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A Critique of Value-Form Marxism

Since I am going to argue that there are fundamental weaknesses in the Chris Arthur's value-form reading of Marx, I want first to insist on its merits. Arthur is an outstanding exponent of both Hegel and Marx – not only a naggingly accurate scholar, but someone who in his own thinking is capable of rigorous dialectic argumentation of the highest order. His book, *The New Dialectic and Marx's 'Capital'*, is only partly a reading of Marx: Arthur also presents an original theoretical narrative about capitalism.¹ I believe that the value-form story which Arthur and others have evolved shows deep perceptiveness about dimensions of Marx's account of capitalism which are missed, or marginalised, in many straightforward political-economy accounts. Marx does, at times, make use of metaphysical language to suggest how capitalism operates as a reified system, and how capital is a thing-like automaton whose domination creates inverted forms of society. It is correct that a creative use of Hegel's logic can help us to grasp and explicate the laws of motion of such a dehumanised system. Value-form theory compels us to study with close

¹ Arthur 2002.

attention the ways in which Marx's concepts of value and money organise a political economy which explains the dynamics of a system driven by blind accumulation.

But something quite different is also going on in Marx's text. What is missed by Arthur and the other adepts of value-form is that Marx is also fighting hard and continuously *against* his own vision of a system driven by value imperatives – and he is doing this for scientific as well as political reasons. From the very start of *Capital*, Marx subjects his value analysis to challenge and qualification in a counter-text which unfolds in two dimensions.²

- (1) An explicit set of arguments about the omnipresence of use-values, at work at the heart of the value-form system and its sequence of transformations. We can agree with Arthur that *Capital* is centrally concerned with social forms. But, in Arthur's account, only exchange-value has form; use-value is defined solely in qualitative terms. Something of fundamental importance is being overlooked. Embedded in Marx's story is an account of the forms assumed by *use-values*, and the ways in which they disrupt the regular rhythms of capitalist reproduction.
- (2) The text of *Capital* is rich in poetry: an astounding array of metaphors and rhetorical strategies are deployed. These function to qualify and subvert the abstractness of the political economy discourse of *Capital*. The counterforces which surge through Marx's text register that his concern is not just to explain capitalism but, in every way, to contest it. That challenge is enacted within his own text. There is a performative dimension in *Capital*. It does not just talk about the need to oppose capitalist abstraction. Disruptive and subversive forces are released within the text itself to undermine abstraction. Marx does use Hegel's idealist logic in ways which Arthur's discussion helps to clarify. But Marx also, in his own phrase, 'coquets' with Hegel, and refuses to play along with the strict rules of Hegelian dialectic, which include a ban on metaphors and images.³ Arthur is alert to some of the major metaphorical figures which Marx uses. He writes as someone haunted, as Marx was, by an image of capital as vampire – he refers to value as, 'an ontological vampire bloating itself at

² My reading owes much to two magnificent works of Marxist scholarship, Prawer 1976 and Rosdolsky 1977; also to the new paths opened by Derrida 1994 and Bensaïd 2002. My thanks to Pete Green for much helpful discussion.

³ Marx 1976, 103. In strict Hegelian logic, 'Vorstellung' (conceptualisation involving forms of representation such as images) is supposedly not allowed. See Smith 1990, pp. 10–13; Inwood 1992, pp. 242–4, 25–79.

our expense' and as 'an unnatural form that clings vampire-like to labour and feeds off it'.⁴ But he is too selective in the metaphors which he examines, and errs in seeing the poetics of *Capital* as confirming, rather than subverting Hegelian forms of dialectic in the text.

Weaknesses in the treatment of use-value, and neglect of some crucial metaphors are linked to other damaging limitations in Arthur's reconstruction of Marx's political economy. A particular variant of Hegel's idealist logic is exclusively employed by Arthur, and he gives insufficient attention to other ways in which Marx both uses and misuses Hegelian moves and strategies. In any case, the history of dialectics is long and rich, and Marx draws on types of dialectic other than that of Hegel. Idealist logic is especially unsatisfactory in the construction of an adequate concept of *system*, the central category in Arthur's argument for a close similarity (a homology) between Hegel's Idea and capitalism. Arthur treats the mechanisms of surplus-value extraction and capital accumulation as if they were, on their own, sufficient to define and constitute a self-sustaining economic system. But, though these are indeed the crucial mechanisms which drive capitalism, they cannot be used to delineate or explain a concrete capitalist economy without the development of a great many other complex mediations. This becomes especially clear in Arthur's discussion of the USSR, whose character he finds essentially impossible to explain on the basis of his own definitions of a capitalist system. Arthur's too restrictive conception of system would pose huge difficulties if his value-form theorisation were extended (as it ought to be) to develop accounts of the state, the financial system and the world market. Finally, Arthur is insistent that a clear line of separation must be drawn between the type of dialectic used to explain systems, and dialectical explanations of historical change. What is underplayed in his discussion is that systems themselves are subject to historical development, processes of formation and disintegration. Capitalism as a mode of production has gone through a number of fundamental structural mutations. I argue that, in explaining capitalism historically, what is essential in Marxist political economy is not value-form theory, but Marx's dynamic theorisation of capitalist competition, summarised in the shorthand term *law of value*.⁵

⁴ Arthur 2002, p. 167 and p. 157.

⁵ I have been unable in this article to discuss the German tradition of value-form readings of Marx, as exemplified in Hans-Georg Backhaus 1969 and Helmut Reichelt 1970. Within this tradition, more recent work by Michael Heinrich has stressed the

Value – from empty form to world domination

In a striking phrase, Arthur suggests that the value-form ‘expresses an ontological emptiness which lies at the heart of capitalism’. For Arthur, value in Marx is initially constituted as a pure form, one that lacks not only any dimension of use-value, but, more than that, lacks any type of substantiality whatsoever. In exchange the value-form ‘becomes autonomous . . . of such abstract purity as to constitute a real incarnation of the ideas of Hegel’s logic’.⁶ The narrative of *Capital*, as reconstructed in Arthur’s vision, is the ultimate rags to riches story. Value starts its existence in the sphere of market exchange as a pure form, no more than the mere form of exchangeability. But, in and through the process of exchange, value finds a means of expression in money. And, as money accumulates in the hands of capitalists, value is able to acquire social power. Money capital is used to take possession of the production process, and, in this way, value is able to secure direct control of the surplus-value which labour creates in production. Value, in the form of productive capital, is then able to move on to world domination by clinging vampire-like to labour and feeding off the nourishment and growth provided by surplus-value.

How the story will ultimately end is still unknown, for, as Arthur explains, the evil empire of capital is threatened by two sorts of vulnerability: labour may not forever be willing to provide the living labour and surplus-value on which capital depends; and capitalism is destroying the capacity of the environment to supply the raw materials and energy inputs it requires.

Arthur argues for a homology between capital and Hegel’s Idea. Hegel uses the term ‘Idea’ to refer to the whole system of interrelated categories required to grasp and comprehend both the external world and processes of thinking. Hegel’s Idea also has a rags to riches history. It starts life as a shadowy concept – hardly more than a vague and indefinite word – *Being* – mere abstract *is-ness*. From this humble beginning, the Idea moves on to make itself more and more concrete and complex, contending with and triumphing over the forces of negation at every stage. At its most abstract, *Being* cannot be distinguished from the equally abstract *Nothing*. This is obvious nonsense – existence has to be different from non-existence. So to avoid nonsense, thinking is compelled to specify the category of Being in more detail, that is,

ambivalences of Marx’s text, in different (but, I believe, complementary) terms to the account I develop below. See Heinrich 2003 and 2004.

⁶ Arthur 2002, pp. 81–2.

move on to categories about how big things are, or what qualities they possess. But, in this first move of Hegel's Logic, we see three ways in which the type of dialectic he is using is distinctive. (a) The direction of the argument is to start with the most abstract concepts possible, and to move, stage by stage, to construct more concrete categories; (b) at each stage, the new categories which emerge have, in turn, to be further clarified because they are threatened by negativity and obscurity; (c) the transitions are dictated by dialectical necessity – the need to avoid or overcome contradictions. Hegel's story ends when thought achieves a level of precision, organisation and detail in its conceptualisations which enable it to grasp the nature of the whole world, the most complex entities in it, and the thought processes which understand that world.

