# Money and Totality, by Fred Moseley

Reviewed by Andy Blunden



## 1. Introduction

In *Money and Totality* (2016), Fred Moseley deals with a relatively small number of issues in Marx's *Capital* and its relation to Hegel's *Logic*, but the issues Moseley touches on include the most important and controversial aspects of Marx's method. He examines these issues with breathtaking precision and thoroughness. Moseley has identified in Marx's manuscripts six successive drafts of Volume I of Marx's *Capital*, which, taken together with Marx's correspondence with Engels, enable him to observe the gradual evolution of Marx's ideas until they reach the final form in 1867. I shall also refer to Moseley's chapter in *Marx's* Capital *and Hegel's* Logic (2015).

Moseley's aim is to elucidate key aspects of Marx's thinking and he has done so in such a way that his conclusions are really beyond doubt. There is just one case where Moseley finds that Marx "misspoke" and a couple of occasions where he claims that a word was chosen at the pleading of Engels in the interests of popularising his ideas which have proved to obscure rather than elucidate Marx's meaning. Otherwise, Moseley's aim is to simply represent Marx's meaning and intention as manifested in the three volumes of *Capital*. He makes no effort in this book to consider how Marx's *Capital* could be updated for our own times – he leaves such thoughts to the reader, nor does he criticise or cast doubt upon anything Marx wrote (other than a couple of minor errors or what he claims are minor errrors by Engels in his editing of Volume 3), or try to extend *Capital* beyond its scope as Marx left it. But we are left in no doubt about Marx's intentions, insofar as that is humanly possible.

One of Moseley's achievements is to refute the claims of "value theorists" that there are two distinct measures of value throughout *Capital*, one in monetary prices and the other value measured in socially necessary hours of labour, and that Marx failed to reconcile values with prices. He is also one of the few to have correctly identified Hegel's Concept Logic, the third book of the *Science of Logic*, as the inspiration for the structure of *Capital*.

## 2. Volume I and the Total Surplus Value

Moseley makes it very clear that the first assumption under which Marx's analysis is carried out is this:

> Marx's theory in all three volumes of *Capital* is about a *single system*, the actual capitalist economy, which is assumed to be in long-run equilibrium (p. 6)[*]

Moseley's most important finding is that the objective of Volume I is solely to determine the *origin* of surplus value in the exploitation of workers' unpaid labour time, and the *total* quantity of surplus value appropriated from the working class by capitalists across a whole economy.

> Marx's theory is structured according to *two main levels of abstraction*: the *production* of surplus-value and the *distribution* of surplus-value, and the production of surplus-value is theorised prior to the distribution of surplus-value, which means that the *total surplus-value* in the economy as a whole *is determined* [in Volume I]*, logically, prior* to its division into individual parts [in Volume III]; (p. 3)

It makes no difference at this first stage of the analysis, then, how much surplus value is appropriated by each individual capital, so long as the total remains valid. *Quantitatively*, the effect is that he is treating the entire economy as a single capital, with each unit taken as "average," indifferent to the distribution of capital and labour between the units of capital.

> To the extent that we are considering it here, as a relation distinct from that of value and money, capital is *capital in general*, i.e. the incarnation of the qualities which distinguish value as capital from value as pure value or as money. Value, money, circulation etc., prices etc. are presupposed, as is labour etc. But we are still concerned neither with a *particular* form of capital, nor with an *individual* capital as distinct from other individual capitals etc. We are present at the process of its becoming. This dialectical process of its becoming is only the ideal expression of the real movement through which capital comes into being. The later relations are to be regarded as developments coming out of this germ. (Marx, 1973, p. 310)

This claim, which Moseley documents meticulously, seems at odds with Marx's exposition which refers throughout Volumes I and II, to *single units* of capital, each with its expenditure on constant capital, variable capital (wages) and the increase in the money invested once the product is sold. From this a quantum of surplus value is calculated by simple subtraction (total price of the product minus money outlaid on wages, materials and fixed capital), a rate of surplus value determined by the proportion of surplus value to the variable capital invested and a rate of profit by the proportion of the surplus value to the total capital invested. Both rates are calculated with respect to each individual unit of capital. It is a matter of indifference whether the rate of surplus value or the rte of profit determined from each unit of capital varies from one particular sector

[*] References to a page number by default refer to Moseley 2016 throughout.

of the economy to another, or is uniform. What matters is only the total, and Marx makes no claim that the rate of surplus value, the rate of profit, or the composition of each capital (ratio of constant to variable capital) is uniform.

This viewpoint is mathematically equivalent to considering the economy as one unit of capital, except *that by its very nature, capital exists in numerous, competing units, not a single whole*. What Moseley does not tell is *why* then did Marx pose the issue in Volume I solely in terms of *single units* of capital and not in terms of an entire economy? Moseley correctly insists that Marx's interest in Volume I is the total surplus and the proportion of that surplus value to the total capital invested in workers' means of subsistence, and that this constitutes beginning with the *universal* (Moseley, 2015), in Hegel's terms. In adopting this approach, Marx is following Hegel's example perfectly. But how is it that he deals throughout Volume I with single units of capital, thus appearing to begin, not from the universal, but from the individual? I will return to this issue later, when I deal with Moseley's claim about the relation of the structure of *Capital* and the structure of Hegel's *Logic*.

