

The concept of law in the Marxist method

An inquiry into the concept of law and its role in the ascent from the abstract to the concrete in Marxist theory of knowledge, in contrast to contemporary interpretations denying the logical-historical character of the Marxist method.

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Introduction

The concept of law in the Marxist method: problem description and research question

The materialist dialectic approach, which essentially characterizes Marxist philosophy, studies reality in its motion, change or development, which results from the connection, interdependence and interaction of all phenomena, objects or processes, and all of their distinct aspects. Reality is governed by laws that determine the connection and development of phenomena in nature, society and thought.

From this point of view, science, which aims to understand reality, needs to observe, analyse, isolate and categorize phenomena in order to study them, but at the same time it also needs to uncover the connection between various (aspects of) phenomena; how each individual aspect connects to the whole. Laws express exactly the essential and necessary relations between phenomena. Uncovering the laws, which determine the development and interaction of phenomena, is therefore essential to gaining knowledge of any phenomenon, but also to understanding the world in general. The theory and the concepts that we develop in thought about phenomena, should reflect the laws, the real connection and development of phenomena in material reality. Marxist dialectics is, after all, *materialist* dialectics and takes material reality as the real starting point for the development of theory.

This approach was developed by Karl Marx and Friedrich Engels, in their attempt to develop a scientific outlook on society, based on the method of materialist dialectic, giving great importance to uncovering the laws that determine the development of society. This is apparent in the works of Marx and Engels that deal with political economy. “It is the ultimate aim of this work,” Marx wrote in the preface to the first edition of *Capital*, “to lay bare the economic law of motion of modern society.”¹ This endeavour took three books, in which Marx and Engels (the latter edited the second and third volumes) lay bare a whole number of specific economic laws. From the law of value and the laws of accumulation that are at the centre of attention in the first book, to the laws of circulation that are examined in the second book, and finally the elaboration of some general laws of the capitalist mode of production in the third volume, of which the law of the tendency of the rate of profit to fall is most well-known. All these laws taken together, along with the relevant concepts unified in the theory of political economy, should provide an understanding of the workings and development of the capitalist mode of production.

The specific sciences are primarily concerned with the specific laws that are relevant to their object of study. For instance, political economy deals with the law of value and other economic laws. Biology deals with the laws of development of living organisms etc. Philosophy or materialist dialectics is, according to the Marxist position (i.e. the position developed by Marx and Engels), concerned with the most general laws of development, which function in reality and are also reflected in the development of social consciousness.²

The topic of this study is the concept of law in the Marxist method. The aim to elaborate on the nature of law as it is understood in Marxist philosophy, i.e. from the standpoint of philosophical materialism and the dialectical method. It is not the aim of this study to advance or criticize particular views on the concept of law, but to study the approach of Marx and Engels to this issue.

The concept of law is essentially linked with many problems of epistemology and ontology. What exactly is the role of discovering laws in the process of gaining knowledge? How are laws related to

¹ Marx and Engels, *Collected Works*, v.35:10.

² An example of such a law is the law of the transformation of quantitative into qualitative changes, which states that the accumulation of quantitative changes in any phenomenon at some point result in the change of the quality of the object. This is a universal law of change that we can find in any sphere of reality – whether we are studying chemistry, biological evolution or social developments – and in the development of thought. Marx and Engels, *Collected Works*, v.25:110–20, 531.

causality? What about the well-known problem of induction? What is the ontological status of laws? Do they exist ‘out there’, objectively, or are they mere categories of our understanding? We aim to answer such questions in the framework of Marxist philosophy.

This requires studying the Marxist method. This method, based on philosophical materialism and dialectic, was developed by Marx and Engels as a result of the achievements in science at that time. The discovery of the cell, the theory of evolution, the conservation and conversion of energy and other scientific insights, as well as the rapid social changes after the French revolution, were of major importance for the development of the dialectical approach and its association with the materialistic and scientific worldview.³ Marx and Engels found that science and materialist philosophy had previously been characterized – in general – by mechanistic⁴ and metaphysical approaches. ‘Metaphysical’ is used by Marx and Engels to denote a philosophical method that is opposite to dialectics or the dialectical method. In the metaphysical method, the object of study is not approached as a process continually in development, but as something static and unchanging, while it disregards the interdependence of things and studies (aspects of) phenomena in isolation. Marx and Engels use this word, when they aim to point out that something is not approached dialectically, that something is misinterpreted due to the limitation of the metaphysical approach.⁵ Moreover, even materialist philosophy was, according to Marx and Engels, characterized by idealism when it came to the study of society and human history.⁶

Marx and Engels claimed that knowledge is concrete, and that knowledge develops by “advancing from the abstract to the concrete”.⁷ The meaning of the categories abstract and concrete in Marxist philosophy has received quite some attention in secondary literature, because Marx and Engels use these categories in a peculiar way, that differs compared to the use of these categories in other philosophical traditions.

When the category of the concrete is used in contemporary philosophy and logic, it often refers to something that we can think of as an individual thing that can directly be observed. Reality, as it appears to the senses, is concrete reality, full of concrete things. The abstract, on the other hand, refers to something that we have abstracted from concrete reality. Usually some property or aspect; something that cannot directly be observed by the senses or be thought of as a single object, such as ‘whiteness’, ‘truth’ or ‘wisdom’. From this point of view, an abstraction is something in our mind, that merely expresses the similarity in our observation of various concrete particulars. For example, we say ‘whiteness’ is abstract,

³ Marx and Engels, *Collected Works*, v.25; v.26:353–98.

⁴ Mechanism is a theoretical approach that Marx and Engels identified in 17th- and 18th-century philosophy, as a tendency to interpret the development of physical and social reality in terms of the laws of mechanical motion. In other words, it tends to reduce more complex forms of motion (biological, economic, social etc.) to simple mechanical motions. It leads to a metaphysical approach of development and change. *Collected Works*, v.25; v.26:370.

⁵ In contemporary philosophy the word ‘metaphysics’ is sometimes used as a synonym for ontology. Marx and Engels never used the term in this sense. The word is also sometimes used to refer to philosophy that deals with the principles of being that are inaccessible by the senses, often with a negative connotation of unscientific thought. In some very early texts, such as *The German ideology* (*Collected Works*, v.5), we can find the word metaphysics in this sense, more or less as a synonym for what they later called idealism. But in all works since *The poverty of philosophy* (see specially chapter II on ‘The metaphysics of political economy’, *Collected Works*, v.6:161–77), Marx and Engels used ‘metaphysical’ to refer to an undialectical *method*, which approaches things statically and in isolation. Accordingly, the metaphysical method ignores or denies internal contradictions as the source of the development of things (recognizing only external causes and no internal causes), and it tends to grasp only quantitative change while disregarding qualitative change. Marx and Engels did not deny the importance of studying various aspects in a static and isolated manner, but they considered it insufficient. See, for example: *Collected Works*, v.16:473–473; v.25; v.26:370–71, 384–86. The word metaphysics can also be found in many works where Marx criticized the approach or method employed by the representatives of classical political economy.

⁶ ‘Idealism’ is used by Marx and Engels to denote philosophical theories that take consciousness or spirit (whether it is the thinking individual human or a higher thinking being such as a God) as primary, as determining the development of the material world. They consider this the opposite of materialism. *Collected Works*, v.25.

⁷ Marx and Engels, *Collected Works*, v.28:38.

because we cannot think of whiteness as a single object. We can only think of many particular and ‘concrete’ white things, from which we, observing this similarity, ‘abstract’ in our mind the general category of whiteness. From this point of view, the abstract always appears as the result of thinking.

This view on the categories of the abstract and concrete is very widespread amongst logicians and philosophers nowadays. Its origins lie in two traditions that are closely related to the emergence of modern science. The first is British empiricism (especially Locke), which emphasized that the senses are the source of all knowledge. The second is nominalism, which denies an objective existence of abstract or universal concepts: “there is nothing general except names,” as John Stuart Mill summarized it.⁸ This tradition stood in opposition to realism, which held the view that universals (such as ‘human’) exist objectively, communicating their essence to each individual thing that participates in this universal (every single human being). The realist approach was linked to idealistic philosophies, of which Platonism is perhaps most famous, and to religion (although there were also nominalist variants of medieval Christian philosophy). Since the enlightenment and the rise of modern science, nominalism became the dominant view and realism was generally abandoned – with some exceptions in the Scottish enlightenment and German idealism. Empiricism assimilated the positions of nominalism.

From an empiricist-nominalist position, the abstract appears as a name, a name for some similarity that we observe in various particulars, and thus as a result of thinking. However, we already saw that Marx claimed that the concrete – and not the abstract – is the result of thinking, as the Marxist position suggests that the process of gaining knowledge starts from the abstract and then needs to rise to the concrete.

The Marxist method assumes that our first impression of reality one-sided, as we only see some aspects of the object and we do not fully understand it as a concrete whole. From that point of view, our first impression of reality is abstract. Study is required to really understand the object of study and all its aspects and interdependence with other objects. Hence the concrete, our concrete understanding of the whole, appears as the result of study. We can see that Marxist philosophy has a different approach and a different use of the categories abstract and concrete in process of gaining knowledge. In this study we will elaborate on this.

But things get much more interesting once we look more specifically at the use of the category abstract and the use of abstractions in Marxist theory. In the process of rising from the abstract to the concrete, i.e. in the process of scientifically studying reality, we will need to abstract – to isolate things and leave other things out of consideration – in order to understand them. The discovery of laws, which are abstracted from reality, is very important in the process of advancing from the abstract to the concrete. The ‘discovery’ of the law of value, is intertwined with forming the concept of ‘abstract labour’. Marx writes that this abstract labour is “an abstraction which is made every day in the social process of production” and that the abstraction is “no less real, than the resolution of all organic bodies into air.”⁹ It is deliberately expressed this way by Marx, who thereby seeks to emphasize that the abstraction is not merely a simple similarity in observation or something in our mind. There is more to it than that: the abstraction somehow has an objective character. The law of value – and the whole Marxist theory of political economy – makes no sense if we regard ‘abstract labour’ as a mere name, as the nominalist-empiricist tradition would require from us.

In order to understand the concept of law in the Marxist method, it is indispensable to understand the Marxist approach to the nature of the abstract and of the concrete, the dialectic between the abstract and the concrete (i.e. how these are interrelated, their reciprocal action), and the role of laws in the process of the development of science and knowledge, i.e. the process of advancing from the abstract to the concrete.

Even though such issues may seem rather theoretical, they do have major consequences for research practice. For instance, the usual view is that laws are abstracted from reality through induction from the many different observed manifestations of that law. That is the basic idea about how laws are

⁸ Mill, *An Examination of Sir William Hamilton's Philosophy*, 50.

⁹ Marx and Engels, *Collected Works*, v.29:272.

established, as it is taught in universities nowadays and in the time of Marx as well, which is rooted in the empiricist approach. The Marxist method, however, rejects induction as the “sole or even the predominant form of scientific discovery.”¹⁰

Marx does not at all follow an inductive method to establish laws. He employs a completely different method. The law of value, for instance, is not induced from many manifestations of value, but is instead the result of a very comprehensive examination of just one particular and ‘abstract’ manifestation of value: simple commodity exchange¹¹. Moreover, more advanced economic laws, such as the laws of accumulation, circulation and so on, are developed by Marx in such a way that they seem to stem from the law of value and the further development of the concept of value. Hence we can clearly see that the theoretical-epistemological questions surrounding the concept of law, are also methodological issues that can determine research practice.

The role of induction and deduction in the establishment of laws according to the Marxist method, is closely related to the conception of logic in Marxist philosophy. Marxist philosophy is based on the position that there is a close relation between the historical and the logical. Any scientific theory and system of categories – however ‘abstract’ or general – needs to reflect, according to the Marxist approach, the real historical connection and interaction between the phenomena that belong to its object of study.¹² This position is a consequence of the materialist and dialectical outlook on both history and logic. History is not regarded as an accumulation of random events. On the contrary, history is regarded by Marx and Engels as something that develops according to certain laws, with necessity, according to logic.¹³ Logic, on the other hand, is regarded as a reflection of history, of course in a generalised and ‘corrected’ manner, disposing of all the coincidental ‘zigzags’ that take place in history.¹⁴ Logic is not something in our mind or something ideal, existing outside of reality and determining its development. *Materialist* logic views logic as an abstract expression from the real necessities in material reality.

Based on this view, Marxism distinguishes between a *historical method* of study, where we study each phenomenon in the sequence of its appearance in history, and a *logical method* of study, where we study the development from the simplest form – through its internal contradictions and necessary development – to its more complex forms.¹⁵ Marxist philosophy shows that these two methods are in fact closely related to each other. This is apparent, for instance, in Marx’s *Capital* and the development of the economic laws in Marxist political economy, where we will see how the historical and logical methods of study are

¹⁰ Marx and Engels, *Collected Works*, v.25:509.

¹¹ Simple exchange is a social relation based on the direct exchange of commodities, presupposing a division of labour. It is distinguished from more advanced forms of exchange, for instance through money.

¹² Marx and Engels, *Collected Works*, v.16:475–77; v.28:38.

¹³ ‘Logic’ in Marxist philosophy does not only refer to *formal logic*, but also to *dialectical logic*. Formal logic studies syllogisms, how a conclusion follows from premises etc. It focuses on the form and constitution of arguments, not their content. It is based on laws such as the laws of identity, of non-contradiction, of excluded middle etc. The violation of these laws leads to confusion and irrational thinking. The laws of formal logic represent in thought some real aspects of the material world, for instance that things resemble each other in some respects or that things can be relatively stable over time (such aspects of reality are expressed in the law of identity). However, Marxist philosophy points out that this view abstracts (leaves out of consideration) other aspects of reality: that things are in development and change qualitatively. Marx and Engels certainly did not deny formal logic. They only thought that it is important to recognize its boundaries. Dialectical logic examines exactly the development which formal logic leaves out of consideration, again abstractly, focussing on the form of change itself. For Marx and Engels, logic was not only a thought process, but an abstract representation of how things *really* are and progress in material reality, which is reflected in thought. With this in mind, we can understand that when Marx or Engels wrote about ‘logic’, it often refers not only to formal logic, but also dialectical logic, and more generally to the abstract representation of the real process in material reality. Marx and Engels, *Collected Works*, v.25:125, 339. See also: Marx and Engels, *Collected Works*, v.5:482.

¹⁴ Marx and Engels, *Collected Works*, v.16:475.

¹⁵ Marx and Engels, *Collected Works*, v.16:473–77; v.29:63. There is a common misconception that this distinction was only made by Engels. I will discuss this in section 6.4.

intertwined. To understand the concept of law in the Marxist method, it is therefore indispensable to elaborate on the dialectic of the logical and the historical.

There is a tendency in some schools of thought, some of which self-identify as Marxist, to deny the dialectic of the logical and the historical method as a characteristic of the Marxist method. We can find this tendency especially in various schools which are often referred to under the umbrella-term 'Western Marxism'. The accuracy of this term, and of both properties 'western' and 'Marxism', is debatable, but I will use it for convenience. The property 'western' intends to juxtapose Western Marxism to Marxism as it was developed in the Soviet Union and in the international communist movement, with most of its representatives tending to dismiss most of Lenin's contribution to the development of Marxist theory and philosophy.¹⁶ The property 'Western' is rather inaccurate, as there were plenty of thinkers in the 'West' that developed Marxism without opposing their works in this way, while Western Marxists were inspired by thinkers from the 'East'.

We can trace the roots of Western Marxism to the works of Korsch, elements from the works Lukács and others. It evolved into various schools of thought, with divergent interpretations, methods and approaches. Some examples (not a complete list) are the Frankfurt school and critical theory that originated in Germany during the interwar period and are associated with intellectuals such as Horkheimer, Adorno, Marcuse and others; structural Marxism that has its roots in France after the May 68 uprising and is associated with the works of Althusser, Balibar, Poulantzas and others; and analytical Marxism which originated in anglophone universities in the late 1970s and 1980s and is associated with Cohen, Elster and Roemer amongst others. In general, the attributes 'critical', 'structural' and 'analytical' quite accurately betray the sources, approach, methodology and emphasis of each of these respective traditions.

Some branches of Western Marxism that retain influence nowadays, are the New Reading of Marx (*Neue Marx-Lektüre*) and systemic dialectic (or new dialectic). The Neue Lektüre originated in the late 1960s, building on the traditions of critical theory and structural Marxism.¹⁷ It was shaped by the studies of Reichelt and Backhaus, while its main contemporary representative is Heinrich. The Neue Lektüre has a strong presence in German-speaking countries and the influence it exerts is amplified due to the positions of its representatives in the production of the *Marx-Engels-Gesamtausgabe* (MEGA). It claims that its positions are based on new insights from works of Marx that had not yet been published – although the main positions and arguments were already around decades before this material became available. Systemic dialectics, associated with Arthur and Reuten, amongst others, could be regarded as the anglophone counterpart of the Neue Lektüre, I would say with the peculiarity that it contains some subtle influences from the analytical tradition.

The Neue Lektüre is characterized by a renewed interest in Marxist political economy, which is very much informed by the theory of Rubin. On this basis, the Neue Lektüre created the 'monetary theory of value', which is generally also supported by the representatives of systemic dialectics. This theory advances the position that commodities, value and related concepts such as abstract labour are not present in the sphere of production, but that they emerge in the sphere of circulation. In other words, this approach supposes that something becomes a commodity and attains value only at the moment of exchange. When the product is produced, the monetary theory of value supposes that the product is not yet a commodity, does not yet contain value, even if it is produced in the framework of commodity production and with the aim of exchanging it.¹⁸ This interpretation has important theoretical consequences for understanding Marx's position on the law of value and abstract labour, which we will discuss later.

This monetary theory is related to a different interpretation of Marxist philosophy that we can find in the tradition of the Neue Lektüre and systemic dialectics. This tradition dismisses the dialectic of the logical method and the historical method which I mentioned earlier, recognizing only the former as constituting the dialectical method (that is why they speak of 'systemic' dialectics, as opposed to a

¹⁶ E.g. *Materialism and Empirio-Criticism* or *Philosophical Notebooks* in volumes 14 and 38 of Lenin, *Collected Works*.

¹⁷ For extensive study of the history of the Neue Lektüre, see: Elbe, *Marx Im Westen*.

¹⁸ For example, see: Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 49–50.

'historical' understanding of dialectics). Regarding *Capital*, this means that the development of money from simple commodity exchange is interpreted as only a logical-conceptual development, which does not represent a real historical development. Accordingly, this tradition also dismisses the position that subjective dialectic (the dialectical development of thought and knowledge) reflects objective dialectic (the dialectical development of nature and society). Instead, it tends to dismiss objective dialectic, recognizing dialectic only as a method of investigation, or even merely as a method for the exposition of a theory.¹⁹ As Backhaus pointed out, the Neue Lektüre inherited the rejection of the idea that subjective dialectics reflects objective dialectics from the Frankfurt school from which it emerged.²⁰

These and other elements from both the monetary theory of value and the interpretations of Marxist philosophy by the Neue Lektüre and systemic dialectics, are sometimes advanced as corrections or additions to the theory of Marx, while on other occasions they are presented as elaborations of the theory of Marx.²¹ As I wrote earlier, the aim of this study is not to advance or criticize any positions as such, but to elaborate on the concept of law in the theory that Marx and Engels developed. Hence we are interested in the accuracy of the Neue Lektüre and systemic dialectics in depicting the theory of Marx and Engels. From this point of view, I will attempt to point out the problems in the interpretation of Marxist philosophy in these traditions, and how this relates to confusion in political economy. The monetary theory of value fails to grasp the law of value correctly (in the sense that it does not correctly depict the Marxist theory of the law of value) and fails to correctly understand the concept of abstract value. This problem is not caused only by confusion on the level of political economy. It is related to more fundamental problems in the interpretation of the concept of law in the framework of Marxist philosophy, but also more generally the distorted interpretation of the Marxist method in the traditions of Neue Lektüre and systemic dialectics.

This is the puzzle that this study is concerned with. A law is an abstraction. But what kind of abstraction? How does the law relate to the concrete? What is the ascent from the abstract to the concrete and what is the function of laws in this process? How is the theoretical elaboration of laws related to logic and to history? More generally: what is the place of law in the epistemological framework of Marxist philosophy? How does law relate to the categories universal and particular, phenomenon and essence, or form and content? When we examine this in depth, we will find that Marxism has a specific view on the concept of law, which differs fundamentally from the widespread views that we can find in the theories of both Marx's contemporaries and present-day philosophers. We will find that there is a lot of confusion in various traditions that seek to understand Marxist philosophy. The research question of this study is: *what is the nature of law and its role in the ascent from the abstract to the concrete in Marxist epistemology?*

Approach, method and sources

The primary aim of this study is to examine the dialectical materialist approach to the concept of law, contributing to our understanding of Marxist epistemology. Because of this approach, there is a strong emphasis on the study of primary literature. There is no single text where Marx and Engels precisely explained their position on this matter. If that were the case, this research would have been unnecessary.

¹⁹ The distinction between 'objective dialectics' and 'subjective dialectics' and their relation is discussed explicitly by Engels in fragments of *Dialectics of Nature*. Both Marx and Engels used the concept 'dialectic' both in relation to a scientific method of thought and to objective developments. Lukács criticized Engels' elaborations on dialectic in the *Anti-Dühring*, because Lukács thought that the recognition of objective dialectics without the subject who aims to change reality is not in accordance with the theory of Marx. According to Lukács, dialectics therefore applies only to history and society, and Engels is mistaken in extending it to nature. Lukács ascribes this alleged mistake to influence from Hegel. Lukács, *History and Class Consciousness: Studies in Marxist Dialectics*, 3–4, 24.

²⁰ Backhaus, *Dialektik Der Wertform*, 138.

²¹ If one would, for example, compare *Dialektik Der Wertform* by Backhaus with *An Introduction to the Three Volumes of Karl Marx's Capital* by Heinrich, one would find many similar elements that Backhaus openly presents as a criticism of Marx, while they are present in Heinrich's book as either a criticism that applies only to Engels and cannot be extended to Marx, or the criticism is made very implicit. I will elaborate and provide specific examples later.

There are, however, plenty of works, notes and letters of Marx and Engels that deal with this issue and related issues of epistemology. Moreover, there is the practical study and exposition of laws in works of Marx and Engels. By studying these works, we can gain an understanding of the Marxist approach to the concept of law. I will especially look at the law of value, as it is explained in *Capital* and other works of Marx and Engels on political economy.

For these primary sources, I will mostly refer to the *Marx and Engels Collected Works* (MECW), which is currently the most complete collection of the works of Marx and Engels in English. I will be referring to works of both Marx and Engels, and works that they wrote together, from different periods. Marx and Engels did not develop their views in a day; the primary literature was written by two persons over the course of some decades. Where necessary, I will therefore highlight any relevant change or development in their position.

In academic literature about Marxist philosophy, there is a strong tendency to make sharp distinctions between the ‘early Marx’ and the ‘late Marx’, and to disconnect Marx from Engels, pointing out (alleged) contradictions between ‘early Marx’, ‘late Marx’ and Engels. This is an important characteristic that unites the divergent schools of Western Marxism.

However, historical research shows that Marx and Engels developed a very close cooperation and friendship, developing their theory and method together. In the 1840s, they criticized existing philosophical approaches and “settle[d] accounts with our former philosophical conscience”, developing the fundamental positions of their worldview in texts they wrote together, such as *The holy family*, *The German ideology* and the *Manifesto of the Communist Party*.²² They started writing separately in the 1850s, after the revolutions of 1848-49 and the repression that followed. But even then, they worked closely together. They exchanged virtually all works that they worked on before publication. They exchanged thought on every development and problem that arose. Together they decided what was important to study or publish, and who would take up each task, with Marx spending many years of his life concentrating on elaborating the theory of political economy. Marx explained that “we [Engels and Marx] work to a common plan and after prior agreement...”²³ This is testified by the accounts of Marx’s relatives, such as his daughter Eleanor Marx or his son-in-law Paul Lafargue. Eleanor Marx wrote of Marx and Engels’ friendship that “it was one which will become as historical as that of Damon and Pythias in Greek mythology.”²⁴

Let us look more specifically at some works written by Engels that are important sources and that I will refer to. For instance, a very explicit explanation of the dialectic of the historical and the logical method can be found in a review written by Engels.²⁵ The Western Marxists have claimed that this review absolutely does not represent the thoughts of Marx. However, Marx repeatedly requested Engels to write this review.²⁶ Engels then send it to Marx to edit it. “If you can knock it into shape, do so,” Engels wrote. “Take a good look at it and, if you don’t like it *in toto*, tear it up and let me have your opinion.”²⁷ Not only did Marx not alter or criticize this text, but Marx even had it published (it was not published by Engels). In later letters Marx expressed his enthusiasm about this review and that it was reproduced abroad, in contrast to the “rubbish” that was being published about *Capital* by others who did not, according to Marx, understand the theory.²⁸ For the writers that want to dismiss this text of Engels, the reason that Marx had it published obviously remains “an enigma within research on Marx”.²⁹

Let us look at another example, which is the *Anti-Dübring*. Another work written by Engels, dismissed in Western Marxism as not representative of Marx’s theory. However, a single view on the countless letters Marx and Engels exchanged in the period that the *Anti-Dübring* was written, which took

²² Marx and Engels, *Collected Works*, v.29:264.

²³ Marx and Engels, *Collected Works*, v.17:114.

²⁴ Marx-Aveling, ‘Friedrick Engels’, 189.

²⁵ Marx and Engels, *Collected Works*, v.16:465–77.

²⁶ Marx and Engels, *Collected Works*, v.40:471, 473.

²⁷ Marx and Engels, *Collected Works*, v.40:478.

²⁸ Marx and Engels, *Collected Works*, v.40:502.

²⁹ Hoff, *Marx Worldwide*, 225.

about two years, shows that Marx was fully engaged in this project. Marx helped Engels with the material for various chapters and wrote one of the chapters relating to political economy, and he read the complete manuscript. Marx sent copies of the *Anti-Dühring* to other people calling it “very important for a true appreciation of German Socialism.”³⁰ Marx wrote the introduction to the French edition of Engels’ *Socialism: utopian and scientific* (also known as *Development of socialism from utopia to science*), which is based on excerpts from the *Anti-Dühring*. In this introduction he concludes: “In the present pamphlet we reproduce the most topical excerpt from the theoretical section of the book, which constitutes what might be termed an *introduction to scientific socialism*.” Notice the use of the word ‘we’ – in general the preface is written by Marx in a way that this work appears as a product of both Engels and Marx.