The homology which Arthur sees between value and Hegel's Idea involves the following moves. What is to be explained is assumed at the start in the most abstract and general way. For Hegel – Being: for Marx – the capitalist system. There is then a stage-by-stage advance of the argument towards increasing detail and concreteness. But this argument is circular, in the sense that it only develops and explains in more detail what was presupposed at the start. It is also important that the argument is impelled by necessity as it advances. That is, capitalism *has* to work the way it does because of the dynamics which derive from its essential nature.

Value-form not empty in Marx

The correct starting-point must be chosen if we are to secure the correct pattern of abstract to concrete argument, that is, one whose direction is driven by necessary transitions in which, stage by stage, negation is overcome, and a richer, more coherent and more detailed account is produced. For Arthur, it is vital to begin with the empty *form of value* which he sees as created in the process of market exchange. And, certainly, one of the admirable features of Arthur is his stress on the importance of *form* in Marx's value theory. Correctly, he takes seriously Marx's fundamental critique of classical political economy.

Even its best representatives, Adam Smith and Ricardo, treat the form of value as something of indifference, something external to the nature of the commodity itself.⁷

⁷ Marx 1976, p. 174.

My argument will be that Marx's starting-point is more scientifically productive than the one selected by Arthur as the foundations of his reconstruction of value theory. Arthur's starting point involves three interconnected aspects, all of which are mistaken. He argues that:

- (i) the value-form is constituted in the exchange process, considered as autonomous and isolated from production and the labour process;
- (ii) that value-form is constituted by an active, materialist process from which use-value is, initially at least, completely excluded;
- (iii) the value-form so constituted is empty.

In contrast, I will argue that the power and clarity of Marx's political economy validate as necessary a starting-point in which labour and production are integrated with the process of exchange, that use-value has a necessary presence at the heart of the value-form, and that, correctly, value-forms in Marx are never empty but consist rather of what he calls *social substances*, such as abstract labour or money.

(i) Bringing labour in

Marx has a long section in the first chapter of *Capital*, Volume 1, which is called *The Value-Form or Exchange-Value*. We might expect that this would be a founding text in the value-form reading of Marx. Surprisingly, Arthur and the other adepts of value-form, have little to say about most of Marx's explicit discussion of value-form. I suggest that we have here what Althusser, following Lacan, would call a symptomatic silence – an external sign of deeper theoretical disarray in the value-form reading of Marx. What difficulties does this section pose for their account?

One of the key threads which runs through Marx's chapter about the value-form is that the equivalence between two commodities which exchange is based on their being the products of quantities of labour. 'As values, commodities are simple congealed quantities of human labour . . . abstract labour'.⁸ Abstract labour has been defined earlier as 'the value-forming substance', measured as quantities of socially necessary labour time.⁹ Thus Marx even in this early part of his argument is talking about how value is *produced* by labour, and quantities of value explained by the average labour-

⁸ Marx 1976, p. 141.

⁹ Marx 1976, p. 129.

time taken to make commodities. In contrast, in value-form theory it is crucial that value should initially be explained as a phenomenon purely of the *exchange / market* dimension of capitalism. Arthur argues that the question of the production of value by labour should be postponed until much later on in the conceptual narrative. Only after capital has made its appearance in the unfolding story should the category of labour be introduced. One of the virtues of Arthur is that he does not try in any way to fudge this point. On this, he insists that Marx got it wrong – and spectacularly so. At the very start of *Capital*, Marx simply announces that the exchangeability of commodities is based on their being the product of abstract labour. This is just a dogmatic assertion. It contravenes the laws of Hegelian dialectic, which says that the argument should start without presuppositions – except of a very general and abstract character (for example, Being or capitalism). What possible justification is there, Arthur asks, for starting an investigation into commodity exchange by confining the discussion – and without any explanation for this – to those commodities which are products of labour? There are plenty of things that are exchanged, have a price, get sold, which are not produced by labour. Land is an obvious example. Marx himself points out that a person can offer to sell conscience, honour, and so forth, for money.¹⁰ Arthur writes,

[i]n dialectical terms, Marx has a dogmatic beginning insofar as he initially presupposes the items exchanged are labour products. . . . For any attempt to follow the model of Hegel's dialectic, an absolute beginning without imposed conditions is needed. Only after developing the forms of circulation can one give grounds for picking out as systematically important those commodities which are products of labour.¹¹

Yet there it is – Marx has hardly launched on *Capital* when, right on page 4, he brings in labour as the source of both the use-value and the exchange-value of commodities.

What Marx should have done, Arthur suggests, was to concentrate purely on the circulation / market exchange processes of capitalism in developing his account of the value-form and money. There should have been no mention of labour until the completion of the following sequence: commodity-form → value-form → money-form → capital-form as self-expanding value. At which point, the question arises: given that capital expands in value, what

¹⁰ Marx 1976, p. 197.

¹¹ Arthur 2002, p. 158.

is the source of the surplus-value which allows it to do so? Since no extra value is created in the circulation process, labour is then produced out of the hat as the only logical and possible solution to the otherwise inexplicable puzzle of where surplus-value comes from.

What value-form theory discounts is that the whole tenor of Marx's subsequent argument serves to validate and justify the introduction of labour as a foundational category at the start of *Capital*. Yet Arthur himself explains with great clarity that a Hegelian dialectic is not only *progressive*, as it advances from initial abstraction to a concrete account.¹² It also, and simultaneously, has a *retrogressive* dimension of movement, in that the more concrete formulations, and the chains of necessary by which they are derived, if convincing, also have the effect of confirming retrospectively that the initial abstractions were correctly selected. Arthur uses this argument to explain the necessity of money in a Marxist political economy.¹³ He refuses however to consider a similar retrospective justification for Marx's introduction of labour at the start of *Capital*. Why not a necessity of labour?

Arthur also produces no satisfactory defence against one of the obvious difficulties of value-form theory. It insists that the ontological emptiness which haunts capitalism has its origin in the value-form as constituted within the sphere of market exchange and money, treated in isolation from labour and the productive system. Yet markets and money have operated for thousands of years, in societies across the globe, and on a scale which current research is revealing to be far more extensive than assumed in earlier Eurocentric versions of the history of capitalism. Were the markets and monetary mechanisms of the pre-sixteenth-century European and non-European societies haunted by ontological emptiness? If not, then when and where did the emptiness start on an extensive scale? The radical line of distinction drawn by value-form theorists between systemic and historical dialectics allows an evasion of such questions.

(ii) Use-value and the sequence of value-forms

In Section 3 of chapter 1 of *Capital*, Volume 1 (a section dealing with the Value-Form) Marx begins by looking with great care at what he calls the 'Simple Form of Value': x of commodity A = y of commodity B. 'The whole

¹² See Arthur 2002, pp. 64–8.

¹³ Arthur 2002, pp. 70–2.

mystery of the form of value lies hidden in this simple form'.¹⁴ Marx stresses that this is not a straightforward arithmetical equation. Rather, there is here a *polar* relation between A and B. In other words, something quite different from an immediately reversible relation of equivalence is being asserted.¹⁵ This is indicated by Marx's terminology – two different forms are involved. A is the relative form, B the equivalent form. What Marx insists upon is that it is the *use-value* of B which expresses the value of A. Thus Marx brings use-value into the heart of the value-form. B is a use-value-form.¹⁶

This is rejected by Arthur and his value-form colleagues. They see the value-form relation as one involving equivalence and exchangeability of empty abstract forms, pure quantity, equally abstract items being exchanged for each other. The use-values of the commodities involved are completely absent in the moment of exchange. It is true, and Arthur repeats the quotation, that Marx writes,

not an atom of matter enters into the objectivity of commodities as values; in this it is the direct opposite of the coarsely sensuous objectivity of commodities as physical objects . . . commodities possess an objective character only in so far as they are all expressions of an identical social substance, human labour.¹⁷

But, here, Marx is referring to the *individual* commodity – 'we may twist and turn a single commodity as we wish, it remains impossible to grasp it as a thing possessing value'.¹⁸ On the same page, Marx says that commodities have an objective character as values only in relation to each other, and only in so far as they are expressions of an identical social substance, human labour.

¹⁴ Marx 1976, p. 139.