Because it is the total values which are to be determined here, in Volume I, there is no problem in treating all the factors as *averages*, since "average" simply means dividing the given total by the number of units. It does not matter that the "average" as such forms no part of the motivation of any of the parties involved, but is simply derived analytically.

If one were to keep one's focus on the single firms, and, as Marx appears to invite us to, take the surplus labour time measured against the variable capital invested to determine a rate of surplus value for that firm, and against the total of constant and variable capital invested to determine the rate of profit for that firm, then we would find that the rate of profit and rate of surplus value vary from one firm to the next with no consistent proportion between them. If all workers are taken to be buying their means of subsistence from the same market, and capitalists are taken to be paying for labour power at its value, then it would seem that the rate of surplus value is uniform across all units of capital while the rate of profit would vary according to the composition of each unit of capital. But empirically this is not possible, as there is a strong tendency towards the equalisation of the rate of profit across the economy.

This is the root of the claim by value theorists that Marx has failed to solve the "transformation problem." Moseley resolves this paradox which has emerged at this stage by examining the distinction between commodities produced by capital and simple commodities sold at value by their producer.

## 3. Value and Price in Volume I.

Prices for one and the same product may vary from one moment to the next, to the extent that transitory and incidental factors impact on the price realised upon sale. In these circumstances, it is common to take "price" as the actual and "value" as the ideal or average, eliminating "statistical noise." However, if the assumption underlying the analysis is that of long-run equilibrium, this distinction is redundant. In keeping with this assumption, "price" is taken to be average price and in line with this, Moseley insisted that in Volume I, quantitatively, value is price. Price can be distinguished from value only in the sense that one can talk of value as a hypothetical price, but once a commodity is sold, its *value has been determined as its price*, and value is purely subjective until the commodity is sold. No further distinction is possible.. Value is price.

The quantity of labour "embodied" in the commodity is a matter of indifference to both buyer and seller once it has been sold. The act of purchase, exchanging the commodity for a quantity of money, its price, is determined as the value of the commodity. Its past history and its hypothetical or expected value is of no account. Marx says it is only the *socially necessary* labour time which determines value, and what turns out to be "socially necessary" is determined only at the moment of sale.

We know the *total* labour time embodied in commodities, being simply the total hours of labour expended by the entire working class employed by capital on a known quantity of any given product. Any deviation between the actual labour time expended by a given unit of capital and the average is accounted for by the qualification "socially necessary." The seller loss is the buyer's gain and the total value is unaffected.

Further, labour of the average type, labour at the basic wage, so to speak, is typical of a modern industrial capitalist economy, engaged in skinning chickens one day and packing parcels for Amazon the next. Marx calls this "abstract labour." It is "abstract" first of all, because it lacks any concrete quality, and is simply measurable by time (for Marx, the number of working days, it being presumed that workers are made to work as long a working day as possible under existing conditions of labour). It is "abstract" as well in the sense that the act of purchase and sale, valuing a commodity at a certain sum of money, determines *post facto* the labour time which had been *socially necessary*. The measurement by labour time is thus "abstract," but on average, across the economy, it will be quantitatively exact in its determination. Thus, money is the measure of "socially necessary labour time," under the conditions presumed in Volume I, namely, long-term equilibrium and commodities bought and sold at their value. Putting this the other way around: money is the *appearance* of abstract labour. Or, as Moseley puts it:

> The 'value' of commodities in Marx's theory is a complicated concept which has three interrelated aspects: the *substance* of value (abstract labour), the *magnitude* of value (socially necessary labour time), and the *necessary form of appearance* of value (money and prices) (see the titles and the contents of the sections of Chapter 1 of Volume I of *Capital*). After Section 3 of Chapter 1, the 'value' of commodities when presented without further attribution usually refers to the third aspect – the form of appearance of value in terms of money and prices. (p. 29)

## 4. Circulation and Turn-over time of capital

In Volume I, Marx has already shown that banks do not create any additional surplus value by lending money to an industrial capitalist and charging interest. Nor do landlords create any additional surplus value by owning the land on which production takes place and charging the industrial capitalist rent. Interest and rent are merely claims to a shares of the surplus already acquired by the industrial capitalist.

In addition to this, the industrial capitalist must pay the going price for the materials and machinery, etc., purchased off other industrial capitalists but this cost is passed on to their customers in the price of the product. Interest and rent on the other hand are paid out of the acquired surplus.

Also affecting the annual rate of profit which is retained by the industrial capitalist is the consideration that all the calculations in Volume I concerned one circuit of capital, beginning with money, M, exchanged for labour-power and means of production, transformed in the process of production into commodities, and then realised again by returning the product to the market, with a profit ΔM. But the capitalist pays rent and interest per annum and his own interest is only in the profit gained *per annum*. Consequently, the annual profit rate varies according to the circulation time, and it is the annual rate of surplus value which motivates the capitalist.