A lot more can be written about these works of Engels in relation to Marx’s position. Similar discussions exist about other important works written by Engels, such as the *Dialectics of nature* or *Ludwig Feuerbach*.³¹ I will not elaborate further on this, for these are philological issues that can and are resolved by other sorts of publications.³²

I will focus on the *philosophical aspect of the argument*, which is the aspect that is most relevant for this study. In this regard, this study shows that when it comes to the concept of law, the elaborations of Engels, the elaborations of Marx, and the application of their method in *Capital* point in the same direction and express the materialist dialectic method.

As for the tendency to juxtapose the ‘early Marx’ and the ‘late Marx’, I already pointed out that I recognize the objective and obvious fact that the theory of Marx and Engels was not presented at once like the Ten Commandments. It developed over time.³³ However, things must not be exaggerated. Marx and Engels developed a worldview based on certain philosophical conceptions in the early 1840s, that can be summarized with the two words dialectic and materialism. This philosophical basis for their worldview and for their *method* (in political economy and other fields of study) did not change *fundamentally* in later years, even if they made significant advancements in developing the *theory* of political economy and other fields of study. On the level of philosophy, they refined their methodology, conceptualisation and their understanding of various specific issues, but there are no fundamental changes in their worldview or approach. In Western Marxism, the term ‘worldview’ is often rejected.³⁴ The reasons for that are closely related to the disconnection of Engels from Marx and the overemphasized distinctions between ‘periods’ in Marx’s work (some related aspects are discussed towards the end of this study).

For now, I believe it is important to emphasize that these arguments are not directed against whomever finds that it is necessary to ‘correct’ the Marxist position, because they think that that the theory of Marx and Engels is in some respects not in accordance with reality or outdated. Such arguments can only be accepted or refuted by studying reality. The arguments above are directed against the misunderstanding that important works of Engels would not be representative of Marxist theory and method, or that Marx’s own works do not represent the Marxist view, by overemphasizing or

³⁰ Marx and Engels, *Collected Works*, v.45:333–34.

³¹ The *Dialectics of nature* consists of texts written in the period 1872-1882, in a period that not only Marx was still alive but Marx and Engels lived near each other in London and had daily in-person contact. Regarding the *Dialectics of Nature* and to understand how this work is connected to earlier studies of Marx and Engels, see also: Reiprich, *Die Philosophisch-Naturwissenschaftlichen Arbeiten von Karl Marx Und Friedrich Engels*.

³² The arguments are known in secondary literature and have been repeated many times. For an overview, see: Sheehan, *Marxism and the Philosophy of Science*; Balomenos, “Capital’ in the Crosshairs of the ‘New Reading of Marx’ (Part 1)’. See also: Reitter, *Karl Marx: Philosoph Der Befreiung Oder Theoretiker Des Kapitals? Zur Kritik Der »neuen Marx-Lektüre«*; Reitter, ‘Die Kapitalrezeption Der Neuen Marx-Lektüre’; Vasina, “The Second Volume of “Capital””. Related to this issue is the discussion about the ‘legitimacy’ of Engels’ editorship of the second and third volumes of *Capital*, which is an important argument of the monetary theory of value to the law of value. This is a more specific issue that is relevant for this study and I will discuss this later.

³³ There is a very extensive and thorough study of the development of Marx’s philosophy and method in his early works (1830s and early 1840s) by Vaziulin, first published in 1975. Unfortunately I could not find a translation in English. Vaziulin, *The Becoming of the Method of Scientific Research of K. Marx (Logical Aspect)*.

³⁴ E.g. Heinrich, *An Introduction to the Three Volumes of Karl Marx’s Capital*, 10-11, 24-27, 37-38.

overtheorizing changes in theory (e.g. in political economy) which are sometimes wrongly interpreted as changes in the method or philosophy.

As for the use of secondary literature in this study, I already pointed out that a lot has been written on Marxist epistemology. I should note that even though the concept of law is not absent in secondary literature on Marxist philosophy, it is not at the centre of attention either (there is a lot of attention to the law of value, but less to the concept of law as such). The focus on this concept of law distinguishes the approach I will take in this study. That said, there are countless writings from a plethora of traditions with divergent interpretations of Marxist philosophy, only some of which I already addressed. I will not attempt to summarize and discuss various approaches on this subject, because evaluating the vast body of secondary literature on this subject can be an object of study in itself.

As this study will focus on the concept of law in the Marxist method, I will spend some attention to the monetary theory of the law of value and the philosophical positions of the *Neue Lektüre* and systemic dialectics, as views that retain influence nowadays and that are connected to some common misunderstandings regarding the Marxist method. Furthermore, there are two notable and well-known works by Rosenthal and Ilyenkov on the meaning of abstraction and the dialectic of the abstract and concrete in Marxist philosophy.³⁵ Despite some weaker aspects, I think that the overall approach to the problem of the abstract and concrete as it is developed in these two sources is generally a truthful depiction of the positions of Marx and Engels. These two works are therefore important sources in relation to the view I develop regarding the abstract and concrete, which is an important aspect of this study. They have, among other aspects of this problem, studied how the concepts in *Capital* move from abstract to more and more concrete concepts throughout this work.

Outline

The study is divided in four parts. The first part will elaborate on the law of value, where we will look at the discovery and development of the law of value in classical political economy. The focus lies on understanding the role of this law in classical political economy, in a framework that is informed by the empiricist-nominalist approach to abstraction and to epistemology. We will look at the limitations that Marx and Engels identified in the approach and method of the classical political economists. The second part will then elaborate on the method of Marx and Engels, with emphasis on the dialectic of the abstract and concrete; the historical and the logical. The third part will then more specifically identify the main determinations of the concept of law. Finally, the fourth part will, with these determinations in mind, elaborate on the role of laws in Marxist theory, thereby answering the research question.

Throughout this study, each chapter seeks to solve the issues raised in the previous one, while raising new issues that need to be answered in order to further our understanding of the concept of law in Marxist philosophy. It may require some effort from the reader to follow the logic of the argumentation, but I believe that the approach and structure of this paper (as opposed to a more simple outline, e.g. chronological or thesis, arguments, refutation of counterarguments) can facilitate a clearer understanding of the puzzle that this study is concerned with, and that it allows for a more comprehensive understanding of the object of study, in this case the Marxist approach to the concept of law. Furthermore, I will attempt to write everything in such a way that not too much knowledge on Marxist philosophy, political economy or secondary literature on the topic is presupposed, to the extent that this is possible within the practical limits of this study. I consider the explanation of basic concepts indispensable as nowadays Marxist philosophy and political economy is not common knowledge in the universities – even though some quotes from Marx may remain popular.

³⁵ Rosenthal, *Problems of Dialectics in Marx's Capital*; Ilyenkov, *Dialectics of the Abstract & the Concrete in Marx's Capital*.

Part I: The development of political economy and the law of value

In this part we shall look at the method of classical political economy, which was to a large extent based on the principles of empiricism. We will especially look at the method by which classical political economy established economic laws, but also how these laws were used in the development of theory. We shall focus on the law of value. I will first shortly explain this law and relevant terminology from the Marxist point of view. Then I will elaborate on Marx's criticism of the method of the classical political economists, with special attention to Marx's assessment of the methods of Adam Smith and David Ricardo.

1. The law of value

The law of value applies to commodities. A commodity is anything that fulfils two criteria. First, it must satisfy some desire of someone. It must have some utility or be of use to someone. In scientific terminology: it must have 'use value'. The use value of a commodity is determined by the physical qualities of the commodity, which allow it to fulfil some need or desire. Second, it is produced not for personal consumption, but for exchange or sale, and it therefore has some 'value'. This value is manifested in exchange as 'exchange value'. This can be expressed either in a quantity of some other commodity, in the case of direct exchange, or in a quantity of money. Marx postulated that value cannot stem from the physical qualities or the use value of a product: "the exchange of commodities is evidently an act characterised by a total abstraction from use value."³⁶ After all, use values are qualitatively different and can therefore not be quantitatively compared. Something else, Marx argued, determines the value of a commodity.

The law of value designates the determination of value. According to this law, as Marx defined it, the value of a commodity is determined by the "labour time socially necessary for its production."³⁷ Hence if a baker would be able to produce four breads per hour and the fisherman could produce two fish in the same amount of time, then the value of a bread would equal half the value of a fish.

What does the law of value essentially tell us according to Marx? It tells us that labour is the 'substance' of value. The value of a commodity is the labour that has been spent to produce it. This labour is 'embodied' in the commodity and manifests itself in the exchange of the commodity as its exchange value.³⁸

The law of value is fundamental to Marxist political economy. This law is the basis on which Marx advances the position that in a capitalist economy – which is based on commodity relations – economic phenomena such as money, price, wage, profit, rent or interest, are essentially expressions of value, and the law of value applies to these phenomena. This means that the source of profit, rent or interest is the labour of the workers. To understand this position, however, one needs to take Marx's economic theory a few steps further, as it requires an understanding of how these economic phenomena are connected to the concept of value in Marxist political economy. Superficially, looking only at the phenomena, these connections are not immediately clear, even if one has a basic understanding of the Marxist theory of the law of value in simple commodity exchange. When observing economic reality, it is not apparent that the source of profit – even more rent and interest – is ultimately labour. Superficially it may seem that they result from the circulation of commodities, the means of production themselves etc.

³⁶ Marx and Engels, *Collected Works*, v.35:47.

³⁷ Marx and Engels, *Collected Works*, v.35:49.

³⁸ Marx and Engels, *Collected Works*, v.35:48. The terms 'substance' and 'embodied' are not only used at the point where Marx defines value but are consistently used throughout *Capital*.

Marx was not the first who posited that the value of commodities is determined labour. Who ‘discovered’ the law of value? Mankind has understood since ancient times that labour is an important source of wealth, next to nature. That is obvious. “God usually either freely giveth, or for labour selleth to man-kind,” as Hobbes put it.³⁹ Even the connection between the value of commodities and labour may have been – implicitly perhaps – made at times. But the position that labour is the substance of the value of commodities was clearly formulated by the classical political economists in the 18th and early 19th centuries. It was in the period that commodity production radically expanded, together with the development of capitalism, to the extent that “The wealth of bourgeois society, at first sight, presents itself as an immense accumulation of commodities.”⁴⁰

The labour theory of value is often associated with David Ricardo, who indeed contributed to it. The law of value in itself was, however, already posited by the pre-Ricardian classical political economists such as Adam Smith and to an extent even William Petty. These were important sources for Marx. Let us take a closer look at how Marx evaluated the development of the conceptualisation of value in the history of economic thought, in order to better understand Marx’s understanding of the conceptions of the classical political economists and the problems that he identified.

Before classical political economy, the mercantilists held the position that labour is only productive (adds value) in those sectors where money earned by the export of products exceeded the money spend on production and import. The term mercantilism refers to a set of some general positions that dominated economic thought (there was not yet an economic ‘science’) roughly since the 15th century. Marx explained that the influx of money (gold and silver) led to inflation, i.e. the fall of real wages, increasing profits, not due to growing productivity of labour, but due to falling real wages.⁴¹

“This fact was linked with the influx of the precious metals; and it was this, though they were only dimly aware of it, which led the Mercantilists to declare that labour employed in such branches of production was alone productive,” as Marx explained.⁴²

The physiocrats of the 18th century (Quesnay, Mirabeau, Turgot and others) were the first to develop a science of the economy. They held the view that only agriculture produced surplus value. Industry and commerce were regarded as branches of agriculture. The physiocrats supposed that labour in these sectors was unproductive (meaning that it does not add value, which is not to say that it is useless).⁴³

We can see that the mercantilists practically only recognized money as value. They identified a form of value (money) with value itself. The physiocrats on the other hand, only recognized use value as value, and only in a very narrow sense of the term encompassing only the products of agricultural labour. According to Marx, both the mercantilists and the physiocrats had not yet grasped the role of labour and its relation to value.⁴⁴

The classical political economists, especially Smith, distinguished but also saw a connection between use value and exchange value. They thought that both commodities and money are but expressions of value. And they also held the view that value is determined by labour.

³⁹ Hobbes, *Leviathan*, 189.

⁴⁰ Marx and Engels, *Collected Works*, v.29:269.

⁴¹ In Marxist terminology, relative surplus value and the rate of profit increased. ‘Relative surplus value’ is the surplus value that emerges, not from the prolongation of the working day (which is called ‘absolute surplus value’), but from the relative decrease of ‘necessary labour time’ (the part of the working day that is necessary for the reproduction of the value of labour power, in other words the labour time necessary to cover wages) and the relative increase of ‘surplus labour time’ (the part of the working day that the workers create surplus value).

⁴² Marx and Engels, *Collected Works*, v.31:10.

⁴³ See: Beer, *An Inquiry into Physiocracy*; Higgs, *The Physiocrats*. Higgs provides a comprehensive historical-descriptive overview of the physiocrats and their positions. Beer takes a more theoretical approach. See also Marx’s analysis and criticism in: Marx and Engels, *Collected Works*, v.31.

⁴⁴ Marx and Engels, *Collected Works*, v.31:28–29.

“The word value, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometime the power of purchasing other goods which the possession of that object conveys. The one may be called ‘value in use;’ the other, ‘value in exchange’. (...)

The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchange value of all commodities. (...)

Labour alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money is their nominal price only.”⁴⁵

We clearly see that Adam Smith sees the unity of the use value and the exchange value of commodities, which is evaluated positively by Marx.

“As against the Physiocrats, Adam Smith re-establishes the value of the product as the essential basis of bourgeois wealth; but on the other hand he divests value of the purely fantastic form – that of gold and silver – in which it appeared to the Mercantilists.”⁴⁶

Marx criticized Petty and Smith for being inconsequential, falling back to the positions of the physiocracy and mercantilism at various points. I will not elaborate on that, as it is beyond the scope of this study. What is important for our study, is to look at the methodology of the classical political economists: how did they establish the law of value and how was this law used in the development of theory?

2. Classical political economy and its limitations

2.1 The empiricist method and classical political economy

The classical political economists were inspired by the epistemological and methodological principles of empiricism. The development of political economy is closely related to the development of empiricist philosophy. We will see that Marx observed this relation, and that his criticism towards the method of classical political economy is connected with his view on empiricist philosophy.

The fundamental position of empiricism is that knowledge comes from experience, from our senses that enable us to observe reality. Empiricist tendencies have existed in throughout the history of philosophy and all across the world, but when it comes to the historical development of the modern scientific outlook, Francis Bacon is often mentioned, including by Marx, as one of the first to advance the position that all science should be based on experience. That is why Marx called him “the real progenitor of English materialism and all modern experimental science,”⁴⁷ despite the fact that Bacon was very religious. The empiricists generally maintain that the data that we collect through the senses must be subjected to a rational method of investigation. “Induction, analysis, comparison, observation, experiment, are the principal forms of such a rational method,”⁴⁸ Marx wrote when describing Bacon’s contribution to the becoming of modern science and materialist philosophy. Hence knowledge develops, according to the empiricist approach, from concrete reality observed by the senses, through analysis, induction and abstraction, to abstract laws and concepts. The method of deduction is – from this point of view – of secondary importance for gaining new knowledge. It mainly serves for the analysis of concepts, the exposition of knowledge we already have, or testing hypotheses that follow from existing theories.

⁴⁵ Smith, *The Wealth of Nations*, 1:29; 30–31; 33.

⁴⁶ Marx and Engels, *Collected Works*, v.31:29.

⁴⁷ Marx and Engels, *Collected Works*, v.4:128.

⁴⁸ Ibid.

The positions of Bacon were further developed in the context of the early enlightenment and the revitalisation of science and materialism after the Middle Ages, for example by Thomas Hobbes. Petty, whom Marx called “the father of Political Economy, and to some extent the founder of Statistics,”⁴⁹ was a student of Hobbes.⁵⁰ They shared an empiricist approach, which we can clearly see this in the preface Petty writes to his *Political Arithmetick* (1676):

“The Method I take to do this, is not yet very usual; for instead of using only comparative and superlative Words, and intellectual Arguments, I have taken the course (as a Specimen of the Political Arithmetick I have long aimed at) to express my self in Terms of *Number, Weight, or Measure*; to use only Arguments of Sense, and to consider only such Causes, as have visible Foundations in Nature; leaving those that depend upon the mutable Minds, Opinions, Appetites, and Passions of particular Men, to the Consideration of others...”⁵¹

It was this approach that allowed political economy to come into existence as an empirical science, according to Marx and Engels. They held that it was Locke who eventually really provided the foundation for empiricism, for the position that all knowledge and ideas originate from sensation.⁵² Locke famously compared the human mind with a white paper (*tabula rasa*), which is filled with ideas from experience. “In that [experience] all our knowledge is founded; and from that it ultimately derives itself,” Locke wrote.⁵³ Locke’s empiricist philosophy “served as the basis for all the ideas of the whole of subsequent English political economy,” Marx wrote.⁵⁴ The empiricist approach assimilated a nominalist understanding of general or universal concepts, which are formed through induction: through abstraction of the many observations, we form a universal concept. From this point of view, a concept is a symbol or name that designates a quality, property, state or relation that all individual phenomena of a class have in common. In other words, the concept is nothing more than a name expressing a similarity of different particulars.⁵⁵

Marx wrote: “Hobbes, as Bacon’s continuator, argues thus: if all human knowledge is furnished by the senses, then our concepts, notions, and ideas are but the phantoms of the real world, more or less divested of its sensual form. Philosophy can but give names to these phantoms. (...) But it would imply a contradiction if, on the one hand, we maintained that all ideas had their origin in the world of sensation, and, on the other, that a word was more than a word; that besides the beings known to us by our senses, beings which are one and all individuals, there existed also beings of a general, not individual, nature.”⁵⁶

In the nominalist-empiricist view, the abstract is always general or universal, and the concrete is always particular. After all, an abstract concept has few determinations and will apply to more particulars, and it will therefore be general or universal. Hence any universal concept is always abstract, an abstract universal. The particular, on the other hand, is always concrete, containing multiple determinations.

From this point of view, the criterion for determining what is abstract and what is concrete, appears to be a grammatical or linguistic criterion: a name which designates a particular refers to something concrete (e.g. the words ‘a white thing’ refer to something concrete), and a name that points to a quality, property, state or relation of particulars refers to something abstract (e.g. the word ‘whiteness’ refers to something abstract). A universal concept is, from this point of view, nothing more than a name that refers to a quality, property, state or relation that we observe in different particulars.

The laws that govern reality are, from this point of view, discovered primarily through induction, which is for the empiricists the basic method for gaining new knowledge. We observe a particular object

⁴⁹ Marx and Engels, *Collected Works*, v.35:278.

⁵⁰ Amati and Aspromourgos, ‘Petty Contra Hobbes: A Previously Untranslated Manuscript’.

⁵¹ Petty, ‘Political Arithmetick’, 244.

⁵² See also the writings of Marx and Engels relating to this historical development: *Collected Works*, v.4:124–34; v.5:408–14.

⁵³ Locke, *An Essay Concerning Human Understanding*, 41.

⁵⁴ Marx and Engels, *Collected Works*, v.34:89.

⁵⁵ E.g. for Hobbes nominalist positions, see: Hobbes, *Leviathan*, 13–16.

⁵⁶ Marx and Engels, *Collected Works*, v.4:128–29.

or phenomenon, or a class of objects or phenomena, and we see that whenever some conditions are met, the same change occurs. In other words, we abstract, generalise or induce from a class of particular empirical phenomena a regularity they all share. This regularity we call a law. From the many observations we induce or infer that some factor, which seems to bring about the change every time, must be the cause. There must be no phenomenon that contradicts this law, as formal logic requires us to adhere to the principle of non-contradiction. The law must apply, whenever the conditions are met, to all phenomena of a class. Laws always appear as an abstraction, as an abstract regularity.

This empiricist view of laws and concepts results in a fundamental problem: the problem of induction. This was famously explained by Hume, who studied the concept of causation. He understood that there is nothing inherent in objects that makes them a cause or an effect, but that “the idea, then, of causation must be derived from some relation among objects.”⁵⁷ When experience shows time and time again that flames are accompanied by heat, there must be some “necessary connection.”⁵⁸ In such cases, “we always conclude there is some secret cause, which separates or unites them,”⁵⁹ Hume wrote, already hinting that there appears to be something mystical about causation, something the empiricists at that time could not explain. Causation appears as some kind of invisible power over the phenomena.

The problem of induction is that we assume this causal connection between objects, even though reason cannot provide a justification for this assumption. The fact that A led to B in the past, does not guarantee that this will always be the case: “the course of nature may change, and (...) an object, seemingly like those which we have experienced, may be attended with different or contrary effects.”⁶⁰ For that reason, Hume argued that reason cannot allow us to infer from past experience that there objectively is a causal law which determines that the same effect will take place in the future:

“Thus, not only our reason fails us in the discovery of the *ultimate connexion* of causes and effects, but even after experience has informed us of their *constant conjunction*, it is impossible for us to satisfy ourselves by our reason, why we should extend that experience beyond those particular instances, which have fallen under our observation.”⁶¹

The problem of induction led Hume and many others in his time to an agnostic or sceptic attitude towards the reality of causation, and by extent also towards laws and universal concepts. He considered that causation is neither something existing in the material world, nor in reason. Instead, he advanced the position that our interpretation of the regularities we observe as causal relations is the doing of our ‘imagination’.

“Reason can never shew us the connexion of one object with another, though aided by experience, and the observation of their constant conjunction in all past instances. When the mind, therefore, passes from the idea or impression of one object to the idea or belief of another, it is not determined by reason, but by certain principles, which associate together the ideas of these objects, and unite them in the imagination. Had ideas no more union in the fancy than objects seem to have to the understanding, we could never draw any inference from causes to effects, nor repose belief in any matter of fact. The inference, therefore, depends solely on the union of ideas.”⁶²

With this theoretical-philosophical framework and the problems that it faces in mind, let us now look more specifically at the method of classical political economy, how it dealt with economic laws, and what problems that Marx and Engels identified due to the limitations of its method. For this purpose, we shall look at Adam Smith, who made a huge contribution to the development of political economy with

⁵⁷ Hume, ‘A Treatise of Human Nature’, 72.

⁵⁸ Hume, 74.

⁵⁹ Hume, 71.

⁶⁰ Hume, ‘An Enquiry Concerning Human Understanding’, 600.

⁶¹ Hume, ‘A Treatise of Human Nature’, 86.

⁶² Hume, 86.

his famous work *The wealth of nations*, being an important source of inspiration for Marx. I will elaborate on some relevant aspects of this work and the methodology of Smith, mainly regarding the concept of value.

2.2 The esoteric and exoteric methods in Adam Smith's theory

The starting point for Smith, who sought to study the 'causes of the wealth of nations', was the division of labour, which he observed is "the greatest improvement in the productive powers of labour."⁶³ The division of labour requires one to exchange the surplus product of one's own labour with that of someone else, and money is required to facilitate this exchange. Understanding that the laws of exchange are essentially the same, whether there is money involved or not, Smith arrived at the concept of value. He made the distinction between use value and exchange value, as I quoted earlier. He distinguished the nominal price of commodities, which is measured in money, from the real price of commodities, which can only be measured in labour.

So far Smith dealt with simple commodity production, where producers exchange the commodities produced by themselves.⁶⁴ When he looked specifically at capitalist production, where there is a distinction between the labourer and the owner of the means of production (the capitalist), he wrote: "The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer..."⁶⁵ Hence it appears he understood that both wages and profit are forms of value and that labour is the source of both.

Smith then also distinguished the landlord and rent. He noted that as soon as the means of production have accumulated in the hands of private individuals, and the land has become private property, price will consist of three parts: labour, rent and profit. At this point Smith has an interesting track of thought. He wrote: "Wages, profit, and rent, are the three original sources of all revenue as well as of all exchangeable value. All other revenue is ultimately derived from some one or other of these."⁶⁶

At first, when Smith deals with simple exchange, where two direct producers exchange the commodities they made with their own labour, he established that labour is the source of all value. However, when he looked at the much more complex reality of capitalist production, where there is a distinction between the labourer, the owner of the means of production (the capitalist) and the owner of the land (the landlord), he is unable to see how exactly wages, profit and rent are related to labour as the source of value. He then seems to confuse cause and effect, claiming that wages, profit and rent are the sources of value, instead of the other way around. Marx criticized this mistake of Smith:

"Adam Smith first explains that exchange value resolves itself into a certain quantity of labour and that after deducting raw materials etc., the value contained in exchange value is resolved into that part of labour for which the labourer is paid and that part for which he is not paid, the latter part consists of profit and rent (...). Having shown this, he suddenly turns about and instead of resolving exchange-value into wages, profit and rent, he declares these to be the elements forming exchange value, he makes them into independent exchange values that form the exchange value of the product; he constructs the exchange value of the commodity from the values of wages,

⁶³ Smith, *The Wealth of Nations*, 1:12.

⁶⁴ There is a discussion in secondary literature about the term 'simple commodity production', I will address this discussion in section 7.1.

⁶⁵ Smith, *The Wealth of Nations*, 1:45.

⁶⁶ Smith, 1:48. Smith went on to investigate why the market price of commodities deviates from the natural price (their value), pointing out the law of supply and demand and other factors. This is how Smith started his inquiry. He then moved to a closer study of wages, profit and rent, which he considered as the sources of value. The other books of *The Wealth of Nations* are concerned with the accumulation of capital (book II), historical developments of various economic sectors (III), criticism of mercantilism (IV) and finally on public finances (V). Smith, *The Wealth of Nations*, 1869. I will not elaborate on all of this as this is beyond the scope of this study. I focus on the first few chapters in order to show Smith's method and the problems that arose, to see how Marx shaped his method.

profit and rent, which are determined independently and separately. Instead of having their source in value, they become the source of value.”⁶⁷

Superficially, things indeed seem how Smith described it, especially from the point of view of the capitalist. A commodity is sold, and a part of the revenue will go to the worker in the form of wage, a part of it will be the profit of the capitalist himself, and a part of it will go to the landlord. Hence on the surface it may seem as if wages, profit and rent make up value, as if they are the cause of value. But it contradicts the law of value, and the understanding that unpaid labour is the source of profit, something Smith himself understood and wrote some pages before.