¹⁵ In the notation used by Marx, the '=' sign is misleading. His discussion suggests that he is not talking about an equation, but some form of transposition: thus a more accurate notation would be, $x \text{ of } A \rightarrow y \text{ of } B$ (i.e. x of A transforms into y of B). There is no suggestion that B would be necessarily be quantitatively identical to A : also, in the notation ' \rightarrow ' there is an implied temporal process. The '=' sign, implying equivalence, has caused great confusion in the later literature, since it has been taken to mean that Marx endorses equal exchange. His overall argument makes it clear that he assumes exchange will generally be unequal. Even in the most fundamental categories of his political economy, Marx is beginning to suggest the imbalances of capitalism, the deep roots of disequilibrium, and tendencies to crisis. See Freeman and Carchedi 1996 for the broader argument that a non-equilibrium, arrow-of-time paradigm, is central in Marx's political economy.

¹⁶ This is one of the many important arguments advanced in by Roman Rosdolsky. See, for example, Rosdolsky 1977, pp. 73–97.

¹⁷ Marx 1976, p. 138.

¹⁸ Ibid.

Marx drives the point home – using a whole range of metaphors to express the way in which the use-value of commodity B is what is directly involved in the value-form transposition. And, here, as elsewhere, metaphors are integral to the development of Marx's argument – not some kind of decorative addition. In the value-form, Marx writes, the commodities speak a language, they convey meaning. When 20 yards of A (linen) = B (a coat),

within its value-relation to the linen, the coat signifies more than it does outside it, just as some men count for more when inside a gold-braided uniform than they do otherwise.¹⁹

As B, in the value-form polarity, the linen A,

acquires a value-form different from its natural form. Its existence as value is manifested in its equality with the coat, just as the sheep-like nature of the Christian is shown in his resemblance to the Lamb of God.²⁰

When the linen enters into an association with another commodity, the coat, it

reveals its thoughts in a language with which it alone is familiar, the language of commodities . . . in order to inform us that its sublime objectivity as a value differs from its stiff and starchy existence as a body.²¹

Again, 'the physical body of B becomes a mirror for the value of commodity A'.²² Notice the down-to-earth concreteness of most of these metaphors – there is here a density of material reference which is clearly intended to play a part in the demystifying of 'the whole mystery of the value-form'. Marx does not discuss the value-form in the abstract lofty way practised by Arthur and other value-form theorists. Marx draws his examples from the domestic economy, a homely everyday of coats and sugar loaf, tea and coffee. The crucial point which Marx is insisting on in this section, obsessively, for page after page, is that although in exchange, the natural body of the individual commodity is set aside, nevertheless, in the relation between two commodities, it is the *use-value* of B which acts as the form of expression for the value in A. For Marx, use-value is an element in the essential inner structure of the value-form. Contradiction is inherent in the value-form equation, even in its most elementary variant. Contradiction is not external to a value-form defined, in the Arthur

¹⁹ Marx 1976, p. 143.

²⁰ Ibid.

²¹ Marx 1976, p. 144.

²² Ibid.

formulation, as empty, and having the sublimated abstractness of a purely logical relation. The abstract nature of Marx's starting point in *Capital* is immediately challenged and subverted by a materiality of textual reference. The contrast with Hegel could not be more dramatic. Boot polish is mentioned three times in the first 800 words of *Capital*. Yet readers of Hegel's *Science of Logic* will recollect that, for hundreds of pages, there is scarcely any reference in that text to objects in the world that could be seen or touched. So, when, on page 682, Hegel suddenly begins talking about parrots – the effect is startling.²³ But the parrots vanish as quickly as they appeared, and thereafter, unrelenting abstraction rules once more . . . on and on, to the culminating and final sentence about the 'self-comprehending pure Idea' on page 844.

The use-value of money

In Arthur's account, money is as close as it is possible to get to being a pure form. He suggests that the very variety of types in money in capitalism, indicates that money is essentially immaterial. In Marx's period, gold or silver or printed bank notes. In our time, cheques, plastic cards and electronic traces. What is crucial, in Arthur's view, is that money represents the presence of an emptiness 'the emptiness of commodities as value-bodies'.²⁴ The effect is that money 'need hardly have any "natural body" at all, an electronic charge will do'.²⁵ Thus Arthur ascribes little importance to Marx's insistence that money has a use-value. I shall argue that Arthur's reluctance to use the term 'use-value' in relation to money is linked to a much deeper flaw in his whole argument, namely his tendency to assume that capital is able to come up

²³ 'If it is not thought a small matter to have discovered some sixty species of parrot. . . much less ought it to be thought a small matter to discover the forms of reason: is not the figure of the syllogism something infinitely superior to a species of parrot . . .'. Hegel 1969, p. 682.

²⁴ Arthur 2002, p. 159.

²⁵ Ibid. This is an uncharacteristic lapse into nonsense by the usually acute Arthur. The materiality of electronic traces when used as a form of money are treated with extreme seriousness by capitalist society. If Arthur were caught hacking into a bank computer to transfer a few of its 'almost immaterial' electronic traces to his own account, he would face some quite severely material consequences. Money is not, in any fundamental sense, dematerialised by the development of cheaper forms – the monetary traces are not any more immaterial than gold or silver, and are recorded with extreme precision. Also, enormous and very material apparati of accountancy, computer security and legal power are created to preserve, transmit, and protect from unauthorised interference, the encryptions used.

with the actual conditions of its own stability, these being specified as necessary in ways identified by Hegelian dialectical logic.

Arthur has a possible defence to my discussion above about Marx's account of the role of use-value at the heart of the value-form. The metaphors about mirrors, Christian sheep and so on which I have reviewed appear in a discussion of the *simple* value-form – x of $A = y$ of B . But Marx then works through a series of more complex variants of the value-form, and ends with a value-form in which any and every commodity equals a sum of *money*. So money becomes the universal measure of value. Here is the value-form incarnate – here is the ghostly metaphysical presence which haunts capitalism. In commodities 'there is no common essence (other than their relation to money) money represents the presence of this absence'.²⁶

But Marx stresses the materiality of money. Is this a relic of the period before gold and silver were demonetised? Not at all, as Martha Campbell has rigorously argued in one of the finest contributions of the new-dialectical approach.²⁷ The use-value of money is vital because it must represent quantity, act as a quantitative measure. Thus it must be a homogeneous substance allowing stable units of calibration. But capitalism creates a proliferation of different forms of money. Silver as well as gold. A variety of banks, each issuing its own form of credit money. Different national forms of money created by states. Arthur is so focussed on money as a general form of value that he does not see the implications of the existence of a variety of forms of money, namely that inter-convertibility between forms of money has to be organised. And that such inter-convertibility cannot be taken for granted. In Marx's account of money, its function as inexpensive means of exchange is potentially in conflict with its functions as measure of value, and medium for the preservation of value, and the transmission of value over time and space, and through change of ownership.

All that idealist logic can specify is the nature of the money which capitalism *ideally* needs; a substance which – in order to act in a stable way, over time and geographical space, as measure of value and store of value – must be a uniform and unchanging substance, internationally acceptable as means of payment, or at least convertible into other national currencies at a stable rate of exchange. But the reality of the system is very different. In earlier periods, a metallic money which holds its value because that depends on the

²⁶ Arthur 2001, p. 35.

²⁷ Campbell 1997.

commitment of labour-power to finding ore, digging it up, refining it into a coinage and protecting it against thieves and bandits. But, because of the costs of the labour-power involved, such a coinage is expensive to operate. Therefore, it is profitable for banks to invent substitutes, and governments can save on taxes by encouraging the banking system to develop cheap substitutes – paper money, forms of credit money such as bank cheques, and, more recently, electronic money. The banking system can offload some of the costs of producing paper and credit money, and of defending its value, on to the state. But, with cheapness of money comes monetary instability – wildly differing rates of inflation, and gyrating international exchange rates. As David Harvey has explained in a notable section of one of his finest books, stable money and cheap money are both ‘needs’ of the system, and are essentially in conflict with each other.²⁸ By defining a stable monetary substance as one of the actualities of capitalism, Arthur has eliminated by definition, a major source of the inherent instability of the system. Again, the problem with Arthur’s argument has to do with use-value – he assumes that the use-value which Marx identifies in money, to act as a stable measure of the labour time, is possessed by whatever form of money is available. In Marx, the story is different: he shows that capitalism may ‘need’ a stable monetary substance, but explains that the pressures of profitability are an obstacle to the creation of stable forms of money: for example, companies can increase profits by lowering the overhead costs of the form of money they use, and banks can profit by creating cheaper but less stable forms of money.