Further, costs are associated with circulation, and in general, the industrial capitalist will have to lay out a portion of the surplus in order to pay for transporting the product to market, storing it and for the retailer to sell it. Thus, the transportation and retail industries also claim a portion of the surplus.

These expenses, necessary for the realization of capital but not adding to the value of the product, are dealt with in Volume 2, entailing the industrial capitalist buying the products of other capitalists.

It is in the transactions with other capitalists, both those selling means of production, and those involved in circulation, that the solution to the seeming paradox of equal a uniform rate of profit across the economy despite the variation in the composition of capital from one particular sector of the economy to another can be resolved.

## 5. Equalisation of the Rate of Profit

Whereas it appears from Volume 1 and 2, that every unit of capital enjoys a different rate of profit, it is an empirical fact that the rate of profit tends to be equal across the economy. How can this be?

Moseley's most notable contribution to the understanding of of Marx's *Capital* is his refutation of the claim that Marx failed to solve the problem of the "transformation" of values into prices – the so-called "transformation problem." This claim, according to Moseley, is based firstly on a failure to understand that the aim of Volume I is merely to determine the total surplus value under the assumption that goods are exchanged at their value. That is, price is equal to value. This assumption is valid for the purpose of determining the total surplus value, as any gain from exchange is balanced by the equal loss for the other party, irrespective of its distribution. This assumption makes sense if one takes all the actors in the economy to be *independent producers paid for their work* by the sale of their product. However, the situation of the producers lacking their own means of production with commodities produced by capital opens the possibility of *exploitation* and it can no longer be presumed that value is the number of hours of socially necessary labour expended in production of a commodity. What remains though is that once sold, the value of the commodity is its price. Capitalist production necessarily entails sharing of the total surplus according to different principles than those which applied in Volumes I and II.

Failure to observe the difference between the simple commodity and the commodity produced by capital, has led others to claim that throughout *Capital* there is a "duality" of price and value, the latter being taken as the socially necessary labour time embodied in each commodity. But capitalist production begins and ends with money, and the "historical" value-composition of the commodity (constant capital, wages paid, surplus value) is irrelevant once a product is purchased for money by a producer and the value of the product is determined.

Certain sectors of the economy (the banks, state, land-owners, and the owners themselves, and the transport, storage and retail industries) take a share of the surplus extracted by industrial capital, as accounted for in Volumes I and II. Volume III deals with the fact that particular sections of the economy have a different composition of capital and that therefore would that they should generate a different rate of profit.

In Volume III, Marx does indeed deal with the "transformation" of values into prices, while maintaining the principle that value is once-for-all determined at the moment of sale.

Moseley shows that in Volume III a further distribution of the total surplus takes place between the particular sectors of the capitalist economy, this time between particular sectors of the economy with a greater or lesser composition of capital. In effect, those sectors with a lower organic composition of capital, and therefore, according to the arithmetic of Volume I, higher rates of profit, share so much of their acquired surplus with other sectors as will bring their rate of profit down to the average, while those with a higher organic composition of capital and therefore a lower rate of profit receive a share of the total surplus which raises their rate of profit to the social average. This sharing of surplus value takes place through a combination of two processes: (1) the flow of capital between sectors of the economy via the capital markets, and (2) the products being sold below or above values which would *appear* to follow from a calculation of added labour-time plus constant capital.

The first mechanism for this process of equalisation of the rate of profit is that the higher rate of profit enjoyed in one sector attracts capital investment from other another sector with a lower rate of profit, bringing about, effectively, over-capitalisation and under investment in the respective industries. This movement of capital from one sector to another does not however affect the total surplus value accumulated by the capitalist class as a whole, other than secondary effects the movement has on the total capital investment, which Marx says has a tendency to increase, and the effect on the price of the means of subsistence, which Marx says has a tendency to decline. In addition to this process, by capitalists in a profitable sector selling their products to other capitalists at a depressed price, they are effectively passing a share of that surplus to other capitalists. It is the uniform rate of profit which drives both these processes, and which is also the outcome of the process.

Thus, equalisation of the rate of profit across sectors of the economy occurs by means of competition for capital investment and the free flow of capital in the capital markets, and the suppression or enhancement of the value of the products of different industries. This results in changes in the distribution of capital between industries:

> Competition so distributes the social capital among the various spheres of production that the prices of production in each sphere take shape according to the model of the prices of production in these spheres of average composition. (*Capital*, Volume III, Chapter 10)

Once a commodity is sold, then its value is realised in the given price. It is this price which enters into the cost of production, both constant and variable capital, for other units of capital. A unit of capital in other sectors of the economy, by buying the products at this price in effect acquire or give up surplus value from/to the other unit of capital. By selling products relatively cheaply due to underinvestment and suppressed organic composition of capital, capitalists are in effect subsidising production in other sectors while still enjoying the average rate of profit – in effect sharing out surplus value to sectors which have been subject to overinvestment, equalising the rate of profit. (see p. 50)

Moseley is a pains to point out the difference between an "ordinary commodity," such as was dealt with in Volume I, and a commodity which is a product of capital:

> Marx discussed three important differences between commodities as products of capital and simple commodities. The first difference is that the labour which produces capitalist commodities is divided into paid labour and unpaid labour (i.e., the value of capitalist commodities contains surplus-value). The second difference is that the individual commodity is treated as an 'aliquot part' of the total commodity produced by a given capital, rather than an 'autonomous article', which means that the price of an individual commodity is not determined by the labour time required to produce this commodity (as with simple commodities), but is instead determined as a fractional part of the total price of all the commodities produced by a given capital, i.e., by dividing this total prices by the quantity of commodities produced. (p. 140-141)

The accumulation of surplus value by the capitalist class as a whole, as described in Volume I, is unaffected by the equalising of the rate of profit which can only serve to distribute that surplus value.

In a capitalist enterprise, it is impossible to link any labour act to any one given product; the production process can only be taken as a whole. This production process begins with a certain amount of money invested, *not* with a commodity with a certain amount of labour "embodied" in it. The price realised in the sale of the total product then recovers the money invested, M, and a profit ΔM, divided in some appropriate proportion between the prices of the single products. The price of these products still represents the value of the product, but its price, and therefore value, is lower or higher thanks to the composition or capital and the effect of over- or under-investment of capital across the particular sector. All sectors tend towards the rate of profit applying to the sector with an average composition of capital.

The capital market thus tends to "distort" the distribution of labour and capital across the various sectors of the economy in the interests of accumulation of capital as opposed to the needs of the economy as a whole. One sector subsidises another by paying “higher” prices for their products or receiving lower prices for their products.

### Long-term Equilibrium

Moseley is right that Marx wrote *Capital* entirely on the assumption of long-term equilibrium. This assumption is not intended to be factual, but as an analytical means to separate the dominant tendencies in capitalism from “noise.” Nevertheless, such an assumption cannot be valid without demonstrating that there is a relevant tendency towards equilibrium. In Volume I, Marx does this with the observation that if a unit of capital adopts a technological improvement which reduces the cost of producing a product then competition between units in the same trade obliges others to adopt the same improvement. The edge that the innovator gets allowing them to undercut their competitors in the same commodity market is soon wiped out and the organic composition of capital and the rate of profit tends to equalise across all the competitors. Note that this observation would not make sense if Marx had presented his analysis in terms of a single economy-wide capital. Capital essentially exists as independent units. Price competition and the movement of capital across sectors of the economy does *allow* however for whole sectors to be treated as if they were a single enterprise.

I think Moseley is not warranted in his criticism of others, such as Andrew Kliman, for efforts to theorise the process whereby equilibrium can be restored once it is disturbed. I say this notwithstanding Moseley’s profound observation that, following Hegel, Marx’s logic is one of “sequential determination” not of formal logic, and that such a sequential determination is compatible with a synchronic investigation irrespective of diachronic considerations.

On the same subject, if, for example, technological change brings about a change in the rate of profit across one particular trade, the restoration of a general rate of profit across the economy depends on competition in the capital market rather than in the commodity market, thus equalisation of the rate of profit across different sectors of the economy is dependent on the flow of capital in the capital market. It is this capital market which really characterises what is meant by “the whole economy.” Notwithstanding both Moseley and Marx, what makes capital in general *universal* is not the *sameness* of capital or having some attribute in common, across diverse units of production, but rather in the actual *flow* and metamorphosis of capital across individual units and particular trades.

This process derives, in my view, from the “two-fold character of labour embodied in commodities.” This is the contradiction which Marx introduces at the very beginning of *Capital* and it can be seen to reshape capitalist society right through Volume III.

Moseley often mentions that equalisation of the rate of profit means distributing in proportion to the total capital invested by each unit, and that this is because it is only the rate of profit, not the rate of surplus value which motivates the capitalist. And Moseley is echoing Marx in this view.

> individual capitals are treated as shares of the total capital and they ‘share’ the total surplus-value according to their share of the total capital. (p. 64)

But it is not self-evident why pursuit of profit should lead to equalisation of the *annual rate* of profit, why the "hostile brothers" kindly treat each other *according to the share of each in the total capital* when distributing the total of surplus value. It seems to me that the proportionality of profit to capital invested in the development of an Individual unit of capital determines that the sharing of surplus value will echo this fact across all sectors of a capitalist economy.

The mechanism which restores equilibrium with a uniform rate of profit is that a higher rate of profit attracts capital to a unit insofar as there is free movement of capital, and thereby reduces that higher rate of profit to the general level. It seems to me the result is not only the achievement uniformity in the rate of profit, but a long-term tendency to equalise the composition of capital, compensated in the meantime by the mechanism already mentioned by Marx, viz., the sharing of surplus value by means of the purchase and sale of products between capitalist firms. These two mechanisms tend together to restore equilibrium with a uniform rate of profit. However, there is no end point to these adjustments; the movement of capital into trades which labour-power is more productive of surplus produces on-going changes in the distribution of capital across the economy.