What causes this contradiction in Smith’s theory? Marx distinguished between the ‘exoteric’ (external) and the ‘esoteric’ (internal) methods of Smith. These two methods both run throughout his work. The first method refers to the uncritical exposition of facts and data, of phenomena as they appear to us. Phenomena are analysed and categorised, and concepts are formed based on similarities between phenomena. This aspect of Smith’s methodology is exemplary of the influences of the empiricist-nominalist approach. But at the same time there are many moments in Smith’s work that are characterized by what Marx called the esoteric method, which refers to a theoretical approach, that tries to establish the necessary connection between the phenomena; how these phenomena are connected to each other within the capitalist system as a whole (hence internally, esoterically). At these points, the emphasis lies not on induction, analysis and abstraction, which are the main tools for gaining new knowledge from the empiricist point of view. At these points we find attempts to deduce, to find synthesis, to find how things are necessarily connected into a concrete whole. Here we see Smith starting from certain categories that have been abstracted from reality, such division of labour and exchange, and using these abstractions as a basis for explaining or ‘deducing’ more complex and concrete phenomena, showing the necessary connection between economic categories and avoiding the problem of induction of the empiricist-nominalist method, although to a limited extent. These attempts are constantly constricted by the exoteric or superficial examination of political economy. The coexistence of these two methods is very clear in *The Wealth of Nations*, where we can find pages that really develop a *theory* of political economy, of the laws and workings of capitalism as a concrete whole, and other pages that contain an endless exposition of facts, categorisations and analyses without critical, theoretical examination of the connection between phenomena, the connection of particular phenomena to the whole. Marx criticized the method of Adam Smith as follows:

“Smith himself moves with great naïveté in a perpetual contradiction. On the one hand he traces the intrinsic connection existing between economic categories or the obscure structure of the bourgeois economic system. On the other, he simultaneously sets forth the connection as it appears in the phenomena of competition and thus as it presents itself to the unscientific observer just as to him who is actually involved and interested in the process of bourgeois production. One of these conceptions fathoms the inner connection, the physiology, so to speak, of the bourgeois system, whereas the other takes the external phenomena of life, as they seem and appear and merely describes, catalogues, recounts and arranges them under formal definitions. With Smith both these methods of approach not only merrily run alongside one another, but also intermingle and constantly contradict one another. (...) this results in completely contradictory ways of presentation: the one expresses the intrinsic connections more or less correctly, the other (...) without any connection to the first method of approach – expresses the *apparent* connections without any internal relation.”⁶⁸

This contradictory approach is also apparent in Smith’s examination of value. To the extent that Smith proceeded from the concept of value, he was able to explain the nature of economic phenomena such as money, and to some extent even wage and profit. In those parts, Smith took a theoretical approach. He made *theoretical abstractions*, for example with the distinction of exchange value and use value, and with

⁶⁷ Marx and Engels, *Collected Works*, v.31:439–40.

⁶⁸ Marx and Engels, v.31:390–91.

the determination of the concept of value by labour according to the law of value. These are unlike *empirical abstractions*, that reflect a mere resemblance or similarity that can directly be observed as a quality, property, state or relation of multiple particulars. A theoretical abstraction cannot be attained by merely applying the inductive method. There are no directly given phenomena that allow one to *directly* abstract the concept of value by mere observation of similarities. Abstracting the concept of value requires a theoretical understanding of the commodity exchange relation and the role of labour, in the sense explained before.

This theoretical or esoteric approach is limited by the exoteric method, where Smith gives a mere uncritical overview of phenomena, applying only empirical abstractions, describing and categorising phenomena as they appear to the senses directly – especially as they appear to the capitalist. In these aspects we can clearly see the limitations of the empiricist-nominalist method. At these points, Smith did not succeed to penetrate to the essence⁶⁹ of the system, started confusing cause and effect, and was unable to distinguish between the capitalist relations and the remnants of the feudal relations of production that still existed in his time and made the study of political economy even more complicated. Nevertheless, Marx also emphasizes that these weaknesses in Smith’s approach are understandable and to a large extent even justifiable, because Smith was taking up two tasks at once.

“On the one hand he attempted to penetrate the inner physiology of bourgeois society but on the other, he partly tried to describe its externally apparent forms of life for the first time, to show its relations as they appear outwardly and partly he had even to find a nomenclature and corresponding mental concepts for these phenomena, i.e., to reproduce them for the first time in the language and [in the] thought process.”⁷⁰

When a phenomenon is for the first time studied scientifically, it is unavoidable and even required to first present things comprehensively as they appear, to categorise phenomena, to understand the similarities and distinctions and so on.

“The naïve way in which Adam Smith on the one hand expresses the thoughts of the agent of capitalist production and presents things (...) as they appear on the surface, while, on the other hand, he sporadically reveals their more profound relationships, gives his book its great charm.”⁷¹

The empiricist-nominalist approach and the exoteric method generally characterized pre-Marxist political economy. It started from the concrete whole as it appears to us. This was analysed, taken apart, resulting in various abstractions, such as the division of labour, exchange value etc. This approach has a metaphysical character, in the sense that the abstract determinations are considered to be the end of scientific research.⁷² Hence the result of research is a collection of concepts that describe the economic phenomena of capitalism in a static way, without a real theory that shows the interconnection and unity of all these phenomena, and without encompassing a development of capitalism. This undialectical view is an important limitation of classical political economy that Marx identified. With the emphasis on analysis and by regarding the abstractions as the end of knowledge, it does not reach knowledge of the object as a concrete whole, which we saw that Marx considered indispensable as he considered that all knowledge is concrete. In Marxist terminology, we could say that it fails to result in concrete knowledge.

⁶⁹ In paragraph 9.2, I will elaborate on the meaning of the term ‘essence’ in Marxist philosophy. For now, it suffices to say it is a philosophical category, usually juxtaposed to appearance or phenomenon. While appearance refers to the external form by which something exists and appears to the senses, essence refers to the internal content of an object or process. For Marx and Engels, essence and appearance do not directly coincide. Therefore, a superficial look at the appearances does not immediately disclose the essence, how things really are and why they develop in a certain way.

⁷⁰ Marx and Engels, *Collected Works*, v.31:391.

⁷¹ Marx and Engels, *Collected Works*, v.31:442.

⁷² For an elaboration on the metaphysical character of empiricism, see: Marx and Engels, *Collected Works*, v.4:128; v.25:22.

2.3 Ricardo's contribution and the limitation of his methodology

We have seen how Smith proceeded and the weaknesses that Marx identified in his method. Ricardo introduced a new approach in political economy. He dealt with the law of value in a different way than the preceding representatives of classical political economy, overcoming – to some extent – the contradiction between the esoteric and exoteric method pervading the work of Smith. We can see this in Ricardo's most famous work, published in 1817, *On the Principles of Political Economy and Taxation*.

This work starts with an extensive theoretical analysis of the law of value, establishing that labour is “the foundation of all value”.⁷³ In the next five chapters, Ricardo deals successively with rent, price, wage, profit and foreign trade. The rest of his work contains a significant practical part devoted to taxation, i.e. the application of the theory in state policy. The last chapters are devoted to various more complex issues such as accumulation, banks, colonies and so on, that essentially serve as additions to and elaboration on the first six chapters. The first chapters – and especially the very first one – are most interesting theoretically, as these chapters develop a theory of capitalism as a system.

What distinguishes Ricardo's method, is that the law of value is taken as the starting point for the political economy of capitalism. All the other concepts are approached from this point of view, examining their consistency with the concept of value, but also in what ways they influence or alter the system. This is apparent in the various sections of the first chapter, where Ricardo already dealt with several economic concepts such as wages, capital, profit, money or price, and all these concepts are studied in relation to the concept of value. But value continues to play an important role throughout the work. For instance, when Ricardo moved to investigate rent in the second chapter, he started with the question “whether the appropriation of land, and the consequent creation of rent, will occasion any variation in the relative value of commodities, independently of the quantity of labour necessary to production.”⁷⁴ Marx expressed this typical aspect of Ricardo's approach in the following way:

“But at last Ricardo steps in and calls to science: Halt! The basis, the starting-point for the physiology of the bourgeois system – for the understanding of its internal organic coherence and life process – is the determination of *value by labour-time*. Ricardo starts with this and forces science to get out of the rut, to render an account of the extent to which the other categories – the relations of production and commerce – evolved and described by it, correspond to or contradict this basis, this starting-point...”⁷⁵

To some extent, this approach freed Ricardo from the uncritical, theoretically uninterpreted exposition of superficial phenomena or the exoteric method, studying instead every particular phenomenon in relation to the system as a whole. It allowed Ricardo to have a criterion for which empirical phenomena are relevant and significant and which are not.

Before Ricardo, the representatives of classical political economy – as well as physiocrats and mercantilists in their own way – all implicitly or explicitly also had criteria for which phenomena were considered important to understanding political economy, and which were considered more or less accidental or results of wrong policies. Some economic forms were considered ‘genuine’ or in correspondence with ‘human nature’. The latter is, for example, where Smith traced the origin of the division of labour which is the starting point for his system.⁷⁶ Such criteria may appear rather vague and metaphysical (in the sense of ‘static’, not considering the developmental-historical aspect), and they indeed are. But behind this vagueness, political economy was developing and was becoming more and more capable to distinguish those economic phenomena that are typical of capitalism (which was however interpreted metaphysically), if only because these phenomena were increasingly present in empirical reality. However, Marx highlighted that Ricardo was the first to really advance value as the key concept.

⁷³ Ricardo, *The Principles of Political Economy and Taxation*, 13.

⁷⁴ Ricardo, 53.

⁷⁵ Marx and Engels, *Collected Works*, v.31:391.

⁷⁶ Smith, *The Wealth of Nations*, 1:19.

Studying the diverse economic phenomena (rent, profit etc.), Ricardo tried to trace the links they have with the concept of value. He tried to understand how the laws of rent or the laws that determine the wages relate to (the law of) value. Although it might be an overstatement to say that Ricardo ‘deduced’ economic categories from the concept of value, he moves towards such an approach, where economic categories are conceptualized from the necessary logical development of the central concept of value, instead of inductively through the study of many manifestations of a category. He certainly does not abandon the method of induction, but a ‘deductive’ approach is present. This is important for Marx, as we will see later. Ricardo does not seek to understand capitalism as a totality of more or less accidental relations, merely describing what is empirically apparent at the level of the phenomena. Instead, he seeks to develop a theory of capitalism approached as an internally coherent system. In the words of Marx:

“[Ricardo forces science to] elucidate how far a science which in fact only reflects and reproduces the manifest forms of the process, and therefore also how far these manifestations themselves, correspond to the basis on which the inner coherence, the actual physiology of bourgeois society rests or the basis which forms its starting-point; and in general, to examine how matters stand with the contradiction between the apparent and the actual movement of the system. This then is Ricardo’s great historical significance for science.”⁷⁷

Despite Ricardo’s historical significance, his method also had significant flaws. Generally speaking, Ricardo ran into all kinds of contradictions. According to Marx, this was partly the result of Ricardo misunderstanding the concept of value itself and various other economic phenomena, and partly because of the limitations of his theoretical method.⁷⁸ I will not elaborate on the first two aspects, as these are not essential to this study. The last problem is more interesting for us.

I mentioned before that the empiricist-nominalist approach, which moves from the concrete whole to abstract concepts and laws, had a metaphysical character, in the sense that these abstractions were regarded as the end of scientific research. With Smith we could already see a different direction, with some abstract categories such as the division of labour serving – though only in some respects – as starting points instead of end results of his study. Ricardo went a step further by taking one specific abstraction, the law of value, as the starting point. But to a limited extent. Ricardo was unable to understand the nature of abstractions such as the law of value and their relation to other concepts and the empirical phenomena. Ricardo tried to *directly* apply the concept of value to particular economic forms such as wages, price and profit.⁷⁹ In Ricardo’s work, just like in the works of the other classical political economists, all categories – such as value, money, profit, capital, rent etc. – are present right from the start. This is something Marx criticized: “Thus already in CHAPTER I on value, those laws are presupposed, which in CHAPTERS V and VI ‘On Wages’ and ‘On Profits’ should be deduced from the CHAPTER ‘On Value.’”⁸⁰ The key word in this phrase is ‘deduced’. A dialectical study of political economy requires us to regard capitalism as a process in development. As we will see in the following chapters, in a dialectical method the theoretical tools of induction and deduction have a different role, compared to the empiricist-nominalist approach.

This problem is connected to another problem that Marx identified in classical political economy, including Ricardo. The classical political economists tended to regard the concepts of the political economy of capitalism as eternal concepts, that apply universally to the economy. They failed, Marx argued, to correctly understand the historical character of the concepts of political economy. Various economic phenomena, such as capital, were defined in such a way that it seemed as if they had existed forever, as if they are natural inherent properties of the economy, and not historical phenomena that emerged under specific historic conditions, and that can also perish if the material conditions change.⁸¹

⁷⁷ Marx and Engels, *Collected Works*, v.31:391.

⁷⁸ See e.g. Marx and Engels, *Collected Works*, v.31:387–578.

⁷⁹ I will briefly discuss a specific example of this problem in paragraph 8.1.

⁸⁰ Marx and Engels, *Collected Works*, v.31:418.

⁸¹ Marx and Engels, *Collected Works*, v.6:202.

These and other problems in Ricardo's method led to all kinds of contradictions. Unable to solve these contradictions, post-Ricardian economists, even the economists of what was considered the Ricardian school, abandoned the law of value. Value, and other economic forms as well, were increasingly regarded as more or less accidental products of countless factors. A more superficial and less theoretical approach prevailed in what Marx called vulgar political economy.

"Vulgar economy which, indeed, "has really learnt nothing", here as everywhere sticks to appearances in opposition to the law which regulates and explains them. In opposition to Spinoza, it believes that "ignorance is a sufficient reason"."⁸²

2.4 Evaluation of classical political economy by representatives of the monetary theory of value

The representatives of the monetary theory of value evaluate classical political economy and Marx's criticism of classical political economy in a different way. They do not only criticise the inability of classical political economy to understand the historical nature of the categories that correspond to the capitalist mode of production or to specific historical economic phenomena such as commodity production. They also denounce what Marx regarded as significant contributions of classical political economy, such as the identification of labour as the substance of value. This is because the monetary theory of value holds that value is not created in production sphere, but that it appears in the sphere of exchange.

This position is not in accordance with many writings of Marx, who emphasized that "the value of a commodity (...) is therefore a precedent condition of circulation, not its result."⁸³ This is then attributed to the assumption that Marx, while on the one hand breaking with the theory of classical political economy, on the other hand "still remained attached to this field to a not inconsiderable degree" and that "the discourse of classical political economy is still present and already leads to ambivalences in the fundamental concepts, which then produce specific problems of Marx's representation (...) and provide the basis for divergent interpretations and critiques."⁸⁴ In other words, the representatives of the monetary theory hold that Marx's criticism of classical political economy went further than Marx himself realised.

The Neue Lektüre holds that Marx's work was unfinished, not in the sense that Marx died before finishing and publishing all volumes of *Capital* or that there were other things Marx wanted to further elaborate, but in the sense that his theory and method were still in development.

"Marx was nowhere near solving all of the *conceptual* problems. Even the fully developed parts of his work, such as the value and money theory of the first volume, include a number of

⁸² Marx and Engels, *Collected Works*, v.35:311. Marx refers to Spinoza's position that ignorance is *not* a sufficient reason. This is, as far as I can detect, not a literal quote, but a reference to an argument which Spinoza unfolds in his polemic against teleology. More specifically, Spinoza combats the tendency of people to ascribe an event to the will of God, with the sole argument that we do not or cannot know the real causes, i.e. our ignorance. For Spinoza, the problem is not so much that God is regarded as a cause, but that God is personified in this conception. For Spinoza, things have their causes in nature, and the laws of nature are interpreted as the will of God. See, for example, the appendix of Part I of the *Ethics*, in: Spinoza, *Complete Works*, 238–43.

⁸³ Marx and Engels, *Collected Works*, v.35:168. Marx also wrote: "The articles A and B in this case are not as yet commodities, but become so only by the act of barter" Marx and Engels, *Collected Works*, v.35:98. But such claims were made by Marx very specifically about direct barter, and only its very first historical appearance between primitive communities. When such exchange stops being an incidental act and becomes normalised, some part of production will be produced specifically with the intention of exchanging it. As Marx explained, these products are then produced as values: "In the course of time, therefore, some portion at least of the products of labour must be produced with a special view to exchange. From that moment the distinction becomes firmly established between the utility of an object for the purposes of consumption, and its utility for the purposes of exchange. Its use value becomes distinguished from its exchange value. On the other hand, the quantitative proportion in which the articles are exchangeable, becomes dependent on their production itself. Custom stamps them as values with definite magnitudes" v.35:98.

⁸⁴ Heinrich, *Die Wissenschaft Vom Wert*, 198.

ambivalences, which make it seem questionable whether it was in any way possible to complete *Capital* on the given basis.”⁸⁵

From this point of view, even the works of Marx cannot provide us with a correct understanding of Marxist theory. Marx’s theory has to be corrected and “reconstructed”.⁸⁶ In the texts of the various representatives of the monetary theory, the criticism of Marx and the interpretation of Marx are intertwined, for even when they are supposedly merely interpreting, these interpretations are informed by their criticism. We can find positions that are presented as a criticism of Marx in one work or page, and as a more or less objective interpretation of Marx in the next.⁸⁷

Hence what the monetary theorists present as Marx’s criticism of classical political economy diverges from the criticism that we can actually find in Marx’s writings. From the Marxist point of view, I believe that one could argue that monetary theory fails to adequately distinguish between the progressive elements of classical political economy, which was developed in a period that the capitalist class was still a revolutionary class, which was reflected also in its ideology and theory, and the vulgar political economy, developed in the period that the capitalist class lost its revolutionary role. We can even see, for example in Heinrich, that the method of classical political economy is identified with the method of the marginal theory of vulgar political economy, because – he claims – both “coincide in the individualistic-anthropological structure of their discourse.”⁸⁸ Despite the very extensive criticism Marx expressed on classical political economy, both on the level of economic theory and the underlying method, Marx nevertheless held classical political economy in high regard, and never identified it with what he called vulgar political economy, which he considered to be a vulgarization of economic science, which is obvious already from the name that he gave to this tradition in political economy.

We peeked at the method of classical political economy and how it dealt with the law of value. Obviously, this could be a subject for an entire study in itself. I have only tried to highlight the main points that are most important to this study. The positions of empiricism and nominalism, that inspired the methodology of the classical political economists, allowed political economy to develop as an empirical science, but Marx also found that it restricted political economy in gaining a concrete understanding of the capitalist mode of production. Now the big question is of course: how does Marx solve the problems that he identified in classical political economy? In contrast to the empiricist-nominalist view, Marx develops a different conception of abstraction and law and an opposite conception of the process of knowledge, rising from abstract to the concrete.

⁸⁵ Heinrich, ‘Engels’ Edition of the Third Volume of Capital and Marx’s Original Manuscript’.

⁸⁶ This ‘reconstruction’ entails not just removing the “vulgar Marxist” interventions from Engels, but “above all” layers of Marx’s own analysis. Backhaus, *Dialektik Der Wertform*, 132.

⁸⁷ For example, compare how the positions of Heinrich are presented in his papers to their presentation in *An Introduction to the Three Volumes of Karl Marx’s Capital*.

⁸⁸ Heinrich, *Die Wissenschaft Vom Wert*, 206.

Part II: The method and epistemology of Marxism

This part will elaborate on the method that Marx and Engels developed, in contrast to the method of the classical political economists. Chapter 3 will discuss how the categories abstract and concrete are defined in Marxist philosophy. The following chapters will highlight various aspects of Marx's method in *Capital*. Chapter 4 is focused on the starting point of Marx's *Capital*, which includes the determination of the concept of value and the law of value. In chapter 5 we will discuss how Marx proceeds from there and the role of deduction and induction in this process. Chapter 6 will elaborate on the dialectic of the historical and the logical, and I will criticize the approach of the *Neue Lektüre* and systemic dialectics on this issue. The aim is to better understand the Marxist method and epistemology, giving us the tools to specifically understand the concept of law in Marxist philosophy, which will be the central theme of the part III.

3. The abstract and the concrete in Marxist philosophy

3.1 Definitions of the abstract and concrete

We saw that according to the empiricist-nominalist approach, the abstract is always universal, the concrete always particular, and knowledge develops from concrete reality through analysis and induction to abstract laws and concepts. Deduction serves mainly for exposing or testing existing knowledge. Let us now look at how Marx defined the concrete and the abstract.

“The concrete is concrete because it is a synthesis of many determinations, thus a unity of the diverse. In thinking, it therefore appears as a process of summing-up, as a result, not as the starting point, although it is the real starting point, and thus also the starting point of perception and conception.” The abstract is defined as a “one-sided relation of an already existing concrete living whole.”⁸⁹

These definitions highlight that Marx and Engels dismissed the existence of any abstraction or abstract entity (or entities) outside of, or prior to, the concrete world.⁹⁰ The abstract exists only as a one-sided relation of the concrete. This is a consequence of philosophical materialism. As materialists, Marx and Engels supposed that reality exists as the concrete whole of the continually developing and changing material world with all its determinations, interrelations, internal contradictions etc. This concrete material reality “is the real starting point” for knowledge. They criticized the position that there is a priori knowledge and considered all knowledge to be ultimately derived from experience.⁹¹ In that sense empiricism is correct, and Marx and Engels are even more consistent in upholding this principle than many empiricists.⁹²

However, even though the concrete is recognized as the ‘real starting point’, in the sense that it is the source of knowledge, Marx also emphasized that our first impression of concrete reality is not yet concrete. To really know something, to know something concretely, we need to understand how various aspects of the phenomenon are related, its connection to other phenomena etc. All of this is not immediately given in our first observation of a phenomenon, or even in our first attempt to study it. Initially we see only some sides of the phenomenon, while other aspects evade our grasp. Hence our first impression of reality is not yet concrete. It is merely an abstract and one-sided impression. We may see the diversity and the many determinations of a phenomenon, but we do not immediately grasp the *unity* of the diverse, the *synthesis* of the many determinations. Only after scientific study, uncovering the laws of development that determine the phenomenon and its place in the whole, can we know it concretely. That

⁸⁹ Marx and Engels, *Collected Works*, v.28:38.

⁹⁰ Plato's theory of Ideas and medieval realism are examples of philosophies that suppose the existence of abstractions outside of or prior to the concrete world.

⁹¹ Marx and Engels, *Collected Works*, v.25:33–39, 89. See also: Marx and Engels, *Collected Works*, v.2:218–20; v.20:29.

⁹² Cf. Engels on the laws of mathematics Marx and Engels, *Collected Works*, v.25:36–39.

is why Marx wrote that even though the concrete is the real starting point, it appears in consciousness as a result.

The excerpt quoted above comes from a text that deals with the method of political economy, and Marx provided some examples. The 17th century economists (before Smith), for instance, generally started from the concrete whole (population, state etc.) and from there they formed abstract categories. But Marx pointed out that “closer consideration shows, however, that this is wrong. Population is an abstraction,” because we left out class, the elements on which classes rest (wage labour, capital and so on) and other relevant aspects.⁹³ In other words, we only see some aspects of the population, and we are unable to understand and explain the diversity of the phenomena that we observe, i.e. to grasp their unity, the *unity of the diverse*. Our first conception of concrete reality is abstract, one-sided. Therefore the 17th century economists, who began with the concrete whole and moved – often more or less accidentally – towards the discovery of abstract, general relations, such as the division of labour, money, value etc., did really not start from the concretely understood whole. They started from a one-sided and simplistically understood whole, and in that sense they actually started from an abstract impression.

This evaluation of the 17th century economists shows the importance Marx gave to theory. We already saw that Marx valued the esoteric method of Smith and the classical political economists of the 18th century, characterized by a more theoretical approach which moved from the economic forms that had been abstracted from reality, such as division of labour, exchange etc., to more complex economic phenomena such as the world market and economic policy. However, we also saw that in the works of the classical political economists, this often runs parallel to the exoteric method. Marx pointed out that Ricardo understood to some extent that a certain abstraction, the concept of value, plays a central role in understanding the political economy of capitalism, but we already saw Marx’s criticism regarding the inability of Ricardo to correctly understand the nature of this abstraction and how the other categories of political economy relate to it. Marx therefore found that this methodological problem (and other theoretical problems) led vulgar political economy to superficial studies, that described empirical reality without truly uncovering the essential laws that determine the development of the capitalist system, such as the law of value, which was only partly understood, and even more the other more advanced laws of the capitalist system that Marx uncovered (we will discuss some of these later).⁹⁴

Marx’s criticism of political economy highlights the importance of *theory* in the Marxist approach. What is immediately given by empirical reality, the appearances or phenomena, does not automatically provide understanding of the essence, of the process. “All science would be superfluous if the outward appearance and the essence of things directly coincided,” Marx wrote when criticising vulgar political economy.⁹⁵ It is clear that Marx and Engels always defended ‘empiricism’, in the sense that there is no innate knowledge, that all knowledge comes from experience. But they developed a view that also emphasizes the need for theoretical processing of the empirically observed phenomena. They always distinguished between appearance and essence, between how things may seem based on our first impression of reality, and how things really are. The dialectical method as Marx and Engels described and used it, aims to uncover the essence, because to have knowledge of something means, according to the Marxist theory of knowledge, not only to know the outward characteristics of a phenomenon, but to know it in its movement and its interconnection with other phenomena. Knowledge is therefore concrete and appears in thought not as the starting point but as a synthesis and result. But the big question is of course *how* we get to this result, to concrete knowledge. In other words, *how* should the materialist dialectical method work according to Marx and Engels, in order to result in uncovering the essence that is not immediately given by the appearances.

⁹³ Marx and Engels, *Collected Works*, v.28:37.

⁹⁴ Marx and Engels, *Collected Works*, v.43:69.

⁹⁵ Marx and Engels, *Collected Works*, v.37:804. Elsewhere: “The vulgar economist (...) prides himself in his clinging to appearances and believing them to be the ultimate. Why then have science at all?” Marx and Engels, *Collected Works*, v.43:69.

In this regard, we have already seen that Marx and Engels developed the dialectical method as a process that proceeds through the ascending from the simple and abstract to the concrete and complex whole. The abstract in this sense is not the one-sided impression that we spontaneously form when we first observe some object. In scientific study, it is necessary, according to Marx and Engels, to abstract, to leave some aspects of the concrete whole out of consideration and to study some aspects or relations in relative isolation, in order to grasp various aspects of the object of study.⁹⁶ We need to form categories and concepts, such as the concept of value in political economy. These abstract determinations must be studied in such a way that they lead “by way of thinking to the reproduction of the concrete [in thought – A.S.]”⁹⁷

The concepts and laws that are abstracted from reality and through which science needs to ‘ascend’ to concrete knowledge, such as the concept and the law of value, are not regarded by Marx and Engels as mere names for similarities in observation, as in the nominalist approach. To better understand this, let us take a closer look at the conceptualisation of the categories abstract and concrete in the philosophies of Spinoza and Hegel, two important sources of inspiration for Marx.