Any discussion of money is incomplete without an account of the role of the state – subject to conflicting pressures – on the one hand, to preserve the value of the monetary wealth of rich and politically powerful citizens and companies; on the other, to issue its own forms of money as a way of allowing it to spend more and tax less. The combined pressures of profitability, and fiscal economies by the state, tend over time to lead to the introduction of monetary forms which are not just unstable, but variable across different national spaces. The inflationary undermining of money as a measure of value has the effect that risk and uncertainty are embedded deep within the competitive dynamics of the system. To describe a stable system, then move

²⁸ Harvey 1982, Chapter 9. Note that Arthur discusses money primarily in its role as means of exchange, therefore avoids the question of whether this might conflict with other roles, such as value conservation, and with one of the fundamental functions of money, namely to act as stable measure of value.

to a discussion of how it might become unstable, is exactly what Marx does *not* do (or at least only in a very limited way). The monetary instability associated with the rise of non-metallic forms of money is not just a real-world, historical, story to be tacked on at the end of a value-form analysis. Risk, contradiction and crisis, are inherent in capitalism as a decentralised system of capitals in competition with each other.

In Marx, a use-value dimension is central in his analysis of the monetary form. This fact is deeply damaging to any account of *Capital* which underplays the challenge to value-form which is also a crucial strand in Marx's overall argument. For Arthur and the other *value-formistas*, the abstractness of money is at the heart of the metaphysics which pervades capitalist reality. Certainly, Marx has a *quantity* theory of money – essentially linked to its role as *measure* of labour time. But equally essential in his theory is a *qualitative* concept of money – the extent to which money is acceptable over time and space, and the risks and uncertainties which arise from its use as a measure of value, or store of value, over time and across different national spaces. Money is a social relation, and as such involves social power. As a social relation, it expresses the linkage between the labour-power, employed by a particular firm, and social labour-power. For example, the relative productivity of labour employed by different capitals in the same branch of production. At another level, money allows the valuation of one firm's capital and profits to be assessed against those of other firms, and hence regulates the allocation of capital as between firms.²⁹ And, internationally, changes in exchange rates effect transfers of value between holders of the currencies involved, and devalue the capital and the product of labour in the country whose currency has depreciated. To be adequate, a political economy account of the fundamentals of money, has to leave an implicit space for instabilities and unequal exchanges to be identified and explained as inherent in the system. Models based on an essential equilibrium should be rejected.

²⁹ Arthur assumes uniformity of profit rates as between firms – namely, that processes of capital allocation lead to an equilibrium situation. Thus the arrow of time and uncertainty are eliminated by attributing to Marx a thesis of instantaneous adjustment as a result of capital movements. See Green 2004, pp. 255–6 for cogent criticism of Arthur on this point.

Use-value and the realisation of value

Marx says that, 'commodities are in love with money . . . prices are the wooing glances which commodities make to money.'³⁰ However, in a quotation drawn from *Romeo and Juliet*, Marx continues: 'but the course of true never did run smooth',³¹ a rather mild reference to the disastrous fate of these star-crossed lovers. Value is not realised, made *real*, until the commodity has been sold for money – and that depends on its use-value finding a matching demand on the market. If no one wants to buy the commodity, or if those who want or need it lack the necessary cash to buy it, then some or all the labour that went into making that commodity is negated, wasted, annulled, does not achieve real existence. Value exists only potentially until the sale is made, and the final metamorphosis of commodity into money has been effected. In expressing the riskiness, and uncertainty of this process as it takes place in real time, Marx invokes not just the fate of Romeo and Juliet, but a range of other allusions. As he frequently does when discussing money, Marx uses metaphors drawn from religion. The change of commodity into money he refers to as 'trans-substantiation', the term used of the conversion of bread and wine into body and blood of Christ in the Christian Mass.³² The change of one substance into another in the sale of a commodity is portrayed as one which is,

more troublesome than the transition from necessity into freedom of the Hegelian 'concept', the casting of his shell for a lobster, or the putting-off of the old Adam for St Jerome.³³

A footnote reminds us that St Jerome was famed as the extremely holy person who, when on a spiritual retreat in the desert, could not stop himself from being visited by lustful images of beautiful women. Sensuous use-value intruding on spiritualised value, so to speak. Marx takes the example of iron as commodity, seeking to transform itself into gold in the form of money. But, until it is actually sold, the price of the iron is purely notional – as when Dante in the *Divine Comedy* pleads for entry into Paradise and repeats the Creed to prove he is worthy of admission. Marx notes that, in the poem, St Peter invokes a monetary metaphor in his answer to Dante – in your *words*

³⁰ Marx 1976, p. 202.

³¹ Ibid.

³² The examples in the rest of this paragraph are drawn from Marx 1976, pp. 197–8.

³³ Marx 1976, p. 197.

you claim sufficient virtue to be allowed into heaven, but have you got the actual *money* in your purse – or, do your deeds really substantiate your claim? And Marx sums up his whole discussion in a single lapidary phrase: ‘hard cash lurks within the ideal measure of value’.³⁴ In the risky transition from commodity to money, lies the possibility of capitalist crisis, and, in later sections of *Capital*, Marx develops detailed accounts of the concrete ways in which disproportionality between supply and demand (in the market for means of production, as well as for consumer goods) finds expression in crises of over-investment, inadequate levels of consumption, and falling rates of profit.³⁵ The use-value category is decisive here. If the commodity does not make the grade as a use-value needed by a buyer on the market – then the value of that commodity remains only virtual, not realised . . . not yet real. It is crucial to see the flow of production, circulation and the sale of commodities – as taking place in real time, that is, as transactions conducted by actors who make their decisions at a particular point in time, and faced with an inherently uncertain future.

(iii) Abstract labour and money as social substances

Arthur argues for an ontological emptiness at the heart of capitalism. It is certainly at the heart of the value-form way of treating *form* as capable of being autonomous and independent of any kind of content or substance. In this approach, value appears initially in the exchange process as pure form, the mere form of exchangeability, brought into existence by an absencing of use values. Arthur explains that,

there is a void at the heart of capitalism. It arises because of the nature of commodity exchange, which abstracts from, or absents, the entire substance of use value . . . an ‘ontological inversion’ occurs whereby (exchange) ‘value’, immediately just the negation of use value, gains self-presence, real ‘Being’, albeit that of an empty ‘Presence’. Thus value emerges from the void as a

³⁴ Marx 1976, p. 198.

³⁵ Inadequate demand in the market for consumer goods as a cause of crisis is usually treated by Marx as secondary to the overproduction of means of production and a high rate of organic composition of capital (ratio of dead to living labour) relative to available demand. See Kincaid 2003 for a critique of underconsumptionist Marxism. Shaikh 1978 has a lucid discussion of Marx on crisis. For an interesting account of Marx’s use of categories of possibility, necessity and actuality in his analyses of capitalist crises, see Kenway 1980.

'spectre' that *haunts* the 'real world' of capitalist commodity production. This original *displacement* of the material process of production and circulation by the ghostly objectivity of value is supplemented when the spectre (in the shape of self-positing capital takes *possession* of it.³⁶

From the start of its existence in exchange, value, according to Arthur, has agency. It is able to move itself from its initial shadowy existence, as a form with no content, into to a somewhat less insubstantial existence as money. Then, as money capital emerges, value is able to convert itself into the form of means of production, and, as such, develops into a powerful and dominant economic force. But, however powerful it becomes, value retains the emptiness of its origins. It never attains true reality. Rather, it imposes its own essential nothingness on the human social world which as capital it dominates. Value is not,

some mundane material property or stuff. [Rather] it is a shape opposed to all materiality, a form without content, which yet takes possession of our world in the only way it can, through draining it of reality, an ontological vampire that bloats its hollow frame at our expense.³⁷

Here, evidently, there are difficulties about agency. Value, as portrayed by Arthur has an astonishing capacity for independent action. It is not being suggested, by Arthur, that this kind of discourse is a convenient shorthand, a way of summarising the pressures operative in capitalism, and which must be fully spelled out in a materialist account which explains how the actions of economic agents are shaped and outcomes determined. The line of argument is that the logic of capitalist exchange creates the value-form – and value takes it from there. Arthur accepts very literally Marx's suggestion that economic agents in his political economy are no more than bearers [*Träger*] of social relationships.³⁸

Here, there is a sharp contrast with the approach of Tony Smith. As compared with Arthur, Smith is, in one sense, a more thoroughgoing Hegelian. Arthur insists that even the most complex sets of interrelated categories which Hegel

³⁶ Arthur 2002, pp. 153–4.