## 6. The "universal individual" in Hegel

Moseley is one of the few who have recognised that Marx's *Capital* draws its structure from the third book of Hegel's *Logic*, the Concept Logic. The first section of the Concept Logic is what Hegel calls "Subjectivity," the internal development of the Subject, in this instance, capital, and this first section is marked by three "moments," namely, Universal, Particular and Individual. The preceding two books of the Logic, Being and Essence, do not form part of the exposition of the Subject, but represent its genesis, reflected in the prior development of economy itself and the science of political economy.

> *Objective logic* therefore, which treats of *being* and *essence* constitutes properly the genetic exposition of the Concept. (Hegel, 1815, p. 577)

I will elaborate on Hegel's method in my own terms separately, but Moseley has made important discoveries in how Marx approached the use of Hegel's Concept Logic but has also made errors, in some of which he is echoing Marx himself.

There is a section of the *Science of Logic* where Hegel explains his method of building any science. This passage begins:

> The progress, proper to the Concept, from universal to particular, is the basis and the possibility of a synthetic science, of a system and of systematic cognition. (Hegel 1816, p. 801, S 779)

And this is exactly the approach Marx takes. As Moseley correctly points out, Volume I is entirely devoted to "capital in general." However:

> *Capital in general* is defined by Marx as what capital essentially is – the *most essential properties which are common to all capitals* and which distinguish capital from simple commodities or money and other forms of wealth. ... the *production of surplus-value* . (p. 43)

This is a true definition of "capital in general," i.e., "common to all," but is not a true definition of *universal* capital, though it is clear enough that Marx did in fact begin from the concept of capital as universal. See the Syllogism of Reflection or the Syllogism of Allness in Hegel's *Logic* for Hegel's explanation of the distinction.

In Moseley (2015), Moseley give a better definition:

> The reason why Marx's theory begins with the general form of surplus-value is that it is based on the assumption that all particular forms of surplus-value *come from the same source* – the surplus value of workers. (2015, 122)

This definition is better because it defines the unit of capital in terms of the transformation of value elaborated in Part 2 of Volume I, which constitutes a unit as part of the universal capital: M—C—M+ΔM, that is, the removal of money from circulation and its return to circulation with the aim of expanding itself. The further specification of capital in Part 3 of Volume I, as *industrial* capital is the appropriation of surplus labour time of workers. It is not so much being "something in common" between units of capital which is important, but the characteristic movement of value which constitutes all units of capital as part of the same universal capital.

Moseley (p. 47) cites Marx in the *Grundrisse*:

> Capital in general, as distinct from particular capitals, is an abstraction which grasps the specific characteristics which distinguish capital from all other forms of wealth.

and a little later:

> Capital in general is also defined as what all capitals have in common: "The introduction of *many* capitals must not interfere with the investigation here. The relation of the many will, rather, be explained after *what they all have in common*, the quality of being capital, has been examined." (p. 48, again citing Marx in the *Grundrisse*)

It does seem that at times at least, both Moseley and Marx did not see the distinctive way in which Hegel understood "universal" as distinct from "general."

Words aside, this beginning with *Universal* capital is entirely consistent with analysing how the *total* surplus value exploited from a working class is accumulated, and this Marx does.

Volume 2 examines how each unit of capital shares the surplus value it acquires as part of constituting itself as capital by returning products to circulation and recovering money from circulation, with a profit. In a sense, Volume 2 is a supplement to Volume I.

Volume 3 then deals with *Particular* forms of capital. A unit of capital can constitute itself as capital only by exploiting labour in some particular way, in *some* trade. The relevant characteristic here is of course the composition of capital in a particular sector. Here the surplus value acquired by an entire sector of the economy, competing with each other in the same trade, under the same technical conditions, becomes the subject. Moseley recognises that this phase of *Capital* is the Particular moment of Hegel's Concept Logic, and he provides quotes to indicate that Marx saw it that way, too. Rather annoyingly however, Moseley regularly refers to a sector of the economy not as Particular capital, but as Individual capital.

However, the Individual capital is the immediate, concrete, developed unit of capital, the individual firm or business. It is clear enough that to complete *Capital* and make it a comprehensive text book of political economy, further volumes on Individual capitals is required. But it is equally clear that Marx had little interest in, in effect, teaching capitalists how to make money, and further, the task of elaborating the science to this degree of detail is a task exceeding the capacities of one person, even Marx, at that point in the history of the science. However, Moseley cites Marx rejecting the need for an extension of the work to the Individual moment of capital for what strikes me as being a strange reason:

> Marx rejected Hegel's interpretation of singularity because the singularity of capital – interest-banking capital – is not the perfect embodiment of the inner nature of capital, but is instead the perfect 'obfuscation' of the inner nature of capital.

But Marx goes on to remark that "particular forms of capital and surplus-value that develop out of the 'germ' of capital in general" (p. 48). It is in fact this development from a single germ cell and continued mutual transformation which marks what is universal, not what is common between them.

The "unit" of capital dealt with in Volume I is an *ideal*, not "the concrete individual," just as "universal" does not mean "general" or "what *all* have in common" but the totality of capital.