3.2 Spinoza and the distinction between abstract universals and concrete concepts

Together with Descartes, Malebranche, Leibniz and others, Spinoza belonged to the rationalists of the 17th century, who served as antagonists of the empiricists. In their own way, the rationalists also challenged church dogma and the religious worldview of the Middle Ages. However, where the empiricists emphasized the importance of our senses and experience for gaining knowledge, the rationalists emphasized the importance of logical reasoning.

Spinoza advanced a monist theory, recognizing only one substance: nature or God (which is the same for Spinoza). Matter and thought are but attributes of this single substance. Spinoza emphasized that everything happens according to God’s will, or, which is the same, according to the laws of nature. “It is the same thing whether we say that all things happen according to Nature’s laws or that they are regulated by God’s decree and direction,” Spinoza wrote in his *Theological-Political Treatise*.⁹⁸ God (nature) is the cause of all things.⁹⁹ Only God (nature) itself is a ‘free cause’, a substance, that has itself as a cause (it exists solely on the necessity of its own laws) without anything else affecting it.¹⁰⁰

From this deterministic worldview, Spinoza shaped a theory of knowledge that emphasizes the importance of understanding each particular thing in connection to nature as a whole.¹⁰¹

“In Nature nothing happens which can be attributed to its defectiveness, for Nature is always the same, and its force and power of acting is everywhere one and the same; that is, the laws and rules of Nature according to which all things happen and change from one form to another are everywhere and always the same. So our approach to the understanding of the nature of things of every kind should likewise be one and the same; namely, through the universal laws and rules of Nature.”¹⁰²

If we take a closer look at Spinoza’s epistemology, we will find that he distinguished three kinds of knowledge. Knowledge of the first kind is empirical knowledge, knowledge that comes from the flawed and disordered experience of the senses. Spinoza also called this kind of knowledge opinion or imagination. This kind of knowledge is not certain knowledge. In fact, empirical knowledge is considered by Spinoza

⁹⁶ E.g. Marx and Engels, *Collected Works*, v.25:14, 22–23; v.35:8.

⁹⁷ Marx and Engels, *Collected Works*, v.28:38.

⁹⁸ Spinoza, *Complete Works*, 417.

⁹⁹ Spinoza, 227.

¹⁰⁰ Spinoza, 228.

¹⁰¹ Spinoza’s deterministic worldview did not prevent him from recognizing the existence of free will and incorporating this in his system, but I will not elaborate on that as it is not directly relevant for our inquiry.

¹⁰² Spinoza, *Complete Works*, 278.

to be the cause of falsity. Hence empirical knowledge is neither certain nor ‘adequate’ (which Spinoza defined as ‘clear and distinct’ following Descartes).

Certain and adequate knowledge is knowledge of the second kind that Spinoza also called reason, and knowledge of the third kind or intuition. To understand what Spinoza meant by these types of knowledge, it is important to highlight that Spinoza emphasized the importance of the link between knowledge of the particular things and knowledge of God or nature as a whole. “Particular things are nothing but (...) modes wherein the attributes of God find expression in a definite and determinate way.”¹⁰³ All particular, finite things are expressions of God, have God (nature) as their cause. ‘Adequate knowledge’ requires knowledge of the cause.¹⁰⁴ Hence, we can only truly understand particular things, when we do not approach them as accidental, finite things, but as particulars that exist necessarily by the laws of nature.¹⁰⁵ It is from this point of view that Spinoza took the position that only through reason and especially intuition we can really understand reality. Here we can clearly see the rationalist approach in Spinoza’s philosophy.

Within this framework, Spinoza distinguished between what he called ‘universal notions’ (*notiones universales*) or universal images, and ‘common notions’ (*notiones communes*). The first are notions that are formed by imagination, hence from experience. Humans are capable of forming only a limited number of distinct images, Spinoza argued, and when this is exceeded, the images are confused with one another, and the mind imagines all particulars without distinction, under a single attribute.¹⁰⁶

“from similar causes have arisen those notions called ‘universal’, such as ‘man’, ‘horse’, ‘dog’, etc.; that is to say, so many images are formed in the human body simultaneously (e.g., of man) that our capacity to imagine them is surpassed (...) to the extent that the mind is unable to imagine the unimportant differences of individuals (...) and imagines distinctly only their common characteristic insofar as the body is affected by them. (...) The mind expresses this by the word ‘man’; and predicates this word of an infinite number of individuals.”¹⁰⁷

These universal notions Spinoza described, are abstract universals, which are clearly formed through induction.¹⁰⁸ In the nominalist view, *all* universals are comprehended in this way, as abstract universals. Spinoza pointed to the problem that not everyone will form such notions in the same way. Each person defines these notions based on observations. Hence “those who have more often regarded with admiration the stature of men will understand by the word ‘man’ an animal of upright stature,” Spinoza wrote, while others may have formed a different notion of man, “such as that man is a laughing animal, a featherless biped, or a rational animal.”¹⁰⁹ Therefore he wrote that “it is not surprising that so many controversies have arisen among philosophers who have sought to explain natural phenomena through merely the images of these phenomena.”¹¹⁰

While these abstract universal notions, based on induction from phenomena as they appear to the senses, “signify ideas confused in the highest degree,” common notions, on the contrary, “can be conceived only adequately” (‘distinctly and clearly’ in cartesian terminology) and are “common to all men”.¹¹¹ They do not belong to imagination but to reason and intuition. These notions express the objective reality of nature, they “explicate Nature as it is in itself.”¹¹²

¹⁰³ Spinoza, 232.

¹⁰⁴ Spinoza, 218.

¹⁰⁵ Spinoza, 269–70.

¹⁰⁶ Spinoza, 266.

¹⁰⁷ Spinoza, 267.

¹⁰⁸ Ilyenkov, ‘Understanding of the Abstract and the Concrete in Dialectics and Formal Logic’, 162. The chapter on “The history of the concepts of the abstract and the concrete” contains a detailed analysis of relevant ideas from Spinoza.

¹⁰⁹ Spinoza, *Complete Works*, 267.

¹¹⁰ Ibid.

¹¹¹ Spinoza, 265–66.

¹¹² Spinoza, 773.

“there are many things that can in no way be apprehended by the imagination but only by the intellect, such as Substance, Eternity, and other things. If anyone tries to explicate such things by notions of this kind [universal notions – A.S.] which are nothing more than aids to the imagination, he will meet with no more success than if he were deliberately to encourage his imagination to run mad.”¹¹³

Interestingly, these concepts, though they are general or universal in nature, are also in some way concrete. Substance, for example, contains a synthesis of two opposing and mutually exclusive determinations: thinking and extension. These concepts are not known through induction from the phenomena. Instead, they are the result of deduction from our knowledge of nature (God) as a whole.

“Since all things are in God and are conceived through God, it follows that from this knowledge we can deduce a great many things so as to know them adequately and thus to form that third kind of knowledge...”¹¹⁴

Based on his monist theory and his understanding that knowledge and concepts are necessarily concrete, not abstract, Spinoza makes a ground-breaking contribution. For the first time in history, he made a clear distinction between abstract universals and concrete concepts. Consequently, Spinoza broke with both the Medieval scholastic view and the nominalist-empiricist view on the abstract and concrete. It is an aspect of Spinoza’s thought that anticipates dialectic. For Spinoza, the laws of nature and concepts that explicate reality are not mere regularities in experience that are known through induction. Instead, they are deduced from substance.

Spinoza’s contribution was not assimilated by science or other philosophers of his time. According to Marx’s evaluation, rationalism lost its progressive character towards end of 17th century, and with Malebranche and Arnauld it became more and more metaphysical and idealist, separating from the natural sciences.¹¹⁵ In any case, I think that it is clear that it is only later, in German idealism of the 18th and 19th century, that Spinoza’s contributions (i.e. this aspect of his philosophy I address here) were valued, and on a materialist basis this only happens with Marx and Engels. In the following chapters, where we will elaborate on the Marxist approach to the concept of law, we will see that Spinoza’s approach to knowledge, including the strong connection he assumed between knowledge of the particular and the whole, the distinction between abstract universals and concrete concepts, and the deductive approach, are important sources of inspiration for Marx’s method. But first we will look at some elements from Hegel, another important source for Marxist philosophy.

3.3 The dialectical approach to abstraction in Hegel’s thought

It is well known that Hegel was a major source of inspiration for Marx and Engels. When it comes to concept of law, Hegel’s conception of abstraction and the universal are especially relevant, besides of course dialectic. But those issues are related to another important aspect of Hegel’s philosophy that is relevant to our study, which is Hegel’s conception of consciousness and the ability to know reality.

Contrary to Hume, Kant and other philosophers that rejected, one way or the other, the capacity of humans to know reality *an sich*, Hegel supposed that we can know the world in itself. He answered affirmatively to the question of the identity of thinking and being and traced the separation of thinking and the things in themselves to the assumption that consciousness or thought is only subjective. Subjective not in a relativistic sense (Kant’s categories of the understanding for instance are supposed to hold for everyone), but in the sense that thought was often regarded only as it is expressed in the mind of the individual (the subject) and not as something objective.¹¹⁶ This assumption was in a way intertwined with

¹¹³ Spinoza, 789.

¹¹⁴ Spinoza, 271.

¹¹⁵ Marx and Engels, *Collected Works*, v.4:126.

¹¹⁶ Hegel, *The Encyclopaedia Logic*, 82–83.

An exception and a source of inspiration for Hegel is Spinoza. For Spinoza, everything is in God. Thinking is an attribute of God (or nature), and the human mind is a “part of the infinite intellect of God” Spinoza, *Complete Works*,

the starting point for modern philosophy. Destroying the medieval and theological scholastic method based on faith and authority of the written word (i.e. of the church fathers, Aristotle etc.), Descartes initiated modern philosophy by establishing reason as the criterion for truth, but reason only in the narrow sense as expressed in the thinking or reasoning individual. The individual person's reason subsequently became the criterion for truth, both for most of the rationalists, who took the individual's clear and distinct thoughts as the starting point, and for most empiricists, who had the individual's experience as the starting point. Especially for critical philosophy (Kant), the laws according to which reality develops, the very basic categories by which we make sense of the world, such as causality and necessity and even unity and plurality etc., were regarded as pure conceptions that are a priori contained in our understanding. Hence categories such as causality are not regarded as reflections in thought of aspects that objectively exist outside of our understanding, but as aspects of the understanding itself. With regard to the world in itself, Kant had an agnostic attitude. This agnosticism is shared by Hume and the empiricists, who ran into the related problem of induction, i.e. that the individual's experience is too limited to claim certainty about anything that has a universal nature. Without going into the details of these issues, it is important to highlight that Hegel traced this problem in modern philosophy, the inability of philosophy to grasp the identity of thinking and being, to the idea that thought is only subjective.

Hegel wrote: "In modern times (...) doubts have been raised and the distinction between the products of our thinking and what things are in themselves has been insisted on. It has been said that the In-itself of things is quite different from what we make of them. This separateness is the standpoint that has been maintained especially by the Critical Philosophy. (...) The sickness of our time, which has arrived at the point of despair, is the assumption that our cognition is only subjective and that this is the last word about it. But the truth is what is objective, and this truth ought to be the rule governing everyone's convictions, so that the convictions of a single mind are bad insofar as they do not correspond with this rule."¹¹⁷

For Hegel, thinking is not only a subjective activity, but also something universal and objective.¹¹⁸ It is also the thinking or 'nous' that governs the world.¹¹⁹ From this point of view, thinking appears as that which constitutes both "the substance of external things" and "of what is spiritual", and the antithesis between subjective and objective "disappears".¹²⁰ Logic, which Hegel wrote has thinking as its subject matter, hereby also gets a much broader scope than mere formal logic.¹²¹

From the Marxist point of view, we could say that Hegel essentially dealt with the development of thought on a societal level, as social consciousness and its manifestations.¹²² Marx expressed the criticism that Hegel's system took a mystified form due to Hegel's idealist position.¹²³ However, the important thing for our study is to see this significant development in modern philosophy, that logic and consciousness are approached by Hegel in a somewhat different manner, which is very important to understand Marx's philosophy, especially regarding the nature of abstraction and laws.

Hegel's conception of thinking and logic shaped his theory of knowledge and his approach to abstraction. We can observe this, for instance, in Hegel's understanding of the concept. The concept is for Hegel not simply a word as it is in nominalism. It is not a simple representation of something that multiple

250. On the other hand, there were interpretations of thinking as something objective in theology or religious philosophy as the word or logos of God that determines reality. Although philosophy is generally considered to stand in opposition to such theological conceptions, we should keep in mind that elements of such religious views can also be found in Spinoza and Hegel.

¹¹⁷ Hegel, *The Encyclopaedia Logic*, 54.

¹¹⁸ Hegel, 127.

¹¹⁹ Hegel, 56–57.

¹²⁰ Ibid.

¹²¹ Hegel, 47.

¹²² Ilyenkov, 'Hegel and the Problem of the Subject Matter of Logic'; Ilyenkov, 'Hegel's "Science of Logic"'.
¹²³ Marx and Engels, *Collected Works*, v.3:3–129; v.35:19–20.

particular things have in common, as an abstract identity.¹²⁴ Hegel's concept refers to an adequate conception of phenomena, or even of reality as a totality. To better understand Hegel's concept, let us look at his understanding of the abstract and concrete.

The word abstract or abstraction usually has a negative connotation in Hegel's works. We can often find it in combination with words such as 'one-sided', 'simple', 'poor' and 'dead'. According to Hegel, the abstract does not add anything, it is only an impoverished derivative of the rich and living concrete. He wrote that "abstraction is the positing of this formal identity, the transformation of something that is inwardly concrete into this form of simplicity..."¹²⁵

Hegel emphasized that knowledge we gain of reality in first instance, based on what we observe through our senses, is always abstract, because we cannot directly understand something as a totality. At first, we only grasp this or that aspect, usually what can directly be observed by our senses. From that point of view, Hegel argued that knowledge from the senses is concrete "only with regard to its material," while he considered it "the poorest and most abstract" with regard to its thought content.¹²⁶ Moreover, to make sense of the vast and diverse impressions we get from concrete reality, we need to analyse and abstract. We distinguish various aspects, take them apart, categorise them, leave some aspects out of the picture, and so on. For this reason, we necessarily form a superficial, one-sided, and therefore abstract view of reality, when we first try to make sense of it.¹²⁷

In his evaluation of empiricism, Hegel on the one hand praised that empiricism takes concrete reality as a starting point. "Analysis starts with the concrete, and in this material it has a great advantage over the abstract thinking of the older metaphysics."¹²⁸ On the other hand, however, Hegel criticized empiricism for not being able to overcome this abstract thinking. Analysis, division, categorisation – it is all necessary to make sense of our observations, to "elevate the given, empirically concrete material into the form of universal abstractions."¹²⁹ But it is "only *one* side, and the main issue is the unification of what has been divided."¹³⁰ Relying solely on the senses, the method of analysis and induction, empiricism abstracts elements and regards them in isolation from one another, but is unable, according to Hegel, to move beyond this abstract view that results from the method of analysis. "Empiricism falls into error in analysing objects if it supposes that it leaves them as they are, for, in fact, it transforms what is concrete into something abstract."¹³¹

Hegel regarded starting with abstraction and analysis as necessary but insufficient.¹³² Therefore his philosophical method not only includes the method of analysis, but also the 'synthetic method'.¹³³ For Hegel, this method starts with universal definitions and advances to the singular, i.e. the singular approached as a part of the whole.¹³⁴ The adequate understanding of reality requires both analysis and synthesis. Direct observation or simple abstractions through analysis are not enough to gain true knowledge. To understand reality, we need to know what is universal, to find the laws that determine development.

"But man is not satisfied with this mere acquaintance, with the simple sensible phenomenon; he wants to look behind it; he wants to know what it is, wants to comprehend it. We think about it,

¹²⁴ Hegel distinguished between universal, particular and individual (or singular). This true for Marx as well. For the sake of simplicity, I will treat particular, individual and singular interchangeably, in contrast to universal (or general), as the further distinctions are not immediately relevant for our inquiry and would unnecessarily complicate things.

¹²⁵ Hegel, *The Encyclopaedia Logic*, 179–80.

¹²⁶ Hegel, 136.

¹²⁷ Hegel, *Lectures on Logic*, 220–22.

¹²⁸ Hegel, *The Encyclopaedia Logic*, 78.

¹²⁹ Hegel, 299.

¹³⁰ Hegel, 79.

¹³¹ Ibid.

¹³² Hegel, *The Encyclopaedia Logic*, 296–97.

¹³³ Hegel, 299.

¹³⁴ Hegel, 297.

therefore; we want to know the cause as something distinct from the phenomenon as such; we want to know what is inward as distinct from what is merely outward. So we reduplicate the phenomenon; we break it in two, the inward and the outward, force and its utterance, cause and effect. Here again, the inner side, or force, is the universal, that which persists; it is not this or that lightning, this or that plant, but what remains the same in all. (...) This is where laws, e.g., the laws of the motion of heavenly bodies, belong too. (...) It is the same with regard to the powers that govern human action in its infinite diversity. Here, too, man believes in a ruling universal. (...) This universal cannot be grasped by means of the senses, and it counts as what is essential and true.”¹³⁵

Here we can see that Hegel approached the universal not as something that is really distinct from the particular phenomenon. We distinguish various aspects of reality, breaking it into two, in order to make sense of the phenomena. The universal is described as the aspect that serves as an internal cause or force of a phenomenon. It is the necessity that forces a phenomenon to be and to develop the way it does, as opposed to the accidental aspect of a phenomenon. Clearly, Hegel was not thinking about a universal in the sense of an abstract identity or a superficial similarity of different phenomena.¹³⁶ He emphasized that the essentiality or universality of things “cannot be interpreted merely as something held in common.”¹³⁷ Instead, he thought of the universal as the laws and universal determinations of the development of phenomena. These laws cannot be grasped by direct observation. They do not exist as objects perceivable by the senses.

“This universal does not exist externally as universal: the kind as such cannot be perceived; the laws of the motion of the heavenly bodies are not inscribed in the sky. So we do not see and hear the universal; only for the spirit is it present. Religion leads us to a universal, which embraces everything else within itself, to an Absolute by which everything else is brought forth, and this Absolute is not [there] for the senses but only for the spirit and for thought.”¹³⁸

Hence the universal, which is not an abstract similarity, cannot be grasped by the senses, but only through thought. The key to this is dialectic. In general, Hegel defined dialectic as “the principle of all motion, of all life, and of all activation in the actual world.”¹³⁹ Dialectic first of all considers things not as a static given, but as a process, an unfolding development. Therefore dialectic “is the principle through which alone immanent coherence and necessity enter into the content of science...”¹⁴⁰ Hegel claimed it is the method of thought that corresponds to reality and science, and it is, as Hegel wrote, “the soul of all genuinely scientific cognition.”¹⁴¹ Hegel’s dialectical point of view regards the concept not as an abstract universal, but a concrete universal: “the Concept is the principle of all life, and hence, at the same time, it is what is utterly concrete...”¹⁴² Hegel’s concept is concrete, it is a totality. A universal that encompasses and explains the particulars. This concrete universal contains the inner contradictions that explain the multiple and opposing determinations that manifest themselves in its development as the inner cause.

The determination of the concept should for Hegel also contain the principle to its differentiation, in other words “the beginning and the essence of its development and realization.”¹⁴³ From this point of view, the concept can only be understood as such dialectically, in its development, “through which only that is posited which is already implicitly present.”¹⁴⁴

¹³⁵ Hegel, 53.

¹³⁶ Hegel, 242.

¹³⁷ Hegel, 57.

¹³⁸ Hegel, 53–54.

¹³⁹ Hegel, 129.

¹⁴⁰ Hegel, 128.

¹⁴¹ Hegel, 129.

¹⁴² Hegel, 236–37.

¹⁴³ Hegel, *The Science of Logic*, 538.

¹⁴⁴ Hegel, *The Encyclopaedia Logic*, 237.

Obviously, Hegel's dialectical approach to the abstract and the universal is very complicated. It would be impossible to develop his entire theory here. The same is true for Spinoza. Nevertheless, I have tried to summarize and highlight some aspects in the way that they are relevant to the positions developed by Marx and Engels. Both were very well acquainted with the works of Hegel and Spinoza, which is exemplified by the numerous references that we can find in the works of Marx and Engels. In the first paragraph of this chapter, we looked at Marx's definitions of the abstract and of the concrete, in contrast to nominalist-empiricist approach, with the concrete appearing as the real starting point but also as the result of scientific study, in other words that knowledge is concrete. This aspect of Marxist philosophy builds on the epistemology of Spinoza and Hegel. The philosophies of both Spinoza and Hegel highlight the unity of the world, which develops according to necessity and laws. On an epistemological level this is reflected in a strong connection between understanding an individual or particular phenomenon and understanding the general or the whole where the phenomenon belongs. To understand reality, we therefore need to understand various individual or particular aspects and how they are interrelated. This approach, which emphasizes the need of the synthetic method next to the method of analysis, is shared by Spinoza, Hegel and Marx and Engels, of course with major differences, for instance that the Marxist approach is based on philosophical materialism. It is a key aspect of what Marx and Engels understood as the dialectical method, and it is reflected in the idea that knowledge proceeds through the ascending from the simple and abstract to the concrete and complex whole.

Accordingly, we can see similarities in the approaches of Spinoza, Hegel and Marxist philosophy, with regard to the concept. The concept (or common notions for Spinoza) are understood as a concrete universal, in contrast to the nominalist view that regards concepts as abstract universals or abstract representations of similarities between phenomena. Marxist philosophy distinguishes the concept from the abstract universal. Although concepts, such as the concept of value, are abstract in the sense that they are a one-sided relation of a concrete whole, they are also concrete in the sense that they contain opposing determinations (use value and exchange value). Although Marxist philosophy draws inspiration from the views of Spinoza and Hegel that stand in opposition to the nominalist approach to the concept, there are also important differences. The main one is that Marx and Engels develop their understanding of the concept, on a *materialist* basis, in the framework of a dialectical materialist approach to logic, and a materialist understanding of the dialectic of the logical and the historical.

In the following chapters we will further examine the Marxist method, including their understanding of the abstract and the concrete, by which Marx and Engels sought to solve the limitations they identified in pre-Marxist philosophy (in both empiricism and rationalism; nominalism and realism) and of course in the methodology of pre-Marxist political economy. The best way to grasp this method is to look at how Marx himself employed this method in political economy, especially in *Capital*. This will allow us to see the function of abstractions, concepts and laws, as well as the role of induction and deduction, analysis and synthesis etc. This will help us better understand the Marxist conception of abstraction and the concept of law. We will start by looking more closely at the starting point in Marx's *Capital*.

4. The abstract as a starting point in *Capital* and the discovery of the law of value

Capital starts with a study of the commodity. This phenomenon is considered abstractly, in the sense that Marx abstracted money, profit, production and countless other aspects that are related to the commodity. "When one comes to analyse the 'commodity' – the simplest concrete element of economics – one must exclude all relations which have nothing to do with the particular object of the analysis," Marx

wrote.¹⁴⁵ Marx left everything out of the picture so that we only have a commodity in its simplest form, but only to start with a very concrete study of commodity exchange itself, showing the internal contradiction in a commodity.

Marx explained that a commodity has two opposing determinations: use value and value. Subsequently, he argued that labour is the substance of value, and described the law of value which states that labour time socially necessary for the production of a commodity determines its value, as I pointed out earlier.¹⁴⁶ More specifically, Marx explained that the opposing determinations of a commodity as use value and value, stem from the opposing determinations of that which creates the commodity: labour. To make a commodity, one will need to perform labour. To make a pizza, for instance, one needs to make dough and sauce, to rasp cheese etc. This is the specific labour of a pizza baker, which requires a certain set of skills. This specific form of labour is called ‘concrete labour’ and it is the source of use value. This is not, however, the source of value, of the fact that as a commodity the value of the pizza can be expressed in the quantity of some other commodity. On the contrary, concrete labour is exactly that which differentiates the pizza from any other commodity, preventing a quantitative comparison. The value of commodities is not determined by concrete labour, but by the fact that they are the products of the expenditure of social labour power. This is ‘abstract labour’, which is identical because it is indifferent to the specific actions of the worker, the concrete labour (baking, handling a machine, tailoring, fishing, or whatever).¹⁴⁷

This is how Marx started his study of the capitalist mode of production. We can see that Marx started his inquiry by determining the concept of value. He did not proceed in the traditional empiricist way, through abstracting the similarities from the many different manifestations of value, such as commodity, money, profit, capital, rent, interest etc., while discarding any property they do not share. Instead, he consciously ignored or abstracted money, profit, rent, capital, and all other manifestations of value. Marx ignored all manifestations but one: the commodity.

The commodity is approached abstractly, which means that Marx took simple commodity exchange as the starting point, because there the commodity appears in a pure form, without all the ‘extras’ such as money and other phenomena that complicate the matter. He started with this very specific and real phenomenon, which is, at the same time, merely a very abstract expression of capitalism. Commodities are everywhere in capitalism and their exchange takes place, but usually not in the simple form. Exchange usually happens through money. Simple exchange is in fact something that rarely and only ‘accidentally’ occurs in developed capitalism. Accidentally in the sense that simple commodity exchange was in the 19th century already a phenomenon that was neither necessary for (the capitalist mode of) production, nor did (the relations of) production at that time necessarily reproduce this phenomenon on a large scale. Yet Marx started from the commodity, from simple commodity exchange, leaving all other manifestations of value and other related economic phenomena, including the entire production process, out of the picture.

However, while Marx made this abstraction by starting from simple commodity exchange, this specific phenomenon is studied very concretely. Marx studied all determinations and internal contradictions of the commodity (recall that concrete is ‘unity of the diverse’). Even determinations such as use-value, which are not directly present in profit and other more developed forms of value. This concrete analysis also contains abstractions. Marx abstracted use value, for the one remaining common

¹⁴⁵ From Marx’s notes on Wagner’s criticism of *Capital*. Marx and Engels, *Collected Works*, v.24:545.

¹⁴⁶ Value does not coincide directly with the price of a commodity. There are other factors that exert influence, for example the law of supply and demand.

¹⁴⁷ In the words of Marx: “If we make abstraction from its use value, we make abstraction at the same time from the material elements and shapes that make the product a use value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract.” Marx and Engels, *Collected Works*, v.35:48.

property of commodities to appear: that they are the products of human labour. “There is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract.”¹⁴⁸ This abstract labour then appears as what Marx called the ‘substance’ of commodities.