³⁷ Arthur 2002, p. 167.

³⁸ 'I do not by any means depict the capitalist and the landowner in rosy colours. But individuals are dealt with here only insofar as they are the personifications of economic categories, the bearers [*Träger*] of particular class relationships and interests' (Marx 1976, p. 92). But it is individuals who are excluded here, not categories of social actors.

develops are capable of grasping only the reified operations of capital. For Smith, Hegel's logic, in its most complex variants, offers us indispensable ways of thinking about the possibility of a just and unrepressive social order.³⁹ Or of clarifying the way capitalism works. But, in Smith, the operative logics of capitalism, even at its most reified, are always specified as taking effect in and through the actions of human economic agents.⁴⁰

In trying to explain how it can come about that an empty form can develop social power and effectivity, Arthur relies heavily on the figure of the spectre, and quotes approvingly from Derrida's remarkable study of ghosts and haunting in Marx.⁴¹ Certainly, Marx drew on range of spiritual references to help explain the mysteries of the commodity – though notice in the following the materiality of Marx's German, even when he is making a point precisely about the otherworldly dimension of the commodity, a metaphorical resonance which gets quite lost in the widely used Penguin translation into English.

A commodity appears at first sight an extremely obvious, trivial thing. But its analysis brings out that it is a very strange thing [*vertrachtetes Ding*], abounding in metaphysical subtleties and theological niceties [*metaphysischer Spitzfindigkeit* (lit. fingertipness) und *theologischer Mucken* (small biting insects, e.g. mosquitoes, midges)]. A table is made of wood, an ordinary sensuous thing – but as soon as it emerges as a commodity, it changes into a thing which transcends sensuousness [*verwandelt er sich in ein sinnliches übersinnliches Ding*]. . . . The mystical [*geheimnisvolle*] character of the commodity does not therefore arise from its use-value . . . the enigmatic [*rätselhafte*] character of the product of labour arises as soon as it assumes the form of a commodity.⁴²

As I discussed earlier, Arthur wants, at this early stage of the argument, to deal with the commodity only as something exchanged, not as a product of labour. But note that he quotes in support of his own position Marx's phrase about the commodity being a thing that is both sensuous, and also above sense experience. Yet Marx is not saying that an 'empty form' is generated in the exchange process. The commodity, for Marx, is simultaneously an object

³⁹ For example, Smith makes virtuoso use of Hegel's logical construction of syllogistic patterns in which universal, particular and individual are blended in different ways. But the logics are used to explore the consequences of social actions: explanation is not left at the level of supra-historical impersonal forces.

⁴⁰ See Smith, 1990, p. 41.

⁴¹ Derrida 1994.

⁴² Marx, 1976, p. 163.

of sense experience, which also has a dimension of mystery which he characterises as metaphysical. Arthur would claim that it is the empty value-form which haunts the world of commodities, and later, in the guise of capital, takes possession of them.

We can certainly agree that the idea of a haunted system is powerfully articulated by Marx – but, for Marx, a ‘Gespenst’ is rather a substantial entity, not at all like a Hegelian ‘Geist’. Arthur, the accurate scholar, does note⁴³ that elsewhere Marx refers to what the English translator has called ‘the phantom-like objectivity’ of the commodity – in Marx’s German, the ‘gespenstige Gegenständlichkeit’.⁴⁴ Famously, the *Communist Manifesto* begins with a ‘Gespenst’.

A spectre is haunting Europe – the spectre of Communism. All the powers of old Europe have entered into an alliance to exorcise this spectre: Pope and Tzar, Metternich and Guizot, French Radicals and German police spies.⁴⁵

Here, Marx’s ‘Gespenst’ is no empty form, but the very material reality of the communist movement. The old powers of Europe have invented fairy tales [*Märchen*] about communism – but there is a real substance to their fantasies, which it is precisely the aim of the *Communist Manifesto* to spell out. Yet, despite this example, Arthur still wants to suggest that the ‘Gespenst’ which haunts *Capital* is an insubstantial value-form.

The category of ‘pure empty form’ has no effective presence in *Capital*. It is a Platonic imposition, quite alien to Marx’s deep Aristotelianism. In Aristotle’s works there is much tortuous and intense discussion of the interrelation of the categories of substance and form. What is consistently rejected is any idea that form could meaningfully be treated in isolation from substance.⁴⁶ In Marx, it is the concept of a *social substance* which is mysterious and metaphysical. He speaks, for example, of commodities as having a ‘supra-natural property

⁴³ Arthur 2002, p. 174.

⁴⁴ Marx 1976, p. 128.

⁴⁵ Marx and Engels 1976, p. 482.

⁴⁶ See Aristotle 1984, Gill 1989, Suppes 1974. Marx engaged closely with Aristotle during the 1839–41 period of work on his doctoral dissertation which dealt with two major figures in post-Aristotelian philosophy, Democritus and Epicurus. See Fenes 1986, Stanley 1995 and 1997–8. In general the new-dialectical group of scholars have given little attention to the role of Aristotle in Marx’s thought. See, for a corrective, what might be called the strong Glasgow programme in Marxist studies – especially Meikle 1985 and Pike 1999. The new-dialectical scholars, in general, focus strongly on Hegel’s idealist *Logic* and neglect his philosophy of nature, studied closely by Marx as part of his dissertation work.

[*übernatürliche Eigenschaft*], their value, which is something purely social'.⁴⁷ In turn, abstract labour is 'the value-forming substance'.⁴⁸

Commodities are congealed quantities of homogeneous human labour-power . . . as crystals of this social substance, which is common to them all, they are values – commodity values.⁴⁹

This kind of statement has often been taken to imply that Marx held an embodied labour theory of value, along the lines of that of Ricardo. Not so.

Not an atom of matter enters into the objectivity of commodities as values . . . commodities possess an objective character as values only in so far as they are all expressions of an identical social substance, human labour, that their objective character as values is therefore purely social.⁵⁰

The fantastic writing of the commodity

Derrida's argument is that Marx is highly ambivalent about ghosts. The analysis of Marx he presents is complex, but one of its main themes can be roughly summarised as follows. There are two Marxs. One is a Enlightenment figure who wages war on superstition and wants to banish ghosts as ideological mystifications. This Marx stands for an ontology of straightforward rational explanation, and is untroubled about whether thought and language are capable of the necessary clarity in the means of representation. Enlightenment Marx is not fundamentally unlike Feuerbach – faced with an inverted world, then all you need do is produce a discourse which clarifies how it is inverted and how it would look if put right way up.

The other Marx is acutely aware of the limitations of rationalist Enlightenment discourse in representing a capitalist world which is *really* inverted not just appearing that way. Instead of falling prey to the metaphysics of presence, this second Marx is a proto-deconstructionist, struggling to find ways of overcoming and subverting the limits of Enlightenment discourse. This Marx is not concerned with banishing ghosts and other scary figures, but rather

⁴⁷ Marx 1976, p. 149.

⁴⁸ Marx 1976, p. 129.

⁴⁹ Marx 1976, p. 128.

⁵⁰ Marx 1976, p. 138. The case against the attribution to Marx of an embodied labour theory of value is spelled out convincingly in a lucid account in Saad-Filho 2002, Chapter 2.

with evolving a discourse in which they play a role in the dismantling of an inverted social world which defies direct representation.

Here Derrida is right.⁵¹ Marx is not consistent about whether and how is possible for political economy to depict the inverted topsy-turvy world which he holds that capitalism creates. At one point he suggests that political economy has demystified

the bewitched, distorted and upsidedown world haunted by Monsieur le Capital and Madame la Terre who are at the same time social characters and mere things . . . [Rather substantial haunting presences, we note, not just empty spectres flitting about in some diaphanous way – JK] This personification of things and reification of the relations of production, this religion of everyday life.⁵²

Marx says, had been rationally unveiled and explained by a political economy which identified the source of profit, interest and rent in the surplus-value extracted from productive workers.