Moseley brings evidence from the *Grundrisse* which includes the interpretation of "individual" (a.k.a. Singularity), as the concrete, individual developed unit of capital, the individual firm or business, but based on the fact that shares and such like are the means by which an individual *person* can *own* capital.

But this is an erroneous way of interpreting Hegel's *Logic* in terms of an entire population (universal), a particular group (Particular) and an Individual person, according to formal logic. Moseley draws attention to a passage in the *Grundrisse* (p. 275) where Marx is ruminating on different possible ways of interpreting the three moments of the subject as capital:

*Capital.* *

I. *universality*:

> (1)
>
> > (a) Emergence of capital out of money.
> > (b) Capital and labour (mediating itself through alien labour).
> > (c) The elements of capital, dissected according to their relation to labour (Product. Raw material. Instrument of labour.)
>
> (2) Particularization of capital:
>
> > (a) Capital circulant, capital fixe. Turnover of capital.
>
> (3) Singularity of capital:

* I have copied Moseley formatting of the quote, but used the word "universal" rather than the translator's choice of "generality."

Capital and profit.
Capital and interest.
Capital as *value*, distinct from itself as interest and profit.

II. *Particularity*:

(1) Accumulation of capitals.
(2) *Competition* of capitals.
(3) Concentration of capitals (quantitative distinction of capital as at same time qualitative, as *measure* of its size and influence).

III. *Singularity*:

(1) Capital as credit.
(2) Capital as stock-capital.
(3) Capital as money market.

Here we see Marx experimenting, c. 1858, on how to render Hegel's moments of the Subject with the subject being capital, some time after he had committed himself to a plan of "reconstructing" capital by "rising from the abstract to the concrete" (*Grundrisse*, p. 100). The use of Universal, Particular and Individual in a tiered fashion like this is not how this section of the *Logic* works, for a start. What we do see is how in the section "III. *Singularity*" Marx considered three ways in which an individual person can be an owner of capital. But a glance at the above "plan" shows that this not in fact how Marx eventually proceeded in writing *Capital*. In its final form, *Capital* reflected the Concept Logic as follows:

I. Universality

(a) Total surplus value
(b) Distribution of surplus value to lenders and landlords
(c) Volume II. Distribution of surplus via expenses of circulation

II. Particularity

(a) Volume III. Equalisation of Rate of Profit across Sectors of the Economy

III. Singularity

(a) Single company (future work)

He *could* have pursued an analysis of capital by means of examination of the various ways individuals can *own* capital, but he did not take that path. Thanks to Moseley's examination of Marx's manuscripts, we can see the protracted process that led Marx to a correct application of Hegelian logic to his analysis of political economy. He did not first study Hegel's *Logic* and then apply it to political economy; his understanding of the *Logic* developed through his struggle with the subject matter.

Moseley says:

> Marx criticised Hegel for surrounding his method in 'mysticism' (i.e., assuming that the universal is the Absolute Spirit), but Marx praised Hegel for correctly understanding the relation between the universal and the particular forms of the universal. (p. 45)

Moseley also says:

> For Hegel, the Universal substance is the Absolute Spirit, which incarnates itself in particular forms of objective reality. This is of course the idealist nature of Hegel's philosophy, which Marx

> completely rejected. For Marx, the universal substance is materialist – abstract labour. (2015, p. 119)

Indeed Marx did criticise Hegel in such a way, but no one mentions the fact that *Capital* deals with only one Subject, capital, while the *Logic* is intended to cover how *multiple* subjects (family, church, state, etc) interact with one subject, such as capital, merge with it and realise an entire social formation. The Universal is not the Absolute Spirit, it is the universal moment of capital, and capital is one subject among many. And nor is the Absolute "abstract labour." Even in the most developed capitalism imaginable, there are still *other* subjects and *other* kinds of activity. Capital is not self-sustaining; capital relies on Nature and human beings to renew themselves despite the predation of capital. Such interactions are the subject matter of the remainder of the Concept Logic (Object and Idea), which are not within the scope of *Capital*.

The *Logic* is not a codified version of *Capital*.

Marx had not yet fully solved the problem of how to interpret the subject matter of the *Logic*, although he did prefigured in the very first article of his mature work, *Theses on Feuerbach*.

## 7. Marx's starting point.

One aspect of Hegel's *Logic* applied to the various sciences which Hegel outlined in the *Encyclopaedia*, Marx figured out in the section of the *Grundrisse* called "Method of Political Economy." From this Marx drew the conclusion that every system of political economy (including his own) had first to derive "the simplest determinations" through analysis of the concrete data and immanent critique of earlier systems, and then *reconstruct* capital concretely by a synthesis beginning from these "simplest determinations." That synthesis would by *Capital*. We know from notes he later wrote (1888) that rather than "value" he would begin from "the *simplest social form* in which the product of labour is presented in contemporary society, and this is 'the *commodity*'."

I cannot say whether Marx had read the relevant passage in the *Science of Logic* explaining this method (the beginning of which was cited above). Unlikely, I'd say. But the method is exhibited throughout various books of the *Encyclopaedia*, so it is possible that Marx figured it out without reading the explanatory passage in the *Logic*.

