers as mediated by money reflects this logical schema. The bourgeois notion of equality is really a function of the "indifference" (*Gleichgültige*) of exchangers toward each other. Money has been realized as a unity that embodies differentiations in the form of particular commodities. Exchangers come to the exchange process bearing commodities. When the commodity is conceived of solely in terms of exchange value, the relation in which commodities are exchanged is an equation or a balancing out of equal exchange values. As a consequence, the individuals who undertake the process of exchange are simply and solely exchangers.³ Each then represents money, or, their existence as exchangers is a function of their having been determined by the money system. Each appears toward the other as the universal material representative of wealth.⁴ Each individual is "merely the individuation of money" (*nur die Individuation von Geld*) (N247, MEW 172).

Here, then, the material substrate determines a relation between its own "individuations." The latter are in turn "indifferent" and/or equal in an equation. Yet despite their indifference, as moments of the equation they are reciprocally related. They have different needs: A exists as the owner of a use value for B, and B as owner of a use value for A. Insofar as each possesses what the other needs, they relate reciprocally to one another; they "integrate" (*integrieren sich*) with one another, have need of one another. Each sees himself as both end and means of the exchange process. Each serves the other in order to serve himself, and this fact is present in the consciousness of the two exchangers. Each individual knowingly perceives himself as the means to the end of the other's satisfaction and at the same time as the end of the exchange. Each is "reflected in himself" (*in sich reflektiert*) (N 244, MEW 170).

Equality and freedom are thus recognized precisely because of the nature of money as measure, as the universal material representative of wealth. Money renders all things equal. Since products are exchanged based on exchange value, they must first equate themselves to the universal equivalent. The exchangers approach the exchange process bearing products that have been rendered equal insofar as each has a price. One is a buyer and the other a seller. Here the difference is merely formal, the fact remains that both represent money—both are "individuations" of money and "integrate" in the equation.

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