Elsewhere, Marx is evidently struggling to find modes of representing the inverted world of capitalism. Derrida is not the only scholar to suggest that here Marx is contending with the representational limits of Enlightenment discourse. The term used by Marx himself is ‘Darstellung’- ‘representation’, as, for example, in the staging of a theatrical production, or in a written description. ‘Darstellung’ is central to the project of *Capital* in two senses: capitalism creates a surface set of appearances which conceal its essential and underlying mechanisms of exploitation. But these appearances are not necessarily just illusions (though they may be). Prices, for example, are a

⁵¹ Derrida’s broader argument is that anticapitalism today needs a Marx who recognises the spectrality of capitalism. The ontology/hauntology of a spooky Marx who rejects empiricist and Newtonian paradigms of time. Rather, the present is to be seen not just as haunted by the ghosts of the past, but also by the possibility of a revolution which would draw its poetry from the future not the past. Here, Derrida invokes the non-teleological messianism of Walter Benjamin. Ideology mystifies the operation of capitalism in ways which Marx tries to suggest by figures of fetish and phantasmagoria. Marxist thought, Derrida argues, is a repressed other in the triumph of the neoliberal paradigm, yet, politically, Marx himself is an ever threatening spectre at the feast. The socialist project itself needs to be haunted by a possibility of justice and of democracy, and, crucially in the present time by an ethic of hospitality to immigrants, and especially to refugees. Derrida calls for the creation of a new form of International, visionary, haunted by the presently unthinkable, but fighting for these values. See Derrida 1994, pp. 147–72. The politics here may, in the end, be reformist, but the direction of the project is unmistakably transformative.

⁵² Marx 1981, p. 969.

phenomenon of the surface of the economy, and have to be decoded to show that they are indirectly determined by underlying laws of value. But there is nothing illusory about prices – the price at which a commodity sells is just as much part of its reality as the labour which went into making it. Capitalism is an inverted system, and its scientific explanation is faced with a difficult challenge. How can you explain the reality of an inverted topsy-turvy system, in ways which suggest a deeper and contrary reality, but without reducing your account of capitalism to one of unmasking illusions – but an account which also includes the unmasking of illusions as well? Marx in *Capital*, has to find a ‘Darstellung’, a mode of representation, in which the real appearances of capitalism can be explained in a non-reductionist way.

Arthur’s argument, in effect, is that Hegelian logic provides a way of organising an adequate ‘Darstellung’. And, indeed, this is one of the ways in which Marx tries to do it. But only one. For Arthur, Hegel’s logic, used straight, delivers an definitive account of the mystical dimension of capitalism. No need to seek further. However, there were many other ways in which Marx strove to express the idea of a economic system in which materialist mechanisms created a mystical dimension which in some way has a material existence. Marx takes on the challenge of articulating a dimension of capitalism, that is vital to both the system as a ‘Darstellung’, and to the secondary ‘Darstellung’ which is *Capital* itself.⁵³

It is important to emphasise, as does Derrida, that Marx is often battling resourcefully but not always successfully, against the limits of the language and categories available to him.⁵⁴ In his classic discussion of the fantastic, Tzvetan Todorov argues for its role as a zone of marginality in which patterns of uncertainty, conflict, ambivalence and indecision are expressed.⁵⁵ This type of approach is being explored in a growing literature. I have space here only to give a brief indication of some relevant approaches. Marx intensely admired

⁵³ These questions have been explored in an outstanding account by Patrick Murray, one of the ‘new dialectical’ group. For Murray, the Essence/Appearance dialectic which Hegel develops as a major theme in the middle section of the *Logic* is of decisive importance for Marx’s project in *Capital*. See Murray 1988.

⁵⁴ Except on the specific point about the role of ghosts in Marx’s account of capitalism, Arthur is ill-advised to invoke the support of Derrida. From his early work on Husserl onwards, Derrida has been an unrelenting critic of the Western philosophical quest for a pure uncontaminated point of origin such as, for example, the empty value-form with which Arthur starts. Derrida also rejects the assumption that language is a transparent medium firmly under the control of the writer. On both questions, Arthur needs a longer spoon than he uses to sup with Derrida.

⁵⁵ Todorov 1995.

a number of deviant and oppositional writers of the Enlightenment period who produced brilliant deconstructive texts. He nominated Diderot as his favourite prose writer, and in his youth had written part of a novel modelled on the work of Sterne and Heine.⁵⁶ In a fascinating account of Paris as a source of phantasmagoric imagery in Marx and Benjamin, Margaret Cohen has suggested that Marx turned to the underworld of popular culture and literature to register in his text,

the demonic powers which are at work in capitalism, and the fears and desires which they evoke . . . Marx has concepts to articulate, but which he cannot produce from his Enlightenment horizon.⁵⁷

She suggests that what she calls 'Gothic Marxism',

attends to the way in which the irrational pervades capitalist society and dreams of finding ways of enlisting it as part of a project of social transformation.⁵⁸

Franco Moretti has a remarkable account which combines Marxist and psychoanalytical perspectives in an exploration of two of the figures which have a haunting presence in *Capital*: the vampire, and the dead body galvanised into life as a monster, as in the animation of dead capital by living labour.⁵⁹

In a scintillating but neglected paper, Jacques Rancière argues that the thesis of commodity fetishism in Marx is not at all a theory of ideology, but registers in *Capital* the consequences of the effect on Marx of both the politics of the post-1848 period in France, and his struggle to find ways of representing it in the *Eighteenth Brumaire* and the other commentaries he wrote on French politics in the 1850s. What emerges is the view of French political scene as a theatrical performance:

the extraordinary pantomime of 1848 – when by the mirage of representation each class found itself the immediate concern of its neighbour, when men of power wore the costumes of a different political play in order to represent interests directly opposed to those they were supposed to represent . . . the

⁵⁶ See Praver 1976, pp. 15 and 390.

⁵⁷ Cohen 1993, p. 219.

⁵⁸ Cohen 1993, p. 3.

⁵⁹ Moretti 1983, pp. 83–108. See also the chapter on Marx in Baldick 1983, pp. 121–40. Vampires in Marx have been receiving much scholarly attention of late: for incisive discussion about how capital sucks, and an intriguing linkage of the vampire metaphor to the dead/living tropes so pervasive in Marx, see Neocleous 2003.

divergence is no longer between *reality* and the illusions of ideologues, but between a scene whose reality in that of representation and the device which sustains it.⁶⁰

It is Rancière's argument that the literary devices which Marx struggled to devise in order to represent this crises of political representation had a profound effect both on the theory of capitalism as 'Darstellung' and on the metaphorical devices of representation we find in *Capital*. For example, *Capital* registers the effect of a new way of reading classical political economy, one

in which the latter is no longer a darkened mirror to be made clear by a critical operation which makes it declare all there is to say, but a rewriting (in the space of a specific rationality) of the fantastic writing of the commodity.⁶¹

And, certainly, *Capital* is pervaded by images of theatrical staging, and narrative plots involving reversals – for example, the mini-drama about how the Bible got transformed into brandy when its owner sold it and used the money to buy the liquor.⁶²

Interest-bearing capital as automatic fetish

I have argued against Arthur that value-forms as they emerge from exchange and find incarnation in money are not empty. Value takes the form of an abstract 'social substance' – that is, a material substance which has been subjected to a social process of homogenisation. A sequence of substances are identified: (a) abstract labour, (b) the value expressed (not embodied) in the value-form equation, and (c) money.

⁶⁰ Rancière 1976b, p. 381.

⁶¹ Ibid. On fetishism, see the papers in Apter and Pietz 1993, and also the important article by Geras 1971, which stresses that Marx's fetish figure is about social domination as well as mystifying representation. In *Capital*, there are many instances of imagery involving theatrical performances, and dramatic plots involving reversals and denouements. In Marx, commodities, when bought and sold, are said to be *transformed* into and out of money – that is, value is a substance subject to laws of conservation. For a remarkable discussion of metaphors in Marx drawn from contemporary developments in physics, and especially thermodynamics, see Mirowski 1989, pp. 174–92. This account by Mirowski is, however, vitiated by his neo-Ricardian reading of Marx, and he fails to see that Marx has advanced a social theory of value of the sort which Mirowski calls for in the final section of his book.