“All that these things now tell us is, that human labour power has been expended in their production, that human labour is embodied in them. When looked at as crystals of this social substance, common to them all, they are – Values.”¹⁴⁹

This is how Marx discovered the law of value, how he abstracted the concept of value. It is abstracted not by looking at all manifestations of value, but through this concrete study of a particular appearance of value, the commodity. Only the definitions that follow from the analysis of this particular manifestation of value are included in the determination of value as such.

Marx and Engels considered that this particular method of abstraction, not from all diverse particular manifestations of the universal but from one particular, allowed them to understand the significance of abstract labour as the only source of value. It allowed Marx to ‘discover’ the law of value. If we look at other manifestations of value, the law of value is not apparent. For example, it is not apparent in price, profit, or capital, and even less in rent or interest. In fact, the more advanced forms of manifestation of value obscure the law of value. All these categories can be understood in the way Marx explained them, only because we first studied value. If we ignore Marx’s study of the commodity and value, then his account of money, profit, capital and other categories makes no sense at all. We already saw how, according to Marx, the classical political economists that studied value were led astray by phenomena such as price, profit, and wages. These phenomena superficially contradict the law of value, or they appear as sources of value instead of its expression. That is why Marx abstracted all of these phenomena, studying only the commodity relation in order to abstract the concept of value.

The concept of value is subsequently used as the basis to explain the other more complex categories that relate to the capitalist mode of production, such as capital, profit, rent etc. In a way, Marx ‘deduced’ these more complex concepts from the concept of value, in the sense that they are defined based on the analysis of the simple commodity relation. The concept of value serves as the basis for the unfolding of the whole system of capitalism, of all the other chapters of *Capital*, of all other concrete manifestations of value.

We see how the abstract serves as the starting point in *Capital*. Marx started with a study of the simple commodity relation, which is but an abstract expression of capitalism, in order to abstract the concept of value, which serves as the starting point for the study of the capitalist mode of production. It is not the starting point in the sense that Marx had to start somewhere, and this happens to be the first thing he studied. It is the starting point in the sense that the whole political economy of capitalism unfolds from this concept, i.e. the more developed and complex economic phenomena are theoretically developed from the concept of value.

This raises a lot of questions. Why is it that an analysis of the commodity could provide Marx with the definition and the law of value, and not the other manifestations of value? What is so special about the commodity, about this specific abstract expression of capitalism? How are the other economic categories and laws of capitalism related to the concept and the law of value, and in what sense can they be ‘deduced’ from the concept of value? What makes the concept of value so special? In short, how does the method of rising from the abstract to the concrete work?

¹⁴⁸ Ibid.

¹⁴⁹ Ibid.

5. The historical approach to conceptual thinking

We have seen that Marx uncovered the law of value not through induction, not by abstracting a similarity in all manifestations of value, but through analysis of one particular manifestation of value. We encounter this method not only at the start. It is actually applied throughout *Capital*. For example, Marx defined capital in general only from an analysis of industrial capital, not by induction or by abstracting similarities from all sorts of capital. Other forms of capital, such as merchant's and banking capital, are initially left out of the picture and only explained much later. Another example is that Marx studied the laws of the emergence and development of capitalism (i.e. primary accumulation and law of accumulation etc.), by only looking at the particular case of England, and not a comparison of all countries that had developed capitalist relations at the time.

Why did Marx follow this method? Why can we, according to the materialist dialectical approach, understand the concrete whole through one particular abstract side or manifestation? Why could the analysis of the commodity, and not the (induction from all) other particular forms of value, lead to determination of the universal concept and its laws? The answer to these questions lies in understanding the dialectic between the historical and the logical method, and the role of induction and deduction in the scientific method.

5.1 The object of study as a process

Engels explained “how little induction can claim to be sole or even the predominant form of scientific discovery.”¹⁵⁰ He argued that we grasp the universal through the study of one typical particular, not primarily through abstraction of similarities in all phenomena that express this universal. Of course, when doing research, we constantly look at similarities and differences. Marx and Engels did not deny this. But it is not the primary road to grasp the universal. Let us take a closer look at the way that Engels approached this issue, based on an example from thermodynamics:

“the steam-engine provided the most striking proof that one can impart heat and obtain mechanical motion. 100,000 steam-engines did not prove this more than one, but only more and more forced the physicists into the necessity of explaining it. Sadi Carnot was the first seriously to set about the task. But not by induction. He studied the steam-engine, analysed it, and found that in it the process which mattered does not appear in pure form but is concealed by all sorts of subsidiary processes. He did away with these subsidiary circumstances that have no bearing on the essential process, and constructed an ideal steam-engine (or gas engine), which it is true is as little capable of being realised as, for instance, a geometrical line or surface, but in its way performs the same service as these mathematical abstractions: it presents the process in a pure, independent, and unadulterated form...”¹⁵¹

The key to understanding why it is possible, according to Marxist philosophy, to understand the universal through a particular form of manifestation, lies in the dialectical approach to the object of study. A concrete whole under study – whether it is a steam engine or the capitalist mode of production – is not something that has always been there as a complete whole waiting to be studied. The dialectical method requires us to consider any object of study as a process, as something that is in development, that emerges and develops according to certain laws. This emphasis on studying things as a process and not as something static, is to a large extent the result of scientific discoveries of the 18th and 19th century, such as the cell, the conservation of energy, and especially Darwin's discovery of evolution.

“Indeed, owing to the theory of evolution, even the whole classification of organisms has been taken away from induction and brought back to ‘deduction’, to descent – one species being literally deduced from another by descent – and it is impossible to prove the theory of evolution

¹⁵⁰ Marx and Engels, *Collected Works*, v.25:509.

¹⁵¹ *Ibid.*

by induction alone, since it is quite anti-inductive. The concepts with which induction operates: species, genus, class, have been rendered fluid by the theory of evolution and so have become relative, but one cannot use relative concepts for induction.”¹⁵²

The theory of evolution demonstrated how phenomena are historically connected, and how more complex phenomena historically developed from simple phenomena. This approach inspired Marx and Engels – as it did many other thinkers at the time. In a similar way, they approached economic phenomena. They considered that the capitalist mode of production has not always been here. It is something that developed from more simple economic phenomena that existed long before capitalism emerged.

Marx criticized classical political economy for not grasping this. Value, money, profit, capital, rent – everything is present right from the start in the studies of the classical political economists. As if the capitalist mode of production has existed since the beginning of time as a complete system with all these phenomena. Marx applied this criticism to Ricardo as well. Ricardo took the study value as a starting point for the analysis of capitalism as a totality, but Marx criticised Ricardo for not studying value independently from profit, wages, capital etc. All these phenomena are already present in first chapter of Ricardo’s work.

“Where science comes in is to show how the law of value asserts itself. So, if one wanted to 'explain' from the outset all phenomena that apparently contradict the law, one would have to provide the science before the science. It is precisely Ricardo's mistake that in his first chapter, on value, all sorts of categories that still have to be arrived at are assumed as given, in order to prove their harmony with the law of value.”¹⁵³

That is why Marx wrote: “One can see that though Ricardo is accused of being too abstract, one would be justified in accusing him of the opposite: lack of the power of abstraction, inability, when dealing with the values of commodities, to forget profits...”¹⁵⁴

If we consider value as a historically developing phenomenon, we will find that simple commodity exchange is the first form of manifestation of value. The more complex and concrete manifestations of value, such as money and capital, developed historically and necessarily from the simple commodity relation. Let us take a closer look at how Marx explains money in *Capital*, and how this real historical process is reflected in the conceptual development of Marx’s theoretical inquiry into the capitalist mode of production.

5.2 ‘Deduction’ of money from simple commodity exchange and its internal contradictions

Having explained the twofold nature of commodities as use values and values, and the twofold nature of labour that is embodied in commodities, Marx moved to a more extensive analysis of exchange value or the form of value. Exchange value is the form that expresses and measures the value of a commodity. It is the value form, which develops along with the development of commodity production and its role in society. The most developed form of value is money. Marx stressed, however, that we need to first look at the simplest form of value, which occurred historically before the appearance of money.¹⁵⁵ The monetary theory of value, which supposes that value only exists in the money form and the elementary form of value is only a theoretical or conceptual invention to make sense of the money form, denies the historical aspect. This relates to the discussion regarding the logical and the historical method that mentioned I mentioned earlier and that I will discuss more extensively in section 6.4. When it comes specifically to the elementary form of value, there are many works of Marx that refer to the elementary form of value in specific historical communities under conditions of direct exchange of products.¹⁵⁶

¹⁵² Marx and Engels, *Collected Works*, v.25:508.

¹⁵³ Marx and Engels, *Collected Works*, v.43:68–69.

¹⁵⁴ Marx and Engels, *Collected Works*, v.31:416.

¹⁵⁵ Marx and Engels, *Collected Works*, v.35:56–57, 81.

¹⁵⁶ E.g. Marx and Engels, *Collected Works*, v.29:126, 464–65; v.35:98–99.

When exchange of commodities first appeared in history, it only concerned the exchange of an accidental surplus of some products.¹⁵⁷ Only a very slight portion of the social product was exchanged. It happened through the direct exchange of commodities, which is the ‘elementary value form’. Value is not expressed directly, in labour time, but indirectly, through another commodity. Marx explained that a commodity cannot express value by itself (1 bread = 1 bread is a tautology which does not say anything about its value). Value could therefore only be expressed relatively, through another commodity (e.g. 1 bread = 2 fish).

“The body of the commodity that serves as the equivalent, figures as the materialisation of human labour in the abstract, and is at the same time the product of some specifically useful concrete labour. This concrete labour becomes, therefore, the medium for expressing abstract human labour.”¹⁵⁸

In this exchange relation, the two different commodities play a different role. The commodity that expresses the value of another commodity, in this case the fish, is called the ‘equivalent form’. Fish is not present as fish, as use value, but as an equivalent expressing the value of bread. “Use value becomes the form of manifestation, the phenomenal form of its opposite, value.”¹⁵⁹ Bread, on the contrary, appears as itself, as use value, not as value. In this case, bread is the ‘relative form’, because its value is expressed relatively, through something else. Hence this closer examination of simple commodity production, shows that use value and value appear as separated from each other. The one commodity of which the value is expressed appears only as use value; the other commodity that expresses value appears only as value.¹⁶⁰ Marx emphasized that this contradiction between two different commodities, with one commodity taking a relative form while the other commodity assumes an equivalent form, is merely an external reflection of the internal contradiction within each single commodity, between use value and value.

“The opposition or contrast existing internally in each commodity between use value and value, is, therefore, made evident externally by two commodities being placed in such relation to each other, that the commodity whose value it is sought to express, figures directly as a mere use value, while the commodity in which that value is to be expressed, figures directly as mere exchange value. Hence the elementary form of value of a commodity is the elementary form in which the contrast contained in that commodity, between use value and value, becomes apparent.”¹⁶¹

Marx emphasized the antagonistic nature of this contradiction. The relative form and the equivalent form are mutually exclusive. Each commodity can, in relation to its owner, only be an exchange value and can only have a relative form. If it is a use value, then the owner of the commodity will not want to give it up, to exchange it. In that case we are no longer talking about a commodity at all. Hence the commodity must have a relative form only, must be exchange value only. Conversely, the commodity of the other owner, which the first owner desires, is seen only as use value and as an equivalent for his own commodity.

“The relative form and the equivalent form are two intimately connected, mutually dependent and inseparable elements of the expression of value; but, at the same time, are mutually exclusive, antagonistic extremes – i.e., poles of the same expression. They are allotted respectively to the two different commodities brought into relation by that expression.”¹⁶²

¹⁵⁷ Marx and Engels, *Collected Works*, v.29:126, 464–65; v.35:98–99.

¹⁵⁸ Marx and Engels, *Collected Works*, v.35:68.

¹⁵⁹ Marx and Engels, *Collected Works*, v.35:66. Accordingly, “concrete labour becomes the form under which its opposite, abstract human labour, manifests itself.” *Collected Works*, v.35:69.

¹⁶⁰ Obviously, the opposite relation is also implied. In this example, 1 bread = 2 fish also implies that 2 fish = 1 bread (or 1 fish = 0,5 bread). For the person who has a surplus of fish and needs to acquire bread, bread appears as the relative form (this person is interested in bread for its use value), and fish as the equivalent form (fish is only considered as exchange value). For the person who wants the fish, however, it is the other way around. The fish appears as the relative form, and bread as the equivalent form. This contradiction will be further discussed in chapter 8.

¹⁶¹ Marx and Engels, *Collected Works*, v.35:71–72.

¹⁶² Marx and Engels, *Collected Works*, v.35:58.

In the process of exchange, each commodity must assume both mutually exclusive forms at the same time. Each commodity forces the other commodity to function as its equivalent, which it cannot, because it already has the relative form. Moreover, in the process of exchange, exchange value and use value turn into their opposites: the commodity, which was an exchange value at first, becomes a use value (the buyer buys the commodity to use it).

“No doubt, the expression 20 yards of linen = 1 coat, or 20 yards of linen are worth 1 coat, implies the opposite relation: 1 coat = 20 yards of linen, or 1 coat is worth 20 yards of linen. But, in that case, I must reverse the equation, in order to express the value of the coat relatively; and, so soon as I do that, the linen becomes the equivalent instead of the coat. A single commodity cannot, therefore, simultaneously assume, in the same expression of value, both forms. The very polarity of these forms makes them mutually exclusive.”¹⁶³

It appears that Marx contradicts himself. On the one hand he claims that the relative and equivalent forms are opposite, antagonistic and mutually exclusive, and on the other hand he claims that a commodity takes both forms at once. If we only look at the surface, at two commodities facing each other, we could explain commodity exchange without any contradiction. We could just say that each commodity is an exchange value for its owner and a use value for the other person, and as soon as exchange happens, the commodities become use values for their new owners. Expressed like that, there is no contradiction, and the problem is formally solved.

However, as we said earlier, Marx did not study the relation between two commodities, but the relation of a commodity to itself. He tried to uncover the essence of a commodity, which only comes to the surface in the process of exchange, where its internal contradiction manifests itself as a contradiction between two different commodities. When conceptualising value, Marx persisted in including this unity of opposing and mutually excluding determinations in the concept of value.

Defining the concept of value in this way, including this unity of opposites, Marx sought to reflect theoretically and conceptually the real inner contradiction of the commodity, which is the impetus for its development. Marx approached value not as a static, metaphysical, abstract concept, but as a process, as a historical phenomenon. The Marxist method is characterized by this materialist dialectical and revolutionary approach, which does not seek to describe value in such a way that no contradiction remains. On the contrary, he tried to uncover the real contradictions in the commodity relation, which made the historical development of value and its various forms of manifestation necessary.¹⁶⁴

It is exactly through the impossibility to resolve the contradiction between the relative form and the equivalent form within the elementary form of value, that Marx and Engels explained why money necessarily emerges with the development of commodity exchange.¹⁶⁵ They showed that simple commodity exchange fails to express value successfully, to allow for commodity exchange to happen smoothly. Within the limits of the elementary form of value, commodity exchange can only happen accidentally. Person A needs to happen to have a surplus of some use value that B desires, and B needs to happen to have a surplus value of something A desires. If B does not desire A's commodity, exchange cannot take place. A will need to find something B desires first – hence society is necessarily forced towards the ‘developed form of value’, where the value of a commodity can be expressed in many different commodities.

In other words, the elementary value form corresponds to the lowest level of development of commodity exchange, when only accidentally occurring surpluses are exchanged. But with the development of the means of production and the division of labour, people started to produce things specifically to be exchanged (commodity production).¹⁶⁶ Exchange was no longer accidental. Markets were

¹⁶³ Marx and Engels, *Collected Works*, v.35:59.

¹⁶⁴ This aspect, seeking to study everything as a process and lay bare the necessity of its eventual change or development, is connected to the revolutionary aspect of his approach. I will elaborate on this in the last chapters.

¹⁶⁵ Marx and Engels, *Collected Works*, v.35:74–75; v.37:885–86.

¹⁶⁶ Marx and Engels, *Collected Works*, v.35:98.

created where various commodities could be exchanged. This brought the ‘developed value form’, where the value of a commodity could be expressed in many different commodities. The separation of value and use value started to become even clearer.¹⁶⁷ The value of a bread was expressed in every commodity, indifferent to its use value. Hence it becomes apparent that value is abstract labour, independent of its concrete form, realised in a commodity, independent of its use value.

But as the markets and commodity production develop further, the developed value form also becomes impractical, as one needs to constantly search for some commodity that can be used for the exchange. Hence the developed value form becomes too narrow, restraining the further development of commodity production and exchange. It gives place to the ‘general value form’. One commodity which was regularly used in exchange started to function as an equivalent to all other commodities.¹⁶⁸ This commodity started to function as a ‘general equivalent’. In the developed value form, commodities expressed their value through many commodities. In the general value form, all commodities expressed their value through one commodity. In different societies, various commodities were used as general equivalent, depending on which commodity was often used in exchange and other factors.¹⁶⁹

At some point metals like gold became the commodity used as general equivalent. They were best suited because they do not decompose (and other reasons). Gold took on the social function of expressing the value of all other commodities. This marked the transition to the ‘money form’ of value.¹⁷⁰ All commodities express their value not in themselves but through money. Therefore, it seems as if value is not in the commodities but in money, as if commodities are merely use values and have value only because of being exchanged with money. Marx sought to show that it is the other way around: commodities are exchanged with money only because they have value.

With the introduction of money, the transformation of use value into value no longer coincides with the opposite transformation of value into use value. The commodity is transformed into money, and at some other time the money will be converted into another commodity. It appears as if the commodity functions always as a relative form, only as use value. Money, on the other hand, appears only as exchange value. As a universal equivalent, it is “excluded from the relative value form.”¹⁷¹

However, for Marx and Engels this does not mean the contradictions are completely solved. They are still considered to be present. Even though the commodity appears to clearly have a relative form, it still appears as exchange value and as an equivalent in relation to money. Money, on the other hand, appears as an equivalent to the commodity for which it is exchanged, only because it represents the potential to attain some use value, and therefore the value of money is “relatively expressed by a never ending series of other commodities” (from this point of view, the elementary and the developed forms of value are still present in the general form and the money form, but in a different way due to the context of the money form).¹⁷² Hence the contradiction of value does not disappear with the money form of value. It only finds a new form of expression, which allowed the further development of commodity production, while also being brought about by this further development of commodity production. The contradiction remains and pertains to the determinations of commodity, money and the more complex forms of manifestation of value.

“We saw in a former chapter that the exchange of commodities implies contradictory and mutually exclusive conditions. The differentiation of commodities into commodities and money does not sweep away these inconsistencies, but develops a *modus vivendi*, a form in which they can exist side by side. This is generally the way in which real contradictions are reconciled. For instance, it is a contradiction to depict one body as constantly falling towards another, and as, at

¹⁶⁷ Ibid.

¹⁶⁸ Marx and Engels, *Collected Works*, v.35:74–75; v.37:885–86.

¹⁶⁹ Marx and Engels, *Collected Works*, v.29:174–75, 290–91.

¹⁷⁰ Marx and Engels, *Collected Works*, v.35:80–81, 99.

¹⁷¹ Marx and Engels, *Collected Works*, v.35:79.

¹⁷² Ibid.

the same time, constantly flying away from it. The ellipse is a form of motion which, while allowing this contradiction to go on, at the same time reconciles it.”¹⁷³

From a methodological point of view, it is important to highlight that Marx considered that he was able to provide an understanding of money, because he approached money as a process, as something that developed from the elementary form of value, from simple commodity exchange.

“The difficulty in forming a concept of the money form, consists in clearly comprehending the universal equivalent form, and as a necessary corollary, the general form of value, form C. The latter is deducible from form B, the expanded form of value, the essential component element of which, we saw, is form A, 20 yards of linen = 1 coat or x commodity A = y commodity B. The simple commodity form is therefore the germ of the money form.”¹⁷⁴

This quote shows the importance Marx gave to understanding economic concepts such as money in their development. He criticized other economists who did not understand this. They often thought that commodities are exchanged for money because money has value, while exchange happens because the commodity has value.

“Hence the enigmatical character of the equivalent form which escapes the notice of the bourgeois political economist, until this form, completely developed, confronts him in the shape of money. He then seeks to explain away the mystical character of gold and silver, by substituting for them less dazzling commodities, and by reciting, with ever renewed satisfaction, the catalogue of all possible commodities which at one time or another have played the part of equivalent. He has not the least suspicion that the most simple expression of value, such as 20 yds of linen = 1 coat, already propounds the riddle of the equivalent form for our solution.”¹⁷⁵

Similarly, Marx criticized economists that dismissed the concept of value altogether, recognizing price only. According to Marx, these economists made the mistake of taking the form in which value appears (price) as the determinant of the magnitude of value, instead of regarding value and its magnitude determined by socially necessary labour time as the determinant that is necessarily expressed in exchange value and price.

“Our analysis has shown, that the form or expression of the value of a commodity originates in the nature of value, and not that value and its magnitude originate in the mode of their expression as exchange value. This, however, is the delusion as well of the mercantilists and their recent revivers (...) as also of their antipodes, the modern bagmen of Free-trade (...). The mercantilists lay special stress on the qualitative aspect of the expression of value, and consequently on the equivalent form of commodities, which attains its full perfection in money. The modern hawkers of Free-trade, who must get rid of their article at any price, on the other hand, lay most stress on the quantitative aspect of the relative form of value. For them there consequently exists neither value, nor magnitude of value, anywhere except in its expression by means of the exchange relation of commodities, that is, in the daily list of prices current.”¹⁷⁶

With this analysis, Marx sought to explain, both historically and logically, how money necessarily emerged from the development of the commodity. The simple commodity relation, when developing, when tending to become a general relation in society, *necessarily requires* money to further develop. It requires a ‘solution’ to its internal contradiction, between use value and exchange value, between the equivalent form and the relative form. It requires the emergence of money. That is how, according to Marx and Engels, more complex and concrete manifestations of value, such as money, historically and necessarily developed from the simple commodity relation. The commodity relation is the simplest manifestation of value, and in that sense also the most ‘abstract’, as it has less determinations. Marx and Engels considered that the study of this particular allowed them to understand the essence of value, to see the inner

¹⁷³ Marx and Engels, *Collected Works*, v.35:113.

¹⁷⁴ Marx and Engels, *Collected Works*, v.35:81.

¹⁷⁵ Marx and Engels, *Collected Works*, v.35:68.

¹⁷⁶ Marx and Engels, *Collected Works*, v.35:71.

contradiction of this relation, which pertains to the determinations of the more complex forms of manifestation of value.

Earlier we noted that the representatives of the monetary theory of value and the corresponding philosophical currents of the *Neue Lektüre* and systemic dialectics interpret Marx's analysis of the value form in a different way. They see the elementary, developed and general forms not as (abstract representations of) real historical stages in the development of exchange value, but as merely invented logical or conceptual schemes which do not represent any real historical development. I will discuss the problems with this idealist approach in section 6.4.

First, we need to elaborate on some other issues. If we look at the method that Marx employed to define the category of money, we can again see that this is not an inductive approach. Instead, the essence of money is traced back to its historical roots, to the causes of its necessary appearance in the process of the development of the economy. The concept of money is in a sense 'derived' or 'deduced' from the concept of the commodity and the simple exchange relation, as the development of the commodity is shown to necessarily bring about money. This approach can be found throughout the works of Marx and Engels, and they both often characterized it as 'deductive'.

5.3 The real historical process of resolving contradictions reflected in theory

We saw how Marx 'deduced' the determinations of money from the study of the commodity relation and the concept of value. In a similar way (from the methodological point of view), Marx 'deduced' the other economic categories that express value, such as capital, profit, wage, rent etc. Categories that are much more complex and developed, that are intertwined with aspects that were completely left out of the picture while studying the commodity and money, such as production and circulation. That is how Marx uncovered the laws of surplus value, of capitalist accumulation etc.

All of these more complex economic phenomena 'descend' from the commodity (commodity exchange and production). Without the commodity, all these other economic phenomena cannot be. Hence the commodity relation is the condition of existence of all the other particular forms of manifestation of value. This process of development from simple to complex is considered by Marx and Engels to be a very real historical process. Contrary to the beliefs of the proponents of the *Neue Lektüre*, this process is not a mere conceptual development taking place in the head of Marx, or at least that is not how Marx and Engels interpreted their method. They thought of this process, as the historical development of the economy which, like the development in nature, society and thought, universally develops from simple to complex. For Marx and Engels, this is only 'reproduced in thought' by the method of rising from the abstract to the concrete.

In these processes contradictions emerge that are the impetus for development. Due to these contradictions, there is a process (and not a static object or situation). This is reflected in Marx's theory and conceptualisation and the way in which Marx and Engels deal with contradictions.

Engels wrote: "Contradictions will emerge which require a solution. But since we are not examining here an abstract mental process that takes place solely in our mind, but an actual event which really took place at some time or other, or is still taking place, these contradictions, too, will have arisen in practice and have probably been solved. We shall trace the mode of this solution and find that it has been effected by establishing a new relation, whose two contradictory aspects we shall then have to set forth, and so on."¹⁷⁷

This approach is very strange to the nominalists. They struggled against the medieval realists that presumed, based on their metaphysical and idealistic philosophy, that the universal existed before the particular. However, in their struggle against realism, the nominalists not only discarded these idealist

¹⁷⁷ Marx and Engels, *Collected Works*, v.16:475–76.

views, but also did away with development.¹⁷⁸ This led to the metaphysical view that Marx identified in Ricardo and classical political economy in general, of capitalism as an eternal system.

There is no abstract universal existing before the particulars, in that respect nominalism is obviously correct. There is, however, according to the Marxist approach, a descendance of the more complex and more developed particulars from some previous simple particular. For instance, there may not be an abstract Idea of ‘great apes’ existing in another realm of Ideas or in God’s mind, as an Idea in which all humans and chimpanzees and other species ‘participate’. But there is a common ancestor from which all these more complex categories (humans, chimpanzees, gorillas etc.) descent. Herein lies, for Marxist political economy, the objective importance of the commodity relation, of which some of the features are preserved in its ‘descendants’, but it also has its own specific characteristics.

5.4 How Marx proceeds with the development of laws in *Capital*

The further development of the theory of political economy in *Capital* occurs, methodologically speaking, in a similar way as the first chapters. Focussing specifically on how Marx developed the laws of capitalism, I will discuss Marx’s method of developing these laws. I will limit the discussion to the main laws that are developed in the first volume, and necessarily in a brief and simplified way. We already saw how the law of value was developed by Marx. Now we will look at the law of surplus value, the law of capitalist appropriation, and the general law of capitalist accumulation.