> The progress, proper to the Concept, from universal to particular, is the basis and the possibility of a synthetic science, of a system and of systematic cognition.

The passage cited above continues:

> The first requisite for this is, as we have shown, that the beginning be made with the subject matter in the form of a universal (*Allgemeinen*). In the sphere of actuality, whether of nature or spirit, it is the concrete individuality (*die konkrete Einzelheit*) that is given to subjective, natural cognition as the first; but in cognition that is a *comprehension*, at least to the extent that it has the form of the Concept for basis, the first must be on the contrary *something simple*, something *abstracted* from the concrete, because in this form alone has the subject-matter the form of the

> self-related universal or of an immediate based on the Concept. (Hegel 1816, p. 801, S 779).

Part 1 of Volume I deals with the commodity (the simplest social form of value) and Marx's application of this method in relation to his starting point has been widely discussed in the literature. What is always overlooked however, is that Marx continued this approach (as did Hegel in the *Encyclopaedia*) as he took up successive key concepts of political economy, the first of which was capital.

Marx introduces capital by means of Moneybags who buys in order to sell at a profit.

> Our friend, Moneybags, who as yet is only an embryo capitalist who as yet is only an embryo capitalist, must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting.. (*Capital,* Volume I, p. 176)

This the "germ cell" (to use the word Marx uses in the Preface to the First German Edition; here "embryo," *der Keim* was Hegel's term), the "first" when beginning the synthesis of a new concrete concept. Moneybags's buying-in-order-to-sell is the unit of capital which is to be understood as the germ cell of a *single capitalist company*, a *unit* of capital. No wonder that those unfamiliar with Hegel's *Logic* fail to see that this unit, despite being a unit, is the universal moment of capital. It would have been utterly at odds with the method of the Logic for Marx to have begun with the total capital, total surplus value, etc., even though this is the intent of Volume I as Moseley has correctly identified. To do so would have represented capital as if it were a single entity across the entire economy like the USSR effectively aspired to be, whereas the concept of capital is precisely units like Moneybags which grow to become companies, but are always in competition with other units of capital like themselves.

While meticulously refuting those by taking Volume I at "face value," so to speak, as being concerned with an Individual unit of capital, Moseley does not touch on why the universal is represented as an individual, which "in this form alone has the subject-matter the form of the self-related universal or of an immediate based on the Concept."

One important insight which Moseley brings to the Hegelian roots of *Capital* is his claim that Marx's logic is a logic of "sequential determination." He claims that others have interpreted the logic, including the algebraic representations of the logic of capital, as simultaneous determination in the manner of formal logic, and connected with this, interpret capital as a self-replicating "system." But capital is not a "system" as such because it is in its very essence subject to continual change. This is why the claim of "long term equilibrium" can only be a relative claim for analytical purposes. The contradiction between quantitative exchange-value and qualitative use value continuously drives the *reshaping* of the capitalist economy through competition, competition which, as Marx points out, is inherently self-cancelling.

But Hegel's *Logic* is also a logic of sequential determination and this is how Hegel introduced a sense of time into logic. I can only say a "sense of time," because time itself does not figures in the *Logic*, but according to Hegel arises only in the "sciences of the Spirit." But it is this "sequential determination," exhibiting itself as "sublation" in the *Logic* which distinguished Hegel's *Logic* from System Theory, and I am grateful to Moseley for this insight.

Moseley notes that:

> Marx added a quantitative dimension to Hegel's Logic of the Concept, because Marx's theory is a theory of capitalism, and quantity is the main thing about capitalism. (p. 45)

It is of course the Judgments which buyers and sellers make every time they act in the economy, which reduces every social product to an exchange-value which makes this possible. And it is capital which makes this process of "real abstraction" ubiquitous. It is not so much adding a quantitative dimension to the *Logic*, but of applying the *Logic* to an essentially quantitative subject matter.

## 8. On Marx's Theory of Money.

Moseley explains Marx's theory of money as follows.

Throughout, Marx assumes that money is in fact gold. Because of its physical properties and its relative scarcity, for centuries gold had functioned as money: as a store of value, as a means measurement of value facilitating exchange, and as capital. This was despite that fact that paper currency was already commonplace in Marx's time. That is, money as an actual commodity was a germ cell of money from which the multiplicity of forms of money grew.

Gold embodies a definite quantity of abstract labour, being the average, socially necessary amount of labour-time required to find, mine and mint a given quantity of gold. However, since gold *is* money, it cannot be said to *have* a value, surplus or otherwise. As soon as the production cost of mining in a given gold mine generates a rate of profit below the going rate of profit, capital would be withdrawn from the mine, deployed elsewhere and gold mining would cease in the given mine. Thus the rate of profit in gold mining equals the general rate of profit.

However, Moseley says that it is widely agreed among Marxist political economists, firstly, that it makes no difference to capitalism whether money is gold or whether it is paper money backed by the state or bank credit backed by a secure bank, so long as there is no uncertainty about the "abstract labour" represented by a unit of money.