⁶² See Stallybrass 1990, a paper which brilliantly explores figures of inversion, heterogeneity and theatricality in Marx's writings on France in the 1850s.

It is only much later in *Capital* that Marx comes close to a concept of empty form and this is in the long discussion of interest-bearing capital and banks in Volume III of *Capital*. Stocks of money capital accumulate and are held as savings outside of the productive system, usually in banks or other financial institutions. Sums of money capital are lent to companies operating in the productive sector, in return for a share of surplus-value which these companies extract from workers. This takes the form of interest paid on a contractual basis by the industrial capitalist to the banks which provided the loans. In turn, interest is paid by the banks to the owners of stocks of money capital. Interest-bearing capital overlaps with another category to which Marx gives great deal of attention, namely fictitious capital. This is basically a legal document which records the promise given by a capitalist to whoever has lent her money to repay that money, and, in the meantime, to pay interest to the lender. Bonds are a major form of fictitious capital. Another is share capital – but shares are distinctive in that, often, the money has been lent permanently to the company, and shares are thus a title of part ownership of the company, as well as giving entitlement to a flow of surplus-value in the form of dividends.

Marx points out that powerful ideological effects derive from the indirectness and distance between the interest and dividends paid to the owners of money capital via the banking and financial systems, and the ultimate source of such interest in the unpaid labour of the workers. A sum of money capital is lodged in a bank: a year later, it has grown by the amount of interest paid on it. It becomes easy to forget what has happened in the interim – that, in the paradigm case, the bank has lent the money to a functioning capitalist, and that the interest paid to the bank on this loan is a share of the profits made by the active use of the money as productive capital. But, in the calculations of the rentier who has lent money to the bank, its active use as capital is readily obscured. It becomes easy for the rentier to think of the growth of money capital via interest payments as an automatic process. In interest-bearing capital, Marx writes, the relationship between capital and labour, ‘reaches its most superficial and fetishized form’.⁶³ Money capital appears as a mysterious and self-creating source of interest, and so to generate its own increase.

Interest-bearing capital is the consummate *automatic fetish*, the self-expanding value, the money-making money, and in this form it no longer bears any

⁶³ Marx 1981, p. 516.

trace of its origin. The social relation is consummated as a relation of things (money, commodities) to themselves.⁶⁴

Interest-bearing capital is, 'form without content'; in it, 'the capitalist relationship reaches its most superficial and fetishized form'.⁶⁵

Interest-bearing capital always being the mother of every insane form so that debts, for example, can appear as commodities in the mind of the banker.⁶⁶

Surely, here, if nowhere else in *Capital*, we would expect Marx to conform to the kind of Hegelian metaphysical abstraction of concept and argumentation which Arthur wants to see as necessary and appropriate in any account of value-form? Far from it. Even here, where Marx comes closest to the empty form concept, he finds ways of expressing his argument with vivid materiality. As interest-bearing capital, money has acquired, what he calls, the occult ability to add value to itself. It 'brings forth the living offspring, or at least lays golden eggs',⁶⁷ like the goose in one of Grimm's folk tales.

Capital as a self-acting automaton . . . the capital fetish in its consummate form . . . producing – surplus-value . . . by way of an inherent secret quality, as a pure automaton.⁶⁸

'Money which begets money'.⁶⁹ It comes to seem, 'as completely the property of money to create value, to yield interest, as it is the property of a pear tree to bear pears'.⁷⁰ Marx refers to capital as *Moloch* – that is, the mythical Middle-

⁶⁴ Marx 1972, p. 455. Money may also be lent to the state or to finance personal consumption. Marx gives little attention to these forms of debt in his discussion in *Capital*. But he suggests that the fact that interest can be obtained by forms of lending other than to functioning capitals helps add to the mystification which surrounds the lending process. Marx notes the fantasies which develop. In 1772, Richard Price advocated the setting up of a sinking fund to get rid of the national debt, with the following argument: 'one penny, put out at our Saviour's birth to 5 per cent compound interest, would, before this time, have increased to a greater sum than would be contained in a hundred and fifty millions of earths all solid gold'. Persuaded by what Marx calls, 'this charming theoretical introduction to the English national debt', William Pitt, then Prime Minister, set up a sinking fund in 1786 – the hope being to save up enough to pay off the national debt out of accumulated interest. Marx 1981, pp. 519–24.

⁶⁵ Marx 1981, pp. 515–16.

⁶⁶ Marx 1981, p. 596.

⁶⁷ Marx 1976, p. 255.

⁶⁸ Marx 1981, pp. 520–3.

⁶⁹ Marx 1976, p. 256.

⁷⁰ Marx 1981, p. 516.

Eastern deity whose cult demanded that parents give up their children to be burned to death. In the same section of Marx's notes (as edited by Engels), there is a long quotation from a diatribe against usury from a sermon by Martin Luther, a writer whom Marx deeply admired.⁷¹ Marx also draws on Goethe's *Faust*:

in interest-bearing capital money capital the movement of capital is abbreviated. The mediating process is omitted, and a capital of 1,000 [sic] is characterized as a thing that in itself is 1,000 and in a certain period is transformed into 1,100, just as wine in a cellar improves its use-value after a given period of time. Capital is now a thing, but the thing is capital. The money's body is now by love possessed [*Als Hätte sie Lieb' im Leibe*].⁷²

At this point in *Faust*, one of the characters is singing a song about a rat which lived in a cellar on lard and butter and looked like Martin Luther. The cook set out poison which the rat ate – and it was in the frenzy of its death agony that the rat looked as if it was copulating, that is, was possessed by the pangs of what is sarcastically referred to as 'love'.⁷³ The condensation of imagery in Marx's text is astonishing. 'Capital is now a thing, but the thing is capital'. So much said in a few words! Money as an almost dead body, galvanised and spasming as if in a hideous parody of sex – and even an allusion to Luther, whose savage denunciations of usury are quoted a number of times in Marx's various *Capital* manuscripts.

Systems need regulative mechanisms

When do we know that a dialectical category argument is complete? Arthur answers: when our account is sufficiently developed so that it can explain how the system is self-sustaining. In studying the vampiric system which is capital, Arthur thinks we need only to have identified its source of fuel (living labour), its reproductive mechanism (the sequence of production → circulation → production → and so forth) and its source of growth (surplus-value). But,

⁷¹ 'The vocabulary, phrasing, rhythms, and characters of Luther's translation of the Bible are recalled again and again in Marx's own prose' (Prawer 1976, p. 316). See Marx 1981, p. 735 for acute comments on the differences and similarities between usury and interest-bearing capital.

⁷² Marx 1981, p. 517.

⁷³ *Faust*, Part 1, line 2141. Compare Marx 1976, p. 1007: 'By incorporating living labour into the material constituents of capital, the latter becomes an animated monster and it starts to act "as if consumed by love"'.

if the analogy with biological organism is to be taken seriously (as it should be), no such system even begins to be viable. As a minimum, we have to identify a number of *regulative* mechanisms. A system is not self-sustaining unless it has sub-systems of regulation to ensure efficient use of energy, temperature control, waste disposal and so on. There have also to be elements in the system which protect it from internal or external attack, allow it to react and re-organise when its survival is threatened. In Marx's account, there are a number of crucial regulative mechanisms, and they all involve, in various ways, competition between capitals.

It is here that Arthur's stress throughout much of his book on capital-in-general seriously confuses his analysis. He insists that such regulative mechanisms are subordinate to the vampiric essence of capitalism. He refers us to a passage in which Marx writes that:

Free competition is the real development of capital. By its means, what corresponds to the nature of capital is posited as external necessity for the individual capital; what corresponds to the concept of capital, is posited as external necessity for the mode of production founded on capital. . . . Competition merely *expresses* as real, posits as an external necessity, that which lies within the nature of capital.⁷⁴

Despite the reference here to competition as the *real* development of capital, Arthur reads this as justifying the focus of most of his book on capital as vampire-in-general, giving little attention to the competition between the many vampires. It is true that much of Volumes 1 and 2 of *Capital* focus on capital-in-general, the extraction of surplus-value for labour, and the production → circulation sequence. But, if Arthur, or anyone else, takes priority in order of argument as the basis for a judgement about what is more or less essential in Marx's account of how capitalism operates as a viable system – then this is a crucial mistake. It takes no account of the inversion processes whereby what is treated later in the sequence of Marx's argument may nevertheless emerge as dominant in the concrete operation of the capitalist economy. Arthur wants to argue that the essence of capital is blind pressure to sheer accumulative growth based on surplus-value. But, for Marx, exploitation and accumulation are processes driven by the pressures of competition. This is not secondary, but part of the essential structure of capital:

⁷⁴ Marx 1973, p. 651.