The law of surplus value

After disclosing the law of value at the start of *Capital*, the next law that Marx discussed is the law of surplus value. This happens in part 2 of *Capital*, which deals with the transformation of money into capital. Marx again started with an abstraction, to point out that to find out what capital is, we must start by looking at the circulation of money:

“If we abstract from the material substance of the circulation of commodities, that is, from the exchange of the various use values, and consider only the economic forms produced by this process of circulation, we find its final result to be money: this final product of the circulation of commodities is the first form in which capital appears.”¹⁷⁹

Marx then moved on to explain that the difference between money and capital lies in the form of circulation. Money functioning merely as money, follows this form: C (commodity) – M (money) – C. The money is used as a means to exchange one commodity for the other. When money functions as capital, the form is: M – C – M. A commodity is bought in order to sell it. The goal here is not a commodity as use value, but merely exchange value. Of course, there is no point in M – C – M if this process does not somehow result in more money than it started with, hence the ‘general formula of capital’ is M – C – M’. Here surplus value makes its appearance as the difference between M and M’.¹⁸⁰

In the next chapter, Marx discussed the contradictions in the formula of *Capital*, and presented the following puzzle: “If commodities, or commodities and money, of equal exchange value, and consequently equivalents, are exchanged, it is plain that no one abstracts more value from, than he throws into, circulation. There is no creation of surplus value.”¹⁸¹ Marx discussed various assumptions that had been made by Condillac and others to explain the source of surplus value, for example that commodities are sold above their value. But Marx showed that such assumptions do not solve the problem that “circulation, or the exchange of commodities, begets no value.”¹⁸² He summarized the contradiction as follows.

“Our friend, Moneybags, 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

¹⁷⁸ Ilyenkov, *Dialectics of the Abstract & the Concrete in Marx’s Capital*, 196.

¹⁷⁹ Marx and Engels, *Collected Works*, v.35:157.

¹⁸⁰ Marx and Engels, *Collected Works*, v.35:157–66.

¹⁸¹ Marx and Engels, *Collected Works*, v.35:170–71.

¹⁸² Marx and Engels, *Collected Works*, v.35:174.

value from circulation than he threw into it at starting. His development into a full-grown capitalist must take place, both within the sphere of circulation and without it. These are the conditions of the problem. *Hic Rhodus, hic salta!*¹⁸³

How did Marx explain this contradiction? In $M - C - M'$, the surplus value must somehow result from the use value of a commodity. Therefore, Marx argued that there must be a commodity which, in its consumption, creates value. This commodity is labour power, the capacity for labour. With the consumption of labour power, the workers create value, value that exceeds the value of the labour power consumed, hence they produce surplus value. "Production of surplus value is the absolute law of this mode of production," as Marx wrote somewhere later in *Capital*.¹⁸⁴

From a methodological point of view, it is important to highlight that the law of surplus value is not established or discovered through induction. Instead, we can read in *Capital* a development. As we saw in the previous paragraphs, it starts from the commodity and the law of value. Due to the internal contradictions of the commodity, the development of the commodity, from the accidental exchange of some spare products to commodity production, necessarily brings about the appearance of money. In this part of *Capital*, we can see how the further development of the commodity economy and money, with the commodification of labour power, brings about surplus value and the law of surplus value. Hence the law of surplus value is in a sense deduced from the concepts and theory that Marx discussed earlier such as commodity, value and money.

Interestingly, surplus value is a form of value. The law of value is still at work. The concept of surplus value contains the basic determinations of the concept of value, as surplus value is, like value, materialised labour time. However, the concept of surplus value is much more specific, contains additional determinations, and is in that sense more concrete than the concept of value.

With the revelation that the consumption of the commodity labour power creates surplus value in the last chapter of the second part, the focus shifts to the production process, where the means of production are converted by labour into commodities with a value exceeding that of their component parts. The following parts of *Capital* discuss this process of labour and of value creation in depth, and various aspects of this process, as well as the historical development of the modes of producing relative surplus value, wage etc.

The law of capitalist appropriation

Having discussed surplus value and having thereby uncovered the essence of capitalist exploitation, Marx moved on to the seventh part of book 1 to discuss capital accumulation. At this point, surplus value and exploitation are approached as a process. Production is after all a continuous process. Society cannot seize producing. The production process is therefore a process of reproduction.¹⁸⁵ Marx first discussed capital accumulation in conditions of 'simple reproduction', meaning that the new cycle of the production process happens on the same scale as the previous cycle. Again Marx started from an abstract point of view, leaving out of the picture capital circulation, which Marx discussed later in the second book, as well as various parts in which surplus value splits up (profit, interest, rent etc.), which is studied in book 3. He consciously left all of this out of the picture to study capital accumulation in conditions of simple reproduction.

"We, therefore, first of all consider accumulation from an abstract point of view – i.e., as a mere phase in the actual process of production. (...) An exact analysis of the process, therefore, demands that we should, for a time, disregard all phenomena that hide the play of its inner mechanism."¹⁸⁶

Marx showed, that even in conditions of simple reproduction, all capital eventually becomes accumulated capital; it becomes a result of the exploitation of the working class.

¹⁸³ Marx and Engels, *Collected Works*, v.35:176–77.

¹⁸⁴ Marx and Engels, *Collected Works*, v.35:614.

¹⁸⁵ Marx and Engels, *Collected Works*, v.35:566.

¹⁸⁶ Marx and Engels, *Collected Works*, v.35:565.

“Apart then from all accumulation, the mere continuity of the process of production, in other words simple reproduction, sooner or later, and of necessity, converts every capital into accumulated capital, or capitalised surplus value. Even if that capital was originally acquired by the personal labour of its employer, it sooner or later becomes value appropriated without an equivalent, the unpaid labour of others materialised either in money or in some other object.”¹⁸⁷

Marx pointed out that the capitalist reproduction process reproduces the capitalist relations of production, the exploitative relation between the capitalist class and the working class. Earlier Marx had mentioned that the availability of labour power as a commodity is a foundation of capitalist production. “But that which at first was but a starting-point, becomes, by the mere continuity of the process, by simple reproduction, the peculiar result, constantly renewed and perpetuated, of capitalist production.”¹⁸⁸ Selling their labour power to the capitalist because they do not possess the means of production, the labourers create commodities that are not their property. At the end of the production process, the labourers have only their wage, which they need to spend on the means of subsistence, on the commodities they themselves (the working class as a whole) made. Hence the workers are left with nothing, and again need to sell their labour power. On the other hand, the capitalist production process turns material wealth into capital, allowing the capitalist to again hire workers and buy means of production. In that way, in conditions of simple reproduction, there is already a reproduction of the capitalist relations of production. Capitalist reproduction reproduces the capitalist and the worker. It reproduces the exploitation of the working class.

“Capitalist production, therefore, under its aspect of a continuous connected process, of a process of reproduction, produces not only commodities, not only surplus value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage labourer.”¹⁸⁹

Marx pointed out, however that in reality reproduction does not happen on the same scale, but on a progressively increasing scale. Until now the focus was on how capital is turned into surplus value. At this point, Marx showed how surplus value is turned into capital.¹⁹⁰ A portion of surplus value is spent by the capitalist for the purchase of additional means of production and labour power. When surplus value is turned into capital, the next cycle in the reproduction happens on a larger scale, with more capital, employing more means of production and labour power.¹⁹¹ This additional capital will also bring additional surplus value, which can again be turned into more capital etc. This is called capital accumulation.

We saw already how Marx argued that, even in conditions of simple reproduction, all capital eventually becomes accumulated capital, a result of unpaid labour. In reproduction on a progressively increasing scale, it is even clearer that in this extra capital, which the capitalist employs by converting surplus value into capital, “there is not one single atom of its value that does not owe its existence to unpaid labour.”¹⁹² The capitalist uses unpaid labour as a means to appropriate more unpaid labour, more surplus value.

Capital accumulation uncovers, according to Marx, that in capitalism there is a transition of the law of appropriation, which characterizes commodity production in general, into its opposite, the law of capitalist appropriation.¹⁹³ This is an important step for our inquiry, so let us take a closer look at this inversion of the law of appropriation.

The law of appropriation or the law of private property, could be described as the law that states that every producer has an exclusive right to the ownership of what they produce. Note that Marx is

¹⁸⁷ Marx and Engels, *Collected Works*, v.35:570.

¹⁸⁸ Ibid.

¹⁸⁹ Marx and Engels, *Collected Works*, v.35:577.

¹⁹⁰ Marx and Engels, *Collected Works*, v.35:578.

¹⁹¹ Employing more labour power can be done by hiring additional labourers. Alternatively, the capitalist may increase the exploitation of the labourers already employed, by intensifying labour or extending worktime. This has the same effect. See: Marx and Engels, *Collected Works*, v.35:580.

¹⁹² Marx and Engels, *Collected Works*, v.35:581.

¹⁹³ Marx and Engels, *Collected Works*, v.35:582.

approaching the law of appropriation as an *economic* law, not as a law in a legal sense. The phenomenon of exchange can manifest itself only if there are two parties that own their products.¹⁹⁴ If the products of labour are not privately owned, they cannot be exchanged, as anyone can just take whatever is needed. Historically there have been societies where the law of private property did not apply (for instance in primitive communities). This economic phenomenon is what the law of appropriation or the law of private property points out. This economic phenomenon can be – and usually is – also reflected in juridical laws, but it is important to keep in mind that Marx is at this point interested in the law of appropriation as an economic rather than a legal phenomenon.

In Marxist political economy, the law of private property is a basic economic law or determination of commodity production and exchange, together with the law of exchange, which states that only commodities of equal exchange value can be exchanged for one another. In simple commodity production, where producers exchange the commodities made by themselves for other commodities, the operation and validity of these laws is obvious. The sole means by which producers can get possession of commodities of other producers, is handing over their own commodities, and these can only be replaced by labour. If the producers do not own the products of their labour, the commodities they made, then there can be no commodity exchange. Hence the law of appropriation, the law of private property, is based on the identity of labour and property (in the sense that the product of one's labour is also one's property).¹⁹⁵

In capitalist production, which is based on wage labour, the law of capitalist appropriation applies, which could be described as the law that states that the capitalist appropriates unpaid labour, appropriates labour without equivalent.¹⁹⁶ In the capitalist relations of production, the workers do not own the products that they produce with their labour. These commodities are the property of the capitalist. The capitalist sells the commodities and thereby the value of these commodities, which includes surplus value, is realised. The capitalist gains a surplus value, gains something without paying an equivalent. Hence the law of capitalist appropriation directly contradicts the law of property and the law of exchange. It contradicts the laws on which commodity production and exchange are based. Yet not a single transaction happens that violates these laws. On the contrary, capitalist appropriation results from the application of these laws. The labourers have received the value of their commodity (labour power) in the form of wage. The buyer, the capitalist, rightfully owns the labour power. The use value of labour power is that it creates value, and it creates more value than the value of the labour power itself. This is how the capitalist, who bought the labour power, appropriates unpaid labour, and how the labourers are alienated from the products of their own labour, despite the fact that capitalist production still obeys the laws of commodity exchange, which say that every producer has the right to own what they produce and that only equivalents can be exchanged.¹⁹⁷

From a methodological point of view, we can see once again that the law of capitalist appropriation is not a product of induction, but that Marx has derived it from the study of the further development of the law of surplus value, in relation to various aspects of the capitalist mode of production. With the law of capitalist appropriation, Marx showed the essence of the concept of capital according to Marxist political economy, namely that it is accumulated unpaid labour or 'dead labour' that is used to exploit 'living labour' or the working class. With the method that Marx followed, we can see that capital is a form of value, and that the law of value is still present. Additionally, we have seen how Marx showed that capital is also a form of surplus value, and hence the law of surplus value also still applies. The concept of capital therefore contains both the basic determinations of value (it is materialised labour) and of surplus value (it is the product of the consumption of the commodity labour power that produces surplus value). However, the concept of capital is more specific and in that sense contains more determinations. It refers specifically,

¹⁹⁴ Marx and Engels, *Collected Works*, v.35:583.

¹⁹⁵ Marx and Engels, *Collected Works*, v.35:582–83.

¹⁹⁶ Marx and Engels, *Collected Works*, v.35:582.

¹⁹⁷ Marx and Engels, *Collected Works*, v.35:582–83.

not just to aspects of capital that could be observed (such as $C - M - C'$), but to the essence of capital as a social relation, more specifically an exploitative relation between the capitalist and the worker.

Especially interesting is that Marx emphasized: “laws that are based on the production and circulation of commodities, become by their own inner and inexorable dialectic changed into their very opposite.”¹⁹⁸ The law of capitalist appropriation is the direct opposite of the law of appropriation, and they both apply to capital. The germ of the law of capitalist appropriation, which is the law of appropriation, is already present in the simple commodity relation where Marx started. The law of appropriation turns into its opposite by the ‘inner and inexorable dialectic’. In other words, the further development of the law of appropriation, i.e. the generalisation of private ownership of the products of labour, together of course with the further development of the law of exchange and the generalisation of commodity production and money and so on, necessarily brings about capital and the law of capitalist appropriation.

If one were to study capital without first having studied the other concepts (commodity, value, money, surplus value etc.), it would probably be impossible to grasp the relations between these concepts in the way that they are assumed in Marxist political economy. In other words, it would be difficult if not impossible to grasp capital as a form of value and of surplus value, even more its essence as an exploitative relation. Only some aspects of capital could be discovered, mainly superficial aspects that are apparent in the phenomena, such as the general formula of capital. This highlights why Marx thought it was important to start his study from an abstraction, and not any abstraction but specifically the commodity relation and the concept of value. Before elaborating further on these methodological and philosophical aspects, we take a look at more important law from the first book of *Capital*.

After the discussion of the law of capitalist appropriation, Marx moved on examining some other tendencies and laws related to capital accumulation which are of secondary importance, before proceeding to the chapter that deals with the general law of capitalist accumulation. This chapter considers the influence of capital accumulation on the working class, with the most important link being the alteration that accumulation brings in the composition of capital.

The general law of capitalist accumulation

Capital is composed of ‘constant capital’ and ‘variable capital’. Constant capital is defined by Marx as the part of capital that is used to employ means of production. Marx argued that the value of constant capital is merely transferred to the product. Hence the volume of value remains unchanged and that is why it is called constant capital. Variable capital is the part of capital that is used to employ labour power. This creates surplus value, so volume of capital changes during the production process. That is why it is called variable capital. While variable capital employs living labour power, constant capital employs the means of production, which are also products of labour performed in previous production processes.¹⁹⁹

Marx called the ratio of constant to variable capital the ‘organic composition of capital’. This mirrors the composition of capital in technical terms (i.e. the ratio of the means of production to living labour power) in terms of value.²⁰⁰ In economic development, the technical composition of capital does not stay constant. Productivity of labour increases, as new, more efficient means and methods of production and skills are developed. This is reflected in terms of value in the increase of the organic composition of capital, i.e. an increase of the ratio of constant capital to variable capital.

“[The increase in productivity of labour] appears, therefore, in the diminution of the mass of labour in proportion to the mass of means of production moved by it (...) This change in the technical composition of capital, this growth in the mass of means of production, as compared with the mass of the labour power that vivifies them, is reflected again in its value composition, by the increase of the constant constituent of capital at the expense of its variable constituent.”²⁰¹

¹⁹⁸ Marx and Engels, *Collected Works*, v.35:582.

¹⁹⁹ Marx and Engels, *Collected Works*, v.35:219.

²⁰⁰ Marx and Engels, *Collected Works*, v.35:608.

²⁰¹ Marx and Engels, *Collected Works*, v.35:617–18.

A simple example can show what this practically means. Say that ten workers produce 100 pizzas per hour. By employing bigger and better ovens or perhaps even machines that make pizzas, technological advancements are implemented in the production process and productivity of labour increases (i.e. the technological composition of capital changes). Consequentially, less workers are required to produce those pizzas. In terms of value, the organic composition of capital increases, as the part of variable capital decreases relatively to the constant part, resulting in a relative decrease in the demand for labour power.

The appearance of the capitalist relations of production required the availability of labour power, of people that do not own means of production and that can only make ends meet by selling their labour power. The pizza example shows that this ‘relative surplus population’, which was necessary for capitalism to come into existence, is recreated by capitalist development as its consequence. While some technological advancements may allow more pizzas to be produced with less people, other technological advancements will obviously give rise to new sectors that will develop and that will require more workers. Hence the availability of labour power remains also a condition for capital accumulation. That is why Marx calls this surplus population the ‘industrial reserve army’.²⁰² Moreover, various sectors in a capitalist economy develop unevenly, which also contributes to the reproduction of the reserve army. This surplus population is recreated by capitalism both as a consequence and as a condition for accumulation.

“But if a surplus labouring population is a necessary product of accumulation or of the development of wealth on a capitalist basis, this surplus population becomes, conversely, the lever of capitalistic accumulation, nay, a condition of existence of the capitalist mode of production. It forms a disposable industrial reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost. Independently of the limits of the actual increase of population, it creates, for the changing needs of the self-expansion of capital, a mass of human material always ready for exploitation.”²⁰³

With the increase of wealth and capital, and the increase of the working class and the productivity of labour, increases also the industrial reserve army, as well as the exploitation and the impoverishment of the working class. “*This is the absolute general law of capitalist accumulation,*” Marx wrote.²⁰⁴

Methodologically speaking, we can observe that the general law of capitalist accumulation is building on the previous laws that we mentioned, in a similar way like the previous laws that were discussed. This law is more specific and concrete than the other laws. It points out not just what capital is, but what capital in development is, in other words what accumulation is. The law shows how accumulation alters the composition of capital and how accumulation relates to the impoverishment of the working class. The concept of accumulation is in a way derived from the previous concepts that were discussed. Accumulation is accumulation of capital. The law of capitalist appropriation showed that capital is essentially exploitation, that it is a form of surplus value. The law of surplus value showed that surplus value is value that is created by the consumption of labour power. The law of value showed that value is essentially materialized labour.

The last part of book 1 deals with the historical development of capitalism, the ‘primitive accumulation of capital’. This was the forceful expulsion of farmers from their lands, which turned them into a propertyless mass ready to become wage labourers. It led to the concentration of the means of production in the hands of a few, which was a precondition for the emergence of capitalism. Volume 2 deals with the circulation of capital. It returns to the general formula of capital ($M - C - M'$) and develops the theory around the various stages in the circuit of capital (capital successively takes the form of money capital, industrial capital and commodity capital). It also deals with the process of reproduction of capital. Volume 3 deals with the capitalist production process as a whole. It moves to the various manifestations

²⁰² Marx and Engels, *Collected Works*, v.35:626–27, 633–34.

²⁰³ Marx and Engels, *Collected Works*, v.35:626.

²⁰⁴ Marx and Engels, *Collected Works*, v.35:638. I will not discuss the details here about how exactly the increase in the organic composition of capital relates to the increased rate of exploitation and the impoverishment of the working class, for this is beyond the scope of our study. The aim here is merely to show how Marx proceeded in capital, how he established various laws and how he used them to gain knowledge about capitalism.

of value and their laws of development, such as profit and the law of the tendency of the rate of profit to fall, commercial profit, interest and ground-rent, ending with the determination of the classes of capitalist society. Obviously it is not possible to elaborate on those subjects in the framework of this study. It is time to look more closely at the philosophical aspects of the law of value and the other laws that were elaborated, and of the method that Marx employed to establish these laws.

We can now roughly understand how the other concepts are ‘deduced’ from the concept of value. Although the movement that I described – from value, to surplus value, to capital and to accumulation – primarily represents a logical relation between concepts in the framework of a theory of capitalism, I believe that we can say that it also reflects, on a very abstract level, a historical development. Only when commodity production is to some extent developed and generalized, can labour power appear as a commodity and can capitalist exploitation appear, and only when that is generalised can there be a working class facing impoverishment etc.

From this point of view, I believe the Marxist method always tries to develop theory in such a way that it reflects the real objective process. This clarifies why an analysis of the commodity relation could provide Marx with the definition of value, and not the other concepts that also express particular manifestations of value. Every expression of value is abstract, is but a one-sided expression of value. That is true for the commodity as well. But the commodity relation is in a sense the most abstract expression, because it is the (historically an logically) first and most simple form. A very ‘pure’ form, with less determinations than for example surplus value or capital, even more profit or rent. At the same time, however, it is that particular form of value that expresses the universality of value, in the sense that it contains the key to uncover the determinations of value as such, which pertain to all expressions of value. It is the key for the unfolding of the concrete universal concept of value, not as an abstract similarity of commodity, capital, profit, rent, interest etc., but as a concept in a theory that reflects the real process of the necessary development of these phenomena in the course of real history.

However, even though Marx approaches the object of study historically, he does not simply reproduce the whole of history. *Capital* is not a history book. Moreover, Marx often seems to deviate from the sequence in which phenomena appeared in history. For instance, earlier it was pointed out that Marx starts from industrial capital and later explains merchant’s and banking capital. But historically, the latter two appeared first. We saw that the concept of capital seems to be derived from wage labour (through the laws of surplus value and capitalist appropriation that seem to assume labour as a commodity), while the first forms of capital that appeared in history, merchant’s and banking capital, hardly seem to be the result of wage labour. Why does this happen and (how) can this be reconciled with Marx’s emphasis on studying things in the light of their real history? Is Marx simply inconsistent, or is this required for some reason in order to understand a phenomenon?

6. The logical method

The previous chapter showed that Marx approached the object of study as a historical process. One might therefore wonder why Marx focussed his study of political economy on England, where capitalism was most developed, rather than some other place where capitalism was still less developed, and where it would therefore be easier, one might argue, to see the historical origins and development of capitalism. Furthermore, one can observe that Marx often seems to deviate from the historical path of development. For example, merchant’s capital was the first form of capital that appeared in history, yet Marx first elaborated on industrial capital. The same holds for banking capital and interest, as well as agriculture and rent: even though these phenomena appeared long before industry emerged, Marx first studied the laws of industrial capital and profit. What may seem even more striking, is that Marx not only

studied industry before agriculture, commerce and banking, respectively profit before rent, commercial profit and interest, but that Marx actually seems to ‘deduce’ the determinations of the economic categories of phenomena that appeared earlier in history, from the laws and concepts of the newer phenomenon, industry and capitalism. How can all of this be reconciled with the historical materialist approach?

The object of study in *Capital* is the capitalist mode of production as a concrete whole, and all the essential particular processes, elements, aspects or ‘moments’ in the dialectical development of capitalism that this concrete whole entails. Marx did not seek to describe its historical development as such. He aimed to understand and explain capitalism as a system. For Marx, this means to grasp the function of every particular in the concrete whole, and to find exactly those traits that allow it to have this function. It means to discover the laws according to which every phenomenon necessarily emerges and develops in the concrete whole. As I mentioned before, Marxist philosophy assumes, like we saw in Spinoza and Hegel, the unity of the world, and the dialectical method therefore assumes a strong connection between knowledge of the particular object of study and knowledge of the concrete whole it belongs to. The order in which phenomena appeared in history, does not always provide the best understanding of these phenomena and the laws that determine their development and character.

“History often moves in leaps and bounds and in zigzags, and as this would have to be followed throughout, it would mean not only that a considerable amount of material of slight importance would have to be absorbed, but also that the train of thought would frequently have to be interrupted.”²⁰⁵

For that reason, Marx and Engels often deliberately chose not to simply introduce every category or concept in the exact order that the corresponding phenomenon or process appeared in history. Instead, they often first studied something that appeared later in history. Why did Marx and Engels think that this order, which contradicts the order in which these phenomena appeared in history, can provide a better understanding of these phenomena and the corresponding economic concepts?

6.1 The dialectic of cause and effect

To understand why Marx does not follow the order in which phenomena appeared in history, we need not abandon the historical approach, which we just identified as characteristic of the Marxist method. Quite the opposite. Marx and Engels consider that it is the historical approach, the dialectical and historical materialist method, that compels them to deviate from the order in which phenomena appeared in history. The reason lies in the fact that phenomena may have existed before capitalism, but in precapitalistic societies they had a different character. Let us look at some examples, in order to understand this.

Rent and the dialectic of agriculture and industry

Agriculture obviously appeared way earlier in history than industry. The physiocrats started their study of the economy from agriculture, as they thought of the land as the ultimate source of all wealth. Marx only delves into agriculture in the third book of *Capital* and spends relatively few pages on this subject.

Agriculture was a necessary condition for industry and capitalism to develop. Agriculture had to be developed to such an extent that it could produce enough to feed the non-agricultural workers. In the words of Marx: “the major division of labour between agricultural and industrial labourers must be possible.”²⁰⁶ In that sense agriculture is a cause of industry and capitalism. However, once industry and the capitalist relations of production had developed, they attained a determining influence on agriculture, completely altering the relations of production in the agricultural sector. In precapitalist societies, agriculture was based on small producers, on the latifundia of slave-owning society or on the feudal system. Under those circumstances, the relations of production in agriculture and the role of agriculture in the concrete whole of social production were completely different. With the emergence and domination of

²⁰⁵ Marx and Engels, *Collected Works*, v.16:475.

²⁰⁶ Marx and Engels, *Collected Works*, v.37:629.

capitalism, the land was concentrated in the hands of few landowners, who were often also part of the capitalist class. The farming enterprises became the property of capitalist farmers, who use the land of the landowners in exchange for rent, while a large part of the direct cultivators of the soil became wage labourers.²⁰⁷ These wage labourers produce not for personal consumption (not as use-values), but for the market. They create commodities with value. Hence the whole economic structure of agriculture has completely been altered by the domination of the capitalist relations of production.

The law of value, the law of surplus value, the law of capitalist appropriation, the law of capitalist accumulation and other laws of capitalism now govern agriculture as well. For instance, it is the economic laws of capitalism that determine ground rent, which is, in capitalism, a form of manifestation of surplus value. Moreover, agriculture will necessarily face all the effects of the capitalist relations in agriculture. This is, for instance, expressed by laws which Marx described, such as the expansion of the demand for agricultural products, the increase in the demand of land, or the relative increase of the non-agricultural population, which “is in the nature of the capitalist mode of production,” as Marx wrote.²⁰⁸

“In every form of society there is a particular [branch of] production which determines the position and importance of all the others, and the relations obtaining in this branch accordingly determine those in all other branches. It is the general light tingeing all other colours and modifying them in their specific quality; it is a special ether determining the specific gravity of everything found in it. (...) [In bourgeois society, – AS] agriculture to an increasing extent becomes merely a branch of industry and is completely dominated by capital.”²⁰⁹

Agriculture was a condition and a cause for the emergence of industry and capitalism, but, as soon as the later developed, they became the cause for the reproduction of agriculture, not just as agriculture in general, but specifically as capitalist agriculture, as agriculture organised in accordance with the laws and relations of production of capitalism. In a study about the political economy of capitalism, the Marxist method therefore requires industry to be studied first, no matter that agriculture existed before industry. If one takes agriculture as the starting point, there is no way to understand ground rent as surplus value. It will seem as if rent is a result of the land, as if nature produces value. Instead, Marx sought to show that rent is the result of labour and exploitation.