The downside of relying on gold mining for a money supply, is that the cycle of capitalist production begins from money; without the investment of new capital there can be no profit generated. Limiting the total price of production to the amount of gold available prevents the expansion of capital beyond very severe limits. So, so long as everyone trusts the central bank and the commercial banks to limit the issuing of capital to a level which maintains the going general rate of profit, a piece of their paper is as good as gold.

Another important conclusion of Moseley's study is that the average price of commodities is not affected by changes in the price of labour-power in a particular sector of the economy.

> an increase or decrease in wages in this case leaves k + p [cost of production + general rate of profit] unaffected, just as it would leave the commodity's value unaffected, and simply brings about a corresponding converse movement, a decrease or increase, on the side of the profit-rate. (p. 169, citing Marx in *Capital* Volume III)

All that is affected is the proportion between constant capital and variable capital in that sector, and movement of the total social capital between particular sectors of the economy ensures that the profit rate will be equalised.

## 9. Value of Labour Power

Likewise, the cost of buying the means of subsistence for the working class may be greater or less than their value, according to the sharing of surplus value according to the composition of capital in the sectors producing means of subsistence, presuming that these goods are to be purchased from capitalists.

> the prices of the means of subsistence and means of production are also equal to their prices of production, not their values. (p. 133. See also pp. 154 & 168)

But proletarians by definition have no capital, and do not own their own tools or the materials they work on. Consequently, they do not "produce" the labour-power whose use they sell to the capitalist and do not earn any rate of profit on exercise of their labour-power. All that goes to the employer. The vulnerability of proletarians allows this to happen. Even the self-employed artisan who competes with the employed proletarian will pay rent to the landlord and interest to the bank, absorbing the surplus value they create for capital, while competing with proletarians.

Marx accepted that services, such as the labour of a schoolmaster, can be commodities, if they produce surplus value for a capitalist employer.

> ... outside the sphere of production of material objects, a schoolmaster is a productive labourer when, in addition to belabouring the heads of his scholars, he works like a horse to enrich the school proprietor. (*Capital*, Volume I, p. 510)

Marx regarded domestic labour as something capitalists purchased out of their share of the surplus value and had nothing to say about domestic services in working class households, whether purchased from the market as they frequently are today, or by the unpaid labour of women. Marx had nothing to say about the labour component of producing labour-power and consequently Moseley has nothing to say about this in the book under consideration either.

If the means of subsistence cost more than their value, then workers will be obliged to work longer than the necessary labour time in order to purchase their means of subsistence and must be paid accordingly by the employer.

## 10. Conclusion

The "production price" theory, which Moseley has drawn attention to, as opposed to the idea of a quantity of "embodied labour" being passed down the chain of production makes the equalisation of the rate of profit comprehensible, while retaining the insights of Volume demonstrating the source of surplus value in the unpaid labour of the working class. Equalisation of the rate of profit is achieved thanks to competition for price and capital between particular sections of the economy, distributing the total surplus value extracted from the working class in a manner that differs from the quantity of surplus value originating from each sector.

In Volume I it was assumed that every product is sold at its value, as in simple commodity production where there is no question of the appropriation of surplus value by capital. The value and price of commodities do not exist side-by-side through the production process; rather every time a product is sold its value is determined as its price. What was "socially necessary" labour-time is settled once for all.

On the other hand, given long-term equilibrium, every time a product is sold by a capitalist producer, the price is determined according to the cost of production plus the going rate of profit. Competition between capitalists cannot allow it otherwise. That price is henceforth the value of that product.

If the composition of a given capital unit were to be equal to the average across the economy, and the composition of capital in all the industries producing the means of subsistence likewise equal to its value (unlikely assumptions), then that firm would buy its inputs at value and sell its outputs at cost price plus profit which would likewise be equal to the value of the product. However, even given long term equilibrium (in the sense which Moseley assumes), this is unlikely to be ever the case, because of the difference in the composition of capital between diverse sectors of the economy.

The difference between the presumption of commodities being sold at their value in Volume I determining rates of surplus value ad profit for each unit, and the finding of Volume III, that prices are determined by the general rate of profit and costs of production, is a difference arising in the course of the systematic, dialectical reconstruction of the capitalist economy. The movement of the analysis from is *simple commodity production by independent producers*, to *commodity production by capital*, such that the rate of profit in every sector is invariant with respect to the composition of capital in each particular sector. Workers are paid for their labour-power, not any part of the product they are involved in producing, and are subject to exploitation.

This is how I summarise the results of Moseley's meticulous reconstruction of Marx's thinking as he formulated what became the three volumes of *Capital*. Moseley's scholarship allows us to see that Marx did not begin with a clear conception of this insight, but rather, figured it out in the course of working through the theoretical and empirical data over a period of many years, at times hesitating or "misspeaking," but ultimately arriving at an analysis whose internal logic is impeccable.

While I have made, and will continue to make, criticisms of how Moseley and Marx himself understood the relation of the logic of *Capital* to the Hegel's *Logic*, it is clear that Marx in many respects far surpassed what Hegel was able to present in his *Logic*. It is important to grasp these differences, because we live in new conditions and face new problems and both writers have much to offer.

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