Conceptually, competition is nothing other than the inner nature of capital, its essential character, appearing in and realized as the reciprocal interaction of many capitals with one another, the inner tendency as external necessity. Capital exists and can only exist as many capitals, and its self-determination therefore appears as their mutual interaction with each other.⁷⁵

Attention to the historically varying forms taken by competition and the operation of the law of value is crucial. For example, in the world capitalist economy over the past thirty years, the financial markets have become increasingly central in processes of capital allocation. One effect is intensification of competition among capitals in the productive sectors to secure capital from the financial markets, which are organised and controlled by banks and other types of finance capital. Thus, in the final decades of the twentieth century, finance capital has re-emerged (as in the period before 1929) into a position of immediate dominance over the productive sectors of the economy – though, ultimately, of course, dependent on the flow of surplus-value extracted within the productive sectors. Here is an example of a historical dialectic at work – a reversal whereby a secondary and derivative form of capital can become dominant in the operation of the system. But Arthur says little about historical dialectic, and seems to see this lack of interest as a condition of the rigorous deployment of systemic dialectic.

Yet, if the metaphor of *system* is to be treated with rigour, then mechanisms of regulation have to be seen as essential. The difficulties which arise from too limited a concept of system are clearly evident in Arthur's Chapter 10, where he poses the question of whether or not the USSR and the other pre-1989 Soviet economies were capitalist. Obviously, on his minimum definition of a capitalist system, they could be nothing else. The means of production were owned and controlled by a large vampire – the state. Commodities were produced and sold; surplus labour was realised in monetary form and re-invested in means of production, or syphoned off to make the ruling élite wealthy. What was unvampirelike about this system? But Arthur wants to argue that the Soviet economies were really neither socialist or capitalist, but undefinable. There was what he calls 'materialised capital' in the factories of the USSR, but,

without the capitalist economic form to direct it, there was nothing to motivate efficiency; voluntarism, coercion, incentives, all failed. Hence the

⁷⁵ Marx 1973, p. 414.

chronic crisis of underutilisation of resources, massive waste, defective products, and final collapse. Certainly if the factory system in which capital materialised itself remains, then one cannot speak of socialism; but conversely, if the law of value, enforced though capitalist competition is no longer operative we have a clock without a spring.⁷⁶

Thus, to clarify the non-capitalist character of the USSR, he has to introduce regulative mechanisms of competition as essential to the operation of a capitalist system. Suddenly, we are no longer talking about value as a single dominative form. Instead, there is a turn to the *law of value* – the disciplines of productivity, minimisation of costs of production, quality control, monitoring of capital allocation and so forth. Arthur begins to recognise the crucial nature of capitalist competition, so confidently marginalised for the first three quarters of his book. Better late than never. However, the effect of the USSR discussion in Chapter 10 is that competition and the law of value are introduced like rabbits from hats, without any form of dialectical necessity. They are invoked, without mediations, to account for an historical contingency – the difficulty of defining the social character of the Soviet economy. It is just this sort of ad hocery which strict Hegelians are not supposed to engage in. If regulative mechanisms are part of the essence of any system, then this requirement should be asserted at an early stage, if only in general terms. Marx recognises this, and early in *Capital*, Volume I, he points, in a preliminary way, to the regulative role of money – that is, as measure of value. Commodities only have value to the extent that they can be converted into money of an adequate quality. Later in *Capital*, the regulative operations of the law of value are explored more fully – for example, the many ways in which competitive processes select some capitals for growth, and others for extinction; the tendencies towards the concentration and centralisation of capital. Arthur, as I have argued, in line with his intense focus on exchange, is interested primarily in money as means of exchange – less in its function as measure of value, and thus as medium of assessment of the relative productivity and efficient use of labour by capitals in competition.

⁷⁶ Arthur 2002, p. 222.

World market – part of the concept of capital

Arthur leaves capital at a level of abstraction in which, as a system, it has no apparent spatial dimension. He is prepared to allow capitalism a physical environment and allows it dependence on raw material sources. But, otherwise, the spatial character of the system is given no presence in the argument. In Marx, it is quite different. 'The tendency to create the *world market* is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome'.⁷⁷ 'World market . . . the very basis and living atmosphere of the capitalist mode of production'.⁷⁸ For a Hegelian, to say that something is given in the concept of something else is a very weighty statement – part of its essence which must necessarily emerge as the concept is explored and developed in historical time or in logical space. In a related way, the inherently international character of the capitalist economy is alluded to at an early point in *Capital*, when Marx lists as one of the basic functions of money is that it acts as *world money* – namely, as international measure of value, and as transmitting and conserving value across international spaces.⁷⁹

And, again, in Chapter 10 on the USSR, we find further evidence of the difficulties Arthur creates for himself by an inadequate attention to the spatiality of the capitalist system. Arthur cannot find the spring that drove the USSR because the primary competitive pressures involved derived from the international economy. The imperatives which structured development in Soviet Russia involved military and technological competition with the European and American economies, as well as the conditions required by the bureaucracy to ensure its survival in power. Arthur moves straight from a highly abstract conceptualisation of system, to the USSR as a national economy, without mediations, and especially without the crucial mediation of the world economy. Marx comments only in a limited way on the internally differentiated character of the international economy in his period. It is clear, however, that he rejected any idea of individual national economies as passing through a fixed series of stages. And Trotsky, in opposition to both Second-International historical evolutionism and the Third-International theory of stages, developed

⁷⁷ Marx 1973, p. 408.

⁷⁸ Marx 1981, p. 205.

⁷⁹ There has been too little comment in the literature on Marx's concept of world money, and of the implications of its introduction at such an early point in *Capital*.

an important set of theses about combined and uneven development. A number of ideas are compressed into this formula. Its basis is the priority of the world economy in the explanation of national development:

Marxism takes its starting point from world economy, not as a sum of national parts but as a mighty and independent reality which has been created by the international division of labour and the world market, and which in our epoch imperiously dominates the national markets.⁸⁰

The term 'combined' refers to the complex differential economic, political and cultural structures which are created as societies which still contain large traditional elements are brought into direct contact with the advanced technology and modes of organisation of the highly industrialised countries. Globalisation does not create homogeneity, but, instead, the unevenness of an endless variety of local, and often unstable, amalgams between old and new. The analysis of economic structures and processes needs to register difference and instability. This cannot be adequately done by on the basis of a reductionist concept of 'system' in which surplus-value extraction mechanisms are treated as fully constitutive of a self-subsistent, self-replicating capitalist economy.

Conclusion

Like all good Marxists, Arthur understands value as a social relationship. But, because his Hegelian mode of argument requires an abstract start, he begins with the category of value-form, as a mere empty form of exchangeability of commodities. An empty form is incapable, in itself, of contradiction. The contradictions are added in later, as value-form sets off in its quest for world domination. Marx's starting point in *Capital* is the commodity as involving an inherently contradictory essence, an *internal* opposition of value-form and use-value. Arthur's book is outstanding in the way that it clarifies just how important differences are, in these elementary first moves in political economy, for the later, more concrete, stages of analysis. This is an effect of the chains of dialectical necessity which characterise the theoretical narrative as it develops from any given starting point. But, as against Arthur, it is the inclusion of labour as one of the initiating categories of *Capital* which helps Marx to

⁸⁰ Trotsky 1970, p. 146.

develop a complex and powerful account of patterns of competition between capitals. The selective logics of competition – summarised as the *law of value* – are a vital element in Marxist explanations of the dynamics of capitalist development and the complex and crisis-ridden systems which emerge historically. It is a law-of-value paradigm, rather than one centring on value-form, which makes possible the development of coherent accounts of system formation and system disintegration. In this way, the opposition of systematic and historical dialectics can be overcome.

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