Rent has existed long before industry and capitalism emerged. But only in capitalism, rent is part of surplus-value and the result of the exploitation of wage workers. In that sense, precapitalist rent is different from capitalist rent, even though on the surface one can observe roughly the same motion or phenomenon: one person paying (in labour, in kind or in money) the other for the use of land. But the source of capitalist rent, its connection to the production process, to the mode of production and its laws, is different from precapitalist rent. Only in capitalism rent becomes a necessarily reproduced phenomenon due to capitalism, an effect of capitalism, despite the fact that rent has existed long before capitalism emerged.

“Rent cannot be understood without capital, but capital can be understood without rent. Capital is the economic power that dominates everything in bourgeois society. It must form both the point of departure and the conclusion...”²¹⁰

It is important to understand that the decision to study industry first was, for Marx, not a subjective choice that he made, contradicting objective development, in order to explain something more easily. The dialectical method is for Marx not just a method of presentation. On the contrary, Marx considered that it is the objective laws of development which he sought to uncover, that require this approach when studying the political economy of capitalism.

Agriculture is a cause of industry, but Marx approached agriculture not as something static, it evolves and develops. The dialectic of the development of agriculture and the development of industry,

²⁰⁷ Marx and Engels, *Collected Works*, v.37:612.

²⁰⁸ Marx and Engels, *Collected Works*, v.37:631.

²⁰⁹ Marx and Engels, *Collected Works*, v.28:43–44.

²¹⁰ Marx and Engels, *Collected Works*, v.28:44.

the reciprocal action between these two historical processes, shows the unity of the opposites cause and effect, how cause can turn into effect and effect into cause. The objective dialectic of cause and effect is the main reason the Marxist method often seems to ‘deviate’ from the successive order in which things historically developed. But, according to the Marxist approach, this is only a superficial illusion, as in essence Marx and Engels deviate from the phenomenal historical development exactly for the purpose of following the real historical development of the object of study, which allows them to correctly understand the function of each particular aspect in the concrete whole.

Commercial profit and the dialectic of merchant’s and industrial capital

To better understand this dialectic of cause and effect in the Marxist method, let us look at another example. Marx pointed out that merchant’s capital was historically the first form of capital. Despite that, Marx chose to study industrial capital first. Not only did he deal with merchant’s capital much later, but he even explained merchant’s capital in the terms of, and as a consequence of, the determinations of industrial capital.

Already in slave-owning society, there was extensive use of money and there were merchants who bought and sold commodities. The general formula of capital (M – C – M’) appears here long before industry, wage labour and capitalism. This is not the exchange or trade of commodities between producers, which has the form C – M – C, and which has the exchange of use values as its end. This is the exchange of commodities by merchants, with the aim of increasing money which acts as exchange value. In this case, “whatever the social organisation of the spheres of production whose commodity exchange the merchant promotes, his wealth exists always in the form of money, and his money always serves as capital.”²¹¹ The merchant’s profit in precapitalist societies resulted largely from outbargaining and cheating. “Merchant’s capital (...) stands everywhere for a system of robbery, so that its development (...) is always directly connected with plundering, piracy, kidnapping slaves, and colonial conquest...”²¹² Hence, according to Marxist political economy, capital was even then the result of appropriation of the surplus product or unpaid labour, even though the production process did not yet take place in the framework of capitalist relations.²¹³

Despite the fact that in some ancient societies money circulation and even merchant’s capital were quite developed, Marxist political economy highlights that these elements did not penetrate the other economic relations.²¹⁴ It was a more or less accidental economic form, in the sense that it was not essential to the precapitalist modes of production. The precapitalist modes of production did not *necessarily* require merchant’s capital, nor did they *necessarily* reproduce it. Merchant’s capital dealt only with the surplus of production. Its influence on the economy was limited to that aspect, not extending to the core of social production itself.²¹⁵ Merchant’s capital nevertheless had an important role in the development of society, as it functioned as a precondition or cause for the emergence of industry and capitalism.

“There is, therefore, not the least difficulty in understanding why merchant’s capital appears as the historical form of capital long before capital established its own domination over production. Its existence and development to a certain level are in themselves historical premisses for the development of capitalist production 1) as a precondition for the concentration of money wealth, and 2) because the capitalist mode of production presupposes production for trade, selling on a

²¹¹ Marx and Engels, *Collected Works*, v.37:324.

²¹² Marx and Engels, *Collected Works*, v.37:329–30.

As we pointed out earlier, no value is created in the sphere of merchant’s capital itself, even though one might get this impression because the merchant sells the same commodities for a higher price. “Now as before neither the time of purchase nor of sale creates any value. The function of merchant’s capital gives rise to an illusion.” Marx and Engels, *Collected Works*, v.36:135.

²¹³ Marx and Engels, *Collected Works*, v.25:194–95; v.35:243–44; v.37:116.

²¹⁴ Marx and Engels, *Collected Works*, v.28:40.

²¹⁵ *Ibid.*

large scale, and not to the individual customer, hence also a merchant who does not buy to satisfy his personal wants but concentrates the purchases of many buyers in his one purchase.”²¹⁶

For these reasons, the expansion of trade and the world market in the 16th and 17th centuries, is regarded by Marx as a major impetus for the transition from the feudal mode of production to the capitalist mode of production. However, Marx also emphasized that this aspect, in which commerce and merchant’s capital appear as the cause for industry, is only one side of the story.

“On the other hand, the immanent necessity of this mode of production [i.e. capitalism – A.S.] to produce on an ever-enlarged scale tends to extend the world market continually, so that it is not commerce in this case which revolutionises industry, but industry which constantly revolutionises commerce.”²¹⁷

This is the reason, according to Marx, that the ‘winners’ in this period were not the countries where merchant’s capital was strongest, but the countries that had developed manufacture and industrial capital. “The history of the decline of Holland as the ruling trading nation is the history of the subordination of merchant's capital to industrial capital.”²¹⁸ We can see how Marx dealt with the interaction and reciprocal action of the development of commerce and industry, of merchant’s capital and industrial capital, and how he identified the dialectic of cause and effect in this development.

“Originally, commerce was the precondition for the transformation of the crafts, the rural domestic industries, and feudal agriculture, into capitalist enterprises. It develops the product into a commodity, partly by creating a market for it, and partly by introducing new commodity equivalents and supplying production with new raw and auxiliary materials, thereby opening new branches of production based from the first upon commerce (...) As soon as manufacture gains sufficient strength, and particularly large-scale industry, it creates in its turn a market for itself, by capturing it through its commodities. At this point commerce becomes the servant of industrial production...”²¹⁹

Once the capitalist relations of production take hold on the economy, the role of merchant’s capital in the concrete whole changes in many ways. In precapitalist societies, capital existed primarily as merchant’s capital. In the capitalist mode of production, merchant’s capital exists merely as a specific form of capital that turns commodities into money, in order for the money to re-enter the production process. This is necessarily required by industrial capital, in order for capital to go through the circuit of capital (in which capital successively takes the form of money capital, industrial capital and commodity capital). The function of merchant’s capital is the realisation of the commodities of the industrial capitalists. Merchant’s capital therefore becomes completely intertwined with industrial capital and the exploitative relation between capital and wage labour. This is not only because, as Marx pointed out, “the merchant becomes directly an industrialist” and “the industrialist becomes merchant and produces directly for the wholesale market”, but also because, even if merchant’s capital operates in the sphere of circulation, the source of commercial profit is surplus value created in capitalist production.²²⁰

While merchant’s capital was a precondition for the appearance of industrial capital and the capitalist mode of production, capitalism in its turn becomes the cause and necessarily reproduces merchant’s capital. Again we see the dialectic of cause and effect, with one turning into the other. Moreover, just as we saw with agriculture, merchant’s capital became something essentially different under capitalism than it was before. On the surface we may see roughly the same process taking place, with merchants buying commodities and then selling them for a higher price. But the role or function of this phenomenon has changed fundamentally. Consequentially, merchant’s capital under capitalism differs essentially from merchant’s capital in precapitalist societies. For this reason, the Marxist method supposes

²¹⁶ Marx and Engels, *Collected Works*, v.37:325. See also: Marx and Engels, *Collected Works*, v.36:116.

²¹⁷ Marx and Engels, *Collected Works*, v.37:331.

²¹⁸ Marx and Engels, *Collected Works*, v.37:331–32.

²¹⁹ Marx and Engels, *Collected Works*, v.37:334–35.

²²⁰ Marx and Engels, *Collected Works*, v.37:334.

that the study of capitalism requires to first understand the laws of industrial capital, of capital in its value-producing mode. Only then can we understand merchant's capital correctly according to the Marxist approach. As we saw earlier, Marx explained that if one starts from merchant's capital, one will only get the false impression that commercial capital itself produces value, in other words that value arises in the sphere of circulation, and thus one will understand neither industrial nor merchant's capital. This a key part of the criticism of Marx on the theories of the mercantilists that, as we saw earlier, show the confusion that resulted from a superficial understanding of circulation.

“The reason is now therefore plain why, in analysing the standard form of capital, the form under which it determines the economic organisation of modern society, we entirely left out of consideration its most popular, and, so to say, antediluvian forms, merchants' capital and money lenders' capital.”²²¹

Reciprocal action, the dialectic of cause and effect, and method of study

These examples show why, according to the Marxist approach, sometimes something that already existed must be studied later, and something that historically emerged later must be studied first, because that which appeared later has turned into the determining factor; the effect has been turned into the cause and vice versa. These examples were no exceptions. Commodities, ‘free’ labour power, money, rent, interest: all these phenomena have existed long before the appearance of capitalism and are preconditions for, or contributed to, the emergence of capital. Once the capitalist mode of production takes hold, however, they become necessary effects of capital. Capitalism reproduces these phenomena and becomes the cause of commodities, wage labour, money, etc. The dialectic of cause and effect is considered by Marxist philosophy to be a universal characteristic and ‘law’ of historical development, not limited to political economy.²²²

On the surface things may retain, to a larger or smaller extent, their determinations and often even some of the laws that determine their development. For example, the same laws apply to merchant's capital on the level of circulation to some extent. Similarly, agriculture is still governed by the same laws of nature and biology. However, in capitalism the social relations in trade and agriculture are reproduced as an effect of capitalism, and they are influenced by capitalism, or often their development is completely determined by capitalism. In the precapitalist context, the phenomenon was (economically) in essence something different than it is capitalism. It has a different role in the system. It is linked to the laws of the mode of production in a completely different way. Only superficially are we talking of the same economic phenomenon, as there are essential differences and different laws apply and explain the development of these phenomena, laws that are now determined by the capitalist mode of production.²²³

Earlier we noted that the dialectical method posits that to understand and explain something, we need to understand its position and function in the concrete whole. In this respect Marxist theory of knowledge resembles some elements of Spinoza and Hegel, as saw earlier. The function and position in the concrete whole, in this case in the economy or the mode of production, has completely changed for these phenomena. The key to understand this is the dialectical understanding of cause and effect, i.e. the objective dialectic of cause and effect that takes place in the course of history. That is why Engels wrote that “reciprocal action is the true *causa finalis* of things,” and that “only from this universal reciprocal action do we arrive at the real causal relation.”²²⁴ Marx summarized the implication of this for the method of political economy and science in general.

“It would therefore be inexpedient and wrong to present the economic categories successively in the order in which they played the determining role in history. Their order of succession is

²²¹ Marx and Engels, *Collected Works*, v.35:174.

²²² This is not an economic law, but a law of motion, a form of the law of the interpenetration of opposites. I will elaborate on this in paragraph 12.3. Marx and Engels, *Collected Works*, v.25:23, 485, 499.

²²³ I emphasize *economic* phenomenon, because in technical or physical terms crops are crops, and money is still money. In these respects nothing has essentially changed (apart from technological advancements in agriculture etc.).

²²⁴ Marx and Engels, *Collected Works*, v.25:512.

determined by their mutual relation in modern bourgeois society, and this is quite the reverse of what appears to be their natural relation or corresponds to the sequence of historical development. The point at issue is not the role that various economic relations have played in the succession of various social formations appearing in the course of history; (...) but their position within modern bourgeois society.”²²⁵

6.2 Studying a phenomenon in its fully developed stage

Let us now move to the other aspect of Marx’s method that seems to contradict the historical approach. Earlier the example was mentioned that Marx took England as the case study, where capitalism was most developed, rather than some other place where capitalism was less developed. From this point of view, we can observe that even though Marx generally pays a lot of attention to the historical development of the object of study, he seems to identify its determinations and laws based on the study of the object in its most developed stage. Another example of this is that he studied capital first as it appears in capitalism, and only later does he elaborate on capital in precapitalist societies. How does the method of studying things in their most developed stage relate to the historical approach of the Marxist method?

Ultimately, everything has as its history the history of the entire universe. But this is a very abstract and superficial historical approach.²²⁶ Marx and Engels thought that for the concrete study of the historical development of a phenomenon, we first need to know *what* we are studying. From that point of view, Marx criticized the classical political economists, that did not grasp, according to Marx, the essence of the object of study. For instance, Marx argued that they studied the history of capital without a clear understanding of the essence of capital. They therefore confused the history of capital with the history of other phenomena, such as money or even means of production. Consequently, capital appears as something eternal, something that has existed since humans first sharpened a stone.²²⁷

This is a historical approach, in the sense that one studies the historical development of in this case capital, but Marx and Engels considered that is a superficial and abstract historical explanation of capital. Such an abstract historical approach can easily become an apology for the current state of affairs, as capital is regarded as something that has always existed, therefore appears also as something that will always exist or that is part of ‘human nature’. Therefore, such an abstract historical approach, is only superficially a historical conception. In essence the approach is antihistorical.²²⁸

Marx criticized such approaches not only for being an apology of the current state of affairs and presenting them as eternal, but also for distorting history. Marx’s criticism of the account of some classical political economists of the original accumulation of capital is exemplary. This is the accumulation that did not happen as a result of capital accumulation (surplus value turning into capital). For capital to start accumulating, some conditions had to be met. The first is the is the creation of ‘free’ labourers. Free in a double sense: they do not belong to the means of production (cf. slaves, who were regarded as means of production), nor do means of production belong to them (cf. the small peasants). The second is the concentration of the means of production in the hands of the capitalists and landowners. These two processes are two sides of the same coin: while the masses were ‘freed’ of the means of production, creating the future wage labourers, these means were concentrated in the hands of the few. This process is called the primitive accumulation. It is the precondition for the means of production to become capital, which can then further accumulate on its own basis by producing surplus value and turning it into capital and so on as explained earlier. Other important factors in primitive accumulation were colonialism and slavery.²²⁹

²²⁵ Marx and Engels, *Collected Works*, v.28:44.

²²⁶ Marx and Engels, *Collected Works*, v.25:499–500.

²²⁷ Marx and Engels, *Collected Works*, v.6:202–5; v.25:191–95; v.31:385.

²²⁸ Marx and Engels, *Collected Works*, v.25:499–500; v.28:10–14; v.32:353, 450, 501–2; v.35:550. See also Ilyenkov, *Dialectics of the Abstract & the Concrete in Marx’s Capital*, 212–22.

²²⁹ Marx and Engels, *Collected Works*, v.35:707–48.

Marx criticized classical political economists, because many of them did not understand, according to Marx, the relation between the forceful expropriation of the agricultural population from the land, colonialism and slavery on the one hand, and the concentration of the means of production in the hands of the capitalist class on the other. They saw the latter as a peaceful process, resulting from the hard labour of the future capitalists themselves, perhaps also through commerce, inheritance etc. Moreover, the capitalists even appeared as the saviours of those who had been ‘freed’ from the means of production, providing them with jobs.²³⁰ But Marx pointed out that this is a distorted account of history, and that in reality the primitive accumulation was a process of force and terror. “Thus were the agricultural people, first forcibly expropriated from the soil, driven from their homes, turned into vagabonds, and then whipped, branded, tortured by laws grotesquely terrible, into the discipline necessary for the wage system.”²³¹

All that criticism shows that Marx and Engels consider it indispensable, when studying (the history of) something, to first know what that something is. We need to understand the essence of a phenomenon, and the position of Marx and Engels is that this can best be seen in a developed phenomenon, not when it first appears. When an object of study is in its developed stage, many ‘accidental’ characteristics, which phenomena have for some time due to their origin or the influence of other pre-existing phenomena, are to a large extent filtered out. The ‘zigzags’ of history, as Engels wrote in a sentence I quoted earlier, are in a sense ‘corrected’ by history itself. In other words, the Marxist method supposes that the laws that determine overall development, bring about what is necessary, and what is unnecessary eventually perishes.²³² Studying something in its developed form, allows us therefore to better understand its essence. Understanding what a phenomenon is, is important to understand its history, which is in turn indispensable to really understand a phenomenon, its relation to the whole and its laws of development. That is the reason that Marx studies capitalism in England and not any other country. In England the capitalist relations and laws, that are the same in every country, were most developed.

We can also see this in the example of how Marx approached agriculture. Marx once again made an abstraction, consciously leaving out of the picture precapitalist forms of agriculture that still existed at the time, focusing on agriculture in its most developed form (i.e. capitalist agriculture). He did this, because he thought that studying the precapitalist forms of agriculture that still existed in his time, would not help to understand capitalist agriculture. These elements therefore had to be abstracted in order to grasp the essence of the relations of production in agriculture, its determinations and its laws under capitalism.

“Thus, for the purpose of our analysis, the objection that other forms of landed property and of agriculture have existed, or still exist, is quite irrelevant. Such an objection can only apply to those economists who treat the capitalist mode of production in agriculture, and the form of landed property corresponding to it, not as historical but rather as eternal categories.”²³³

We see how Marx emphasized that we need to study something in its most developed form in order to view it historically, even though superficially it may seem as if history is neglected by taking the most developed form as the object of study.

Let us return for a moment to the example of the concept of value. We saw that Marx derived the determinations of value from its first and most simple form, which is the simple commodity relation, abstracting all kinds of elements that characterize value as it actually appears in capitalism. However, Marx studied the commodity as it appears in its developed form, in commodity production, not how it first appears, as an accidental relation between primitive communities. As Engels wrote, “...we examine the various aspects of the commodity, i.e., of the fully evolved commodity and not as it at first slowly emerges

²³⁰ Marx and Engels, *Collected Works*, v.35:704–5.

²³¹ Marx and Engels, *Collected Works*, v.35:726.

²³² Marx and Engels, *Collected Works*, v.26:359.

²³³ Marx and Engels, *Collected Works*, v.37:609.

in the spontaneous barter of two primitive communities...²³⁴ This allowed Marx to first identify some essential determinations in the commodity that are not apparent in the accidental barter between primitive communities, such as the twofold nature of the commodity as use value and value, the twofold nature of the labour embodied in the commodity as concrete and abstract labour, and of course the law of value. If Marx would not take this starting point, the whole historical development of the value form, the contradictions between the relative form and the equivalent form and the necessity of the appearance of money, would be unintelligible.

“Bourgeois society is the most developed and many-faceted historical organisation of production. The categories which express its relations, an understanding of its structure, therefore, provide, at the same time, an insight into the structure and the relations of production of all previous forms of society the ruins and components of which were used in the creation of bourgeois society. Some of these remains are still dragged along within bourgeois society unassimilated, while elements which previously were barely indicated have developed and attained their full significance, etc. The anatomy of man is key to the anatomy of the ape. On the other hand, indications of higher forms in the lower species of animals can only be understood when the higher forms are already known. Bourgeois economy thus provides the key to that of antiquity, etc. But by no means in the manner of those economists who obliterate all historical differences and see in all forms of society the bourgeois forms. One can understand tribute, tithe, etc., if one knows rent. But they must not be treated as identical.”²³⁵

This quote summarizes why Marx and Engels sometimes began their studies with the developed form of appearance of an object of study, and not how it first appeared in history. However, we can see that they also emphasized that we cannot imprint contemporary categories and concepts in other historical epochs. Understanding the object of study by looking at the developed form of appearance is a condition to understand its history, but we have already seen that for the Marxist approach studying the history is also a condition for understanding the object.

6.3 The dialectic of the historical and the logical methods

We now understand why Marx often seems to deviate from the historical path of development, or the order in which phenomena appeared in history. We have seen how this fits into the historical approach which is typical of Marxist thought. Let us now take a closer look at the theoretical-philosophical dimension of this issue.

Engels and Marx distinguished between the ‘historical method’ and the ‘logical method’. The historical method is the exposition of concepts in the sequence in which they appeared in history. The logical method approaches the object of study in its highest level of development, but starting from the first and simplest relation that appeared in real history, which is a precondition for the emergence of a system. When studying capitalism, for example, it is the commodity relation. From there, the logical method proceeds to the study of its internal contradictions and the solutions to these contradictions that historically emerged. For instance, the contradictions between use value and exchange value, and the related contradictions between concrete and abstract labour, relative value form and equivalent value form etc. The logical method studies the historical-dialectical development of the capitalist mode of production, its evolution and development from commodity production, the development of the value form, the appearance of money, the appearance of capital, capitalist exploitation etc. Engels emphasized the dialectic unity of the historical and logical methods.

²³⁴ Marx and Engels, *Collected Works*, v.16:476. Note that ‘fully evolved’ here means the fully evolved commodity only as commodity, not commodity *production* fully evolved, because that would be capitalism, including money, capital and many other more complex forms of value, the abstraction of which was the whole point of starting from the commodity relation.

²³⁵ Marx and Engels, *Collected Works*, v.28:42.

“The logical method (...) is indeed nothing but the historical method, only stripped of the historical form and of interfering contingencies. The point where this history begins must also be the starting point of the train of thought, and its further progress will be simply the reflection, in abstract and theoretically consistent form, of the course of history, a corrected reflection, but corrected in accordance with laws provided by the actual course of history, since each moment can be examined at the stage of development where it reaches its full maturity, its classical form. (...)

We see that with this method, logical development need by no means be confined to the purely abstract sphere. On the contrary, it requires historical illustration and continuous contact with reality.”²³⁶

These words of Engels express the materialist conception of logic, typical of Marxist philosophy. Contradictions are not resolved in theory, but the contradictions in the things themselves are resolved in their real development, and this is merely reflected in theory. What is historically necessary, is in the end also logically necessary and vice versa. This idea also manifests itself in the following words from Engels.

“In the course of development, all that was previously real becomes unreal, loses its necessity, its right of existence, its rationality. And in the place of moribund reality comes a new, viable reality (...) All that is real in the sphere of human history becomes irrational in the course of time, is therefore irrational by its very destination, is encumbered with irrationality from the outset; and everything which is rational in the minds of men is destined to become real, however much it may contradict existing apparent reality.”²³⁷

This quote comes from Engels who commented on Hegel’s famous sentence “All that is real is rational; and all that is rational is real.” This phrase was often interpreted apologetically, as if everything that exists should exist. Arguably that may also be what Hegel meant when using the phrase. However, pointing out the dialectical relation between the real and the rational, Engels provided the opposite interpretation. This position, regarding the relation between the real and the rational, is essential to the logical method. From this point of view, I think that this logical method described by Engels, is what Marx described as the ‘scientific method’, as the method of ‘advancing from the abstract to the concrete’.

In the introduction, I mentioned that there is a tendency to dismiss the dialectic of the logical and the historical method, which is accompanied by the claim that the methodological distinction between studying the logical development and studying the historical development, was made by Engels alone, and that it would supposedly not be in accordance with Marx’s position. In the introduction I already pointed out that the text where Engels elaborates on this distinction was published by Marx. Above that, however, it is also a misconception that Marx himself never used this terminology. Marx did not write an explicit text about these two methods, and he had no reason to do so because Engels already did, in a text that, as we saw earlier, was published by Marx. However, Marx did use the terms logical and historical in relation to methodological issues throughout his work. For instance, in the outlines for the *Critique of the Political Economy*, we can see that Marx explicitly distinguished these two methods and also expressed their unity, when discussing methodological issues regarding the study of the determinations of capital and its forms, writing that this is: “both part of the *logical* development of the matter in hand and the key to understanding its *historical* development” (the emphasis is from the original).²³⁸ Hence this terminology, distinguishing methodologically between the logical and the historical development, and the position that these two are dialectically connected, is not an invention of Engels alone, it can be found in writings of Marx himself as well.

Extensive and thorough studies on the subject of the dialectic of the logical and the historical method in Marxist philosophy can be found in various works of Vaziulin.²³⁹ In secondary literature, the

²³⁶ Marx and Engels, *Collected Works*, v.16:475, 477.

²³⁷ Marx and Engels, *Collected Works*, v.26:358–59.

²³⁸ Marx and Engels, *Collected Works*, v.29:63.

²³⁹ E.g.: Vaziulin, *Die Logik Des ‘Kapitals’ von Karl Marx*, 245–64.

historical and logical methods are often described as two methods of criticising literature of political economy. For instance, Ilyenkov emphasizes this aspect when defining the historical and logical methods.²⁴⁰ However, the description of Engels is firstly about the method of understanding of political economy. Nevertheless, Engels *also* describes the historical and the logical methods as methods of criticizing existing literature of political economy. According to Engels, these two aspects – understanding the political economy of capitalism and criticizing the literature of political economy – coincide: “This elaboration [of the laws governing bourgeois production and bourgeois exchange] is at the same time a comprehensive critique of economic literature, for economists are nothing but interpreters of and apologists for these laws.”²⁴¹

6.4 The idealist interpretation that denies the dialectic of history and logic

Denouncing the dialectic of the historical and the logical is one of the key characteristics of the Neue Lektüre and systemic dialectics, and it serves as the central argument for juxtaposing Engels to Marx. They assume that Marx employs only a logical method in *Capital* and that this is not related to a historical method. They often quote Marx, who wrote that “we need present only the inner organisation of the capitalist mode of production, in its ideal average.”²⁴² If one reads the whole paragraph it is clear that this actually intended to say that it is necessary to “leave aside” superficial aspects in order to show the essence, and the quote is not directly related to the role of history in the study. Nevertheless, it is indeed true that the primary purpose of *Capital* is to lay bare the laws of development of the capitalist mode of production, not to provide a history of capitalism. This determines what is relevant and what is not, what is important and what is secondary etc. All these things I have already mentioned. But this does not cancel that according to the approach of Marx and Engels the logical unfolding of the object of study, in this case the capitalist mode of production, has its root in the real unfolding of the object of study in history. Material reality develops according to logic, according to certain laws, and the logical development resembles real historical development.

Some authors like Heinrich note that “the ‘historical’ passages in *Capital*” – referring only to the part about primitive accumulation – “come after the (theoretical) depictions of the corresponding categories and not before,” concluding: “The historical passages complement the theoretical account, but they don’t constitute the theoretical account.”²⁴³ The first part of this conclusion, that the historical passages complement the theoretical account, is correct. *Capital* is not a history book and of course the theoretical, logical or esoteric aspect has prominence. But according to the Marxist conception that is based on philosophical materialism, a scientific theory does not emerge from a void, it is related to reality, as logic is likewise related to history; the exoteric appearances to the esoteric essence. It is a metaphysical approach to completely separate these, for example like Heinrich tried to do:

“with the phrase “origin” (Genesis) he [Marx] does not mean the historical emergence of money, but rather a conceptual relationship of development. He is not concerned with the historical development of money (not even in a completely abstract sense) but with a conceptual reconstruction of the connection between the “simple form of value” (a commodity expressing its value through another commodity) and the “money form.””²⁴⁴

According to this view, Marx’s analysis of the development of the value form is only a mental, logical or conceptual scheme to unfold the inner workings of value and capitalism. The categories in *Capital* are presented by Marx on merely logical grounds and this cannot be related to the real historical movement.

²⁴⁰ 'On the difference between the logical and the historical methods of inquiry', in: Ilyenkov, *Dialectics of the Abstract & the Concrete in Marx's Capital*, 202–7.

²⁴¹ Marx and Engels, *Collected Works*, v.16:472.

²⁴² Marx and Engels, *Collected Works*, v.37:818. References in i.a.: Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 31; Heinrich, *Die Wissenschaft Vom Wert*, 178.

²⁴³ Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 32.

²⁴⁴ Heinrich, 56.

The consequence of this approach is that the *development* only took place in Marx's mind. The representatives of the Neue Lektüre obviously do not deny that the analysis shows *real* connections between aspects of the capitalist economy. But the *development* that is described from the elementary value form to the money form is, if it does not reflect a real historical development, a development that is only conceptual, logical and therefore it took place only in the mind of Marx. The problem is that this is clearly an idealist approach to logic and to methodology, which reduces logic or dialectic to something purely subjective (not necessarily in a relativistic sense) and which is not in accordance with the Marxist approach.

In his discussion of the method of political economy, Marx elaborated on the development of categories in theory. He wrote that the categories such as exchange value appear as a product of consciousness. However, while criticizing Hegel, he took the position that these categories cannot exist except as a one-sided relation of a real, concrete whole, and that the development of categories in theory, for example from exchange value to money, reflects the real historical development of the object of study:

“Money can exist and has existed in history before capital, banks, wage labour, etc., came into being. In this respect it can be said, therefore, that the simpler category [exchange value – A.S.] can express relations predominating in a less developed whole or subordinate relations in a more developed whole, relations which already existed historically before the whole had developed the aspect expressed in a more concrete category. To that extent, the course of abstract thinking which advances from the elementary to the combined corresponds to the actual historical process.”²⁴⁵

Arthur, who also denounces the dialectic of the historical and the logical method, described the elaboration of Engels on the dialectic of the historical and the logical method as a ‘linear logic’ which supposes, according to Arthur, that “nothing essential is changed when the more complex model is built on the basis of the simple one.”²⁴⁶ In this linear logic “there is no genuine development” and the development in the analysis occurs due to the decision of the researcher to add further determinations (money, labour power as a commodity etc.). This is contrasted to what Arthur called the ‘dialectical logic’, where “successive stages are introduced because they are demanded by the logic of the exposition, and they are so demanded because the exposition itself conceptualises the internal relations and contradictions essential to the totality.”²⁴⁷

The problem with this whole argument is that Arthur's interpretation of Engels' exposition of the historical-logical method is simplistic. The impression is created that there is no essential development, because some economic phenomena pre-exist capitalism. But this impression is only the result of ignoring the dialectic of cause and effect. In general, this leads to a presentation by Arthur of a ‘linear’ logic, which is indeed undialectical, as it is schematic, formalistic and superficial, and therefore from the Marxist point of view metaphysical. The problem is that this ‘linear’ logic has nothing to do with the writings of Engels. Engels did not advance anything like this invented ‘linear logic’. He was pointing out a specific and important aspect of the materialist dialectical approach: the dialectical unity of historical and logical necessity. If we step away from the simplistic interpretation of Engels' writings as ‘linear logic’, we will find that Engels did not describe any other logic than the materialist dialectical logic that we find in Marx's inquiries into methodological issues or in the method Marx applied in *Capital* and other works.

It is interesting that Backhaus, one of the founding fathers of the Neue Lektüre, approached the problem in a different way. He advanced the same position of denouncing the dialectic of the historical and the dialectical method. However, he directed this criticism not only at Engels, for he thought that Engels' position was related to a “a process of historicising the logical” in Marx.²⁴⁸ His position is that already in the first drafts of *Capital* this tendency is present, but that it is more prominent in the final editions of *Capital* that Marx edited, to the point that he wondered if Marx changed his “methodological

²⁴⁵ Marx and Engels, *Collected Works*, v.28:39.

²⁴⁶ Arthur, *The New Dialectic and Marx's Capital*, 21–22.

²⁴⁷ Arthur, 26.

²⁴⁸ Backhaus, *Dialektik Der Wertform*, 154–55, 230.

concept”.²⁴⁹ When the editions of the texts are compared, some things become more refined, but such a fundamental change is not apparent. After all, earlier I quoted Marx who wrote that “the procedure of abstract reasoning (...) conforms to actual historical development” already in 1857 when Marx was still working on the method of political economy for his *Contribution to the critique of political economy*, not to mention the exposition of the materialist method and the criticism of idealist philosophy in *The German ideology* and other texts written in the second half of the 1840s.²⁵⁰

The contemporary descendants of the *Neue Lektüre* retain the criticism of Engels’ position that we can find in Backhaus, but they try to brush away any connection of the logical to the historical in the works of Marx. Due to misinterpretations, we can see that in the course of the development of the *Neue Lektüre*, systemic dialectics and in Western Marxism in general, that which started as a criticism of Marx is presented as an explanation or interpretation of Marx. Later I will elaborate on some theoretical problems in the monetary theory of value, showing that the confusion between criticism of Marx and interpretation of Marx is a general problem.

According to the Marxist approach, when trying to understand the essential developments and not blindly tracing all the phenomena as they superficially appeared in the endless flow of history, we are required to study some things as they appear in their advanced stage, and to sometimes first study phenomena that appeared later and deduce phenomena that appeared earlier from them, because they are in essence no longer same phenomena, or because the cause has turned into the effect and vice versa. History moves in zigzags, and the Marxist approach supposes therefore that a scientific approach to reality, which tries to reproduce theoretically the essence of things, needs to ‘correct’ the direct abstract reflection of history in thought – in other words our first impression of the appearances that is abstract – in order to understand the real causes and laws of historical processes.

We have seen how Marx observed the contradiction in Smith’s works, between the esoteric and the exoteric method. We have now also seen how Marx and Engels developed their method, based on philosophical materialism and the dialectical method, trying to overcome the limitations of Smith and the other classical political economists. They further developed the esoteric method, which seeks to establish the internal (esoteric) connection between the phenomena, their necessary connection and their function and position in the concrete whole. This is exactly the purpose of what Marx and Engels called the logical method or the method of advancing from the abstract to the concrete. They all come down to what Marx and Engels understood as the scientific method of understanding and explaining concrete reality and its laws of development. But what is the nature of laws, and what is their exact role in the scientific method? The next part will focus specifically on the determinations of law. This will also allow us to look more specifically at the consequences of approaches that denounce the dialectic between the logical and the historical.

²⁴⁹ Backhaus, 154–55.

²⁵⁰ Marx and Engels, *Collected Works*, v.28:39.

Part III: Determinations of the concept of law

The previous part served to provide a basic understanding of Marxist theory of knowledge and the corresponding categories and concepts, and how this is reflected in the method applied and the basic laws that are developed in *Capital*. Within that framework, we will look more specifically in this part at the determinations of the concept of law and its role in the method of rising from the abstract to the concrete. The first chapter of this part deals with law as an abstraction, especially the objective character of laws. In chapter 8 I discuss in what ways laws are concrete, and I will address some related characteristics of laws: laws as expressions of essence, necessity and universality. Chapter 9 deals with the historical nature of laws.

7. Law as an abstraction and the objectivity of law

We have seen that Marxist philosophy supposes a strong connection between the development of consciousness or theory, and the development of material reality. The discussion about the dialectic of the logical and the historical method is exemplary of this materialist understanding of the development of theory. Now we are going to look more specifically at the concept of law as an abstraction.

From a nominalist point of view, it is impossible to understand an abstract or a universal as something objective, something that exists ‘out there’, independently from consciousness. It appears as a product of our mind: we arbitrarily abstract some aspect of concrete reality. From a realist point of view, on the contrary, the abstract or universal is something objective, but this is understood in a metaphysical and idealistic manner, according to the Marxist approach. After all, we have already seen that Marxism is based on philosophical materialism, and that it does not recognize any abstract existing prior to or outside of material reality. As Engels wrote: “...qualities do not exist but only things *with* qualities and indeed with infinitely many qualities.”²⁵¹ Nevertheless, Marx and Engels dealt with *some* abstractions and universals as something objective, but not in the metaphysical or idealistic way of the realists. Marx summarized the puzzle in the following manner: “£2,000 is £2,000. We can neither see nor smell in this sum of money a trace of surplus value.”²⁵² So in what way we consider (the law of) value or abstract labour, which we cannot observe directly, as something objective?

This discussion about the objectivity of the law of value and abstract labour is actually very old and has taken various forms. Most explicitly perhaps, right after the publication of the third volume of *Capital* by Engels. This volume contains the Marxist theory about the transformation of value in production prices. Sombart, Schmidt and others advanced the position that value is a theoretical-conceptual invention of Marx, which may logically be necessary for the interpretation of production prices and market prices, but never existed historically.²⁵³ Similar debates existed regarding other concepts, such as average rate of profit. This discussion about the objectivity of value is closely related to the discussion about the dialectic of the logical and the historical method addressed in the previous part. Engels saw this as an important matter and dedicated his time in the last months of his life to elaborate on this issue in various letters and in a supplement he wrote for *Capital* titled ‘law of value and rate of profit’. In that supplement he approached the development of value from a more historical point of view, also providing quotes from Marx’s writings on this issue.²⁵⁴

²⁵¹ Marx and Engels, *Collected Works*, v.25:512.

²⁵² Marx and Engels, *Collected Works*, v.35:578.

²⁵³ E.g. Sombart, *Zur Kritik Des Ökonomischen Systems von Karl Marx*; Schmidt, ‘Der Dritte Band Des Kapital’. For this particular discussion, Engels responded not only to this article by Schmidt, but mainly to a letter that is probably unpublished.

²⁵⁴ Marx and Engels, *Collected Works*, v.50:460–62; 462–67; 492–93; v.37:873–900. For context, one can see, besides the general introductions in the MECW by the editors, also the relevant introductions of the editors in: Day and Gaido, *Responses to Marx’s Capital*, 162–211; 405–28.

To better understand the objectivity of laws as an abstract in Marxist philosophy, I will first look at the objectivity of the abstract or the universal in general, by looking at the examples of the concept of value and the peculiar concept of ‘abstract labour’. After that I will elaborate more specifically on the objectivity of law.

7.1 ‘Abstract labour’ and the objectivity of the abstract and the universal

Marx argued that in capitalism the primary objective of the producer (i.e. the capitalist) is the production of value, the production of materialised labour-time.²⁵⁵ This is because in capitalism commodity production is generalised. Almost everything is produced to make more money (is produced as value), not to satisfy a certain need (as use value). In this context, the production of use-values is but a by-product. Capitalism therefore creates an economic system, Marx argued, where concrete labour is no longer of primary importance.²⁵⁶ Instead, it is labour in the abstract, independent of the concrete labour, which is important. Abstract labour is the source of value, which is the aim of capitalist production. In that sense, abstract labour is “an abstraction which is made every day in the social process of production,” as Marx wrote.²⁵⁷

Earlier we wrote that Marx defined the abstract as a one-sided aspect of the concrete. Abstract labour is an abstraction of labour, it is one side of labour, namely labour as the expenditure of labour power, indifferent to the particular actions that this labour encompasses, the skills it requires, or any other aspect or determination of labour that one could possibly think of. But beyond that, it is also an abstraction or a one-sided aspect of capitalism. Marx emphasized that abstract labour is not some arbitrary subjective abstraction, but a *real aspect* of capitalism, writing that the “conversion of all commodities into labour-time is no greater an abstraction, and is no less real, than the resolution of all organic bodies into air.”²⁵⁸

The law of value in simple commodity production

Obviously, commodity exchange and commodity production emerged before capitalism, and to the extent that commodities existed, this abstraction was already taking place, although in a primitive form, as is emphasized in the following passage from *Capital*.

“Every product of labour is, in all states of society, a use value; but it is only at a definite historical epoch in a society's development that such a product becomes a commodity, viz., at the epoch when the labour spent on the production of a useful article becomes expressed as one of the objective qualities of that article, i.e., as its value. It therefore follows that the elementary value form is also the primitive form under which a product of labour appears historically as a commodity, and that the gradual transformation of such products into commodities, proceeds *pari passu* with the development of the value form.”²⁵⁹

However, this is a matter of much discussion in secondary literature. The representatives of the monetary theory of value, who deny the dialectic of the logical and the historical method, claim that the concepts of value and abstract labour apply *only* in fully developed capitalist societies. Although they recognize that commodities and commodity exchange existed prior to capitalism, they do not recognize that the basic law of the commodity, i.e. the law of value, applied prior to the emergence of capitalism,

²⁵⁵ An extensive discussion of Marx about this subject can be found in: Marx and Engels, *Collected Works*, v.31:7–130.

²⁵⁶ In the words of Marx, who emphasized that this is not a conceptual or mental abstraction, but an abstraction that objectively occurs in reality: “...this abstraction of labour in general is not simply the conceptual result of a concrete totality of labours. The fact that the particular kind of labour is irrelevant corresponds to a form of society in which individuals easily pass from one kind of labour to another, the particular kind of labour being accidental to them and therefore indifferent. Labour, not only as a category but in reality, has become here a means to create wealth in general, and has ceased as a determination to be tied with the individuals in any particularity.” Marx and Engels, *Collected Works*, v.28:41.

²⁵⁷ Marx and Engels, *Collected Works*, v.29:272.

²⁵⁸ *Ibid.*

²⁵⁹ Marx and Engels, *Collected Works*, v.35:71–72.

because in precapitalist systems commodity production was not yet generalized and was imbedded in other economic relations. They assert that it was only Engels, acting in contradiction to Marx, who claimed that commodity production existed before capitalism and that the law of value applied. For this purpose, they often refer to *Theories of surplus value*, where Marx wrote that “the product wholly assumes the form of a commodity only (...) on the basis of capitalist production.”²⁶⁰ I think it is important to spend some more words on this particular quote and take a close look at what exactly Marx was writing here.

This phrase comes from the *Theories of surplus value*, in the chapter that discusses what Marx called the disintegration of the Ricardian school, where Marx criticized Torrens, a political economist that was influenced by Ricardian economic theory. In the section from which the quoted sentence originates, Marx was dealing with the following problem. Suppose that we compare two equal amounts of capital, but with a different organic composition (so the one has more variable capital that is spent on wages and the other more constant capital spent on means of production). Some political economists raised the problem that these two cases, with the same rate of exploitation, would yield a different amount of profit.²⁶¹ Furthermore, they would result in different cost prices, which should be equal (price of capital advanced plus average profit). The commodities, that resulted from the same amount of capital or value, will be of different value. Hence it appears as if this study of profit and price contradicts with the determination of the value of commodities by the labour time embodied in them; it seems as if law of value contradicts with itself.²⁶²

Earlier I wrote that Marx criticized Ricardo for running into all kinds of contradictions, because Ricardo did not understand, Marx argued, the nature of abstraction and tried to apply the law of value *directly* to the more complex economic phenomena, and that this led the post-Ricardian economists to let go of the law of value. The contradiction I outline above, is exactly an example of such a problem that Ricardo faced. Marx showed how this consequently led post-Ricardian economists to the position that surplus value does not emerge in the production process but in circulation, hence that it is not the result of the exploitation of the working class.²⁶³

I will explain Marx’s discussion of the problem very briefly, without elaborating too much on the details of the economic theory, which are not directly relevant for us, and which can be read in the source. The basic problem according to Marx, is that Torrens misunderstands the law of value as the determination of the value of commodities by the quantity of *accumulated* labour expended upon production. This basically comes down to determining the value of commodity by the value of expended capital for production. This results in a vicious circle of the value of capital and the value of commodities determining each other, and this cannot explain the origin of surplus value or profit in the production process. What Torrens did not take into account, is that the part of capital (or accumulated labour) employed as variable capital, is replaced by ‘immediate’ (or ‘living’) labour, which *produces* surplus value. Hence the value of the commodities, although it is still determined by the quantity of labour embodied in it, is greater than the value of capital expended on production. In other words, although Torrens understood that the organic composition of capital can vary, he failed to understand how this relates to the law of value. Torrens regarded the value of the commodities produced simply as a composite of accumulated labour employed as capital and profit at a rate that is uniformly applied, without understanding that the distinction between variable and constant capital is relevant, because variable capital yields surplus value and constant capital does not. There are other related problems according to Marx, such as that Torrens failed to understand that the rate or profit

²⁶⁰ Postone, *Time, Labor, and Social Domination*, 132; Arthur, *The New Dialectic and Marx’s Capital*, 20. Source of quote: Marx and Engels, *Collected Works*, v.32:265.

²⁶¹ Rate of profit is the ratio of surplus value to total capital (both variable and constant). Only variable capital yields surplus value. Hence with the same rate of exploitation, the capital with more variable capital in its composition, will have a higher rate of profit, while the equal amount of capital with more constant capital in its composition, will have a lower rate of profit.

²⁶² Marx and Engels, *Collected Works*, v.32:258–67.

²⁶³ Marx and Engels, *Collected Works*, v.32:267.

should be explained and he wrongly applied this uniformly, as well as that he misunderstood the law of value and the law of cost-price, confusing the value of commodities with their cost-price etc.²⁶⁴

The important thing for us is that Torrens is led to believe that the law of value might have been correct for simple commodity production, as in the examples in Smith's *Wealth of nations* where the exchange takes place between direct producers, but not in capitalist production. Of course, Marx pointed out that this is only the result of Torrens not understanding how the law of value works in circumstances of capitalist production, and how it relates to profit, wage, price and other more complex economic phenomena. This brings us back to the quoted phrase. In the paragraph where we can find this phrase, Marx sought to defend that the law value is valid in capitalist production. Not only that it is valid, but that it is a fundamental law in capitalist production. So let us read the paragraph carefully.

First Marx criticized Torrens, who understood how the law of value is valid in simple commodity exchange, for not understanding that the same law is valid in the system where it is a fundamental economic law: "Basing himself on the exceptions noted by Ricardo, Torrens rejects the law. He reverts to Adam Smith (against whom the Ricardian demonstration is directed) according to whom the value of commodities was determined by the labour time embodied in them 'IN THE EARLY PERIOD' when men confronted one another simply as owners and exchangers of goods, but not when capital and property in land have been evolved. This means (...) that the law which applies to commodities qua commodities, no longer applies to them once they are regarded as capital or as products of capital, or as soon as there is, in general, an advance from the commodity to capital."

Then Marx wrote the much-quoted phrase (the emphasis is mine): "On the other hand, the product *wholly* assumes the form of a commodity only – as a result of the fact that *the entire product* has to be transformed into exchange value and that also *all the ingredients necessary for its production enter it as commodities* – in other words it *wholly* becomes a commodity only with the development and on the basis of capitalist production." So Marx wrote that in precapitalist societies, the commodity does not yet appear in its fully developed form, because commodity production is embedded in other economic relations that are not essentially based on commodity production. Then Marx continued to emphasize the paradox that on the one hand Torrens understood how the law of value – which was abstracted by political economy by studying capitalist production – applies in precapitalist circumstances, where commodity production and the law of value are only an accidental aspect of the economy and their effect is completely restrained by other economic relations, and on the other hand he did not understand how it applies in capitalism which is essentially based on this law: "Thus the law of the commodity is supposed to be valid for a type of production which produces no commodities (or only to a limited extent) and not to be valid for a type of production which is based on the product as a commodity. The law itself, as well as the commodity as the general form of the product, is abstracted from capitalist production and yet it is precisely in respect of capitalist production that the law is held to be invalid."²⁶⁵

Hence Marx did not write explicitly nor intend to imply in this paragraph that the law of value does not apply in simple commodity production or that it *only* applies in societies where the capitalist mode of production is fully dominant. He only emphasized that the law of value does hold for capitalist production. The claim that Marx here explicitly stated that "he regards the law of value to be valid only for capitalism" is unfounded.²⁶⁶

There are a number of other arguments which are related to this issue about the validity of the law of value in precapitalist societies. Engels used the term 'simple commodity production' (cf. 'simple' value form and other uses of the word 'simple' in categories that were used by Marx). Engels used this term to draw a distinction between commodity production in capitalism and commodity production before

²⁶⁴ Marx and Engels, *Collected Works*, v.32:258–74. See also: Oakley, *Marx's Critique of Political Economy*, 2:148–52.

²⁶⁵ Marx and Engels, *Collected Works*, v.32:264–65.

²⁶⁶ Postone, *Time, Labor, and Social Domination*, 131.

capitalism. Postone argued that Marx had pointed out that a society based on simple commodity production never existed, nor did Marx postulate it hypothetically to derive the law of value (the idea that Marx would ‘derive’ things from hypothetical inventions stems from the earlier discussed problem of dismissing the dialectic of the logical and the historical method).²⁶⁷ Heinrich claimed that Engels’ ‘historical reading’ of *Capital* – as Heinrich calls it – means that the categories of commodity and value which Marx explained in the first chapters of *Capital* are transformed by Engels in categories of precapitalist production.

However, Engels did not in a single occasion assume that there existed a society based on simple commodity production. The term simple commodity production is not used to refer a special mode of production. ‘Simple’ simply means ‘not capitalist’. It is the commodity production that took place in the precapitalist formations and which is based on owners of commodities exchanging commodities they themselves produced. In other words, commodity production without wage labour, without the context of *capitalist* exploitation (other forms of exploitation may have been intertwined with it). The first chapters of *Capital* show simultaneously the logical starting points for the role of value in capitalist production, and how the law of value functions in simple, not-capitalist commodity production, without paying attention to the precapitalist relations in which such commodity production may have occurred, because that is irrelevant in the study which has as its object the capitalist mode of production, which is of course an abstraction. Neither Marx nor Engels interpreted *Capital* in a narrow historical way, and therefore the sequence of categories is not purely or mainly historical, as I have demonstrated earlier. But capitalism did not appear suddenly out of the blue from one day to another. There was a historical process. Aside from the writings of Engels – some of which were published when Marx was still alive and positively evaluated by the latter – there are also enough implicit but also explicit references of Marx. For instance, Marx wrote that “it is quite appropriate to regard the values of commodities as not only theoretically but also historically *prius* to the prices of production,” meaning that there is historically also value of commodities without the transformation in production prices which occurs in capitalism.²⁶⁸ Much more can be written about these and related issues, but for now we should return to our objective of understanding how an abstraction such as the concept of value or abstract labour can have an objective character according to Marxist theory.

The objectivity of the concept of value in capitalism

The analysis above showed that according to Marx and Engels, the concept of value and the law of value existed in pre-capitalist societies, to the extent that there was commodity production and exchange (and perhaps some other phenomena that are based on that such as merchant’s or banking capital but those are of secondary importance). I also refuted the argument that Marx held the view that the law of value applies only in capitalism. However, in capitalism the law of value plays a particular role in the concrete whole, which differs fundamentally from its role in precapitalist societies.

Before capitalism, the commodity relation and value are mere abstract, more or less accidental economic forms. For that reason, considering commodity exchange abstractly in precapitalist economies would be a mistake (i.e. if one aimed to understand these modes of production). Capitalism, on the other hand, cannot according to Marx be understood by starting from anywhere else but the commodity relation. As we saw in the previous chapters, the simple commodity relation is the particular instance of value which at the same time discloses its universal determinations or substance. In other words, it discloses the determinations of value as a universal category as such. These determinations apply to all particular forms of expression of value, not only to the commodity relation itself that discloses the substance, but also money, capital, profit, rent etc. Hence the simple commodity relation discloses the fundamental law, the law of value, that governs all other more developed appearances of value. We have also seen that according to the Marxist approach the commodity relation has this character, because it is the first historical form of value and the other more complex forms developed from it.

²⁶⁷ Ibid.

²⁶⁸ Marx and Engels, *Collected Works*, v.37:176.

Value is a concept that reflects an abstract, one-sided aspect of the concrete, but it is an abstraction that refers to an objective, real economic relation which historically and logically forms the basis for the production relations of capitalism. The concept of value only has this character, as the economic relation that forms the historical and logical basis for the production relations, in the epoch of capitalism, in the concrete whole of the capitalist mode of production. Only in capitalism, where commodity production is generalised, value becomes the universal concept that determines the other particular economic forms of capitalism. Abstract labour “which expresses an ancient relation existing in all forms of society, attains truth in practice in this abstract form only as a category of the most modern society.”²⁶⁹

We can now understand why Marx treats the concept ‘abstract labour’ as something objective, despite it being abstract. For this concept reflects in theory an abstraction that is taking place in the reality of the capitalist production process. Value and abstract labour are not regarded in Marxist theory as ideal universals existing somewhere ‘outside’ of the concrete whole or ‘before’ its particular manifestations. That would be an idealist position, for instance held by realist such as Plato or medieval realists as I pointed out earlier. But nor is the concept of value in Marxist theory a random one-sided aspect of the concrete, some arbitrary abstraction that we subjectively created, merely reflecting some resemblance in our observations, without any objective basis, as is the nominalist approach. This abstraction exists as a one-sided (abstract) aspect of a concrete whole, which objectively has a specific function in the concrete whole. A concept, abstracted from reality, and expressing something universal, can from that point of view refer to something objective, to a real one-sided aspect of the concrete. We can now also better understand why, through the concept of value, which is but an abstract expression of capitalism, and its laws, we can comprehend the whole, the concrete system of interrelating particular phenomena. We grasp concreteness through its opposite, through an abstraction (i.e. a particular abstract expression of that concrete whole).

In secondary literature abstract labour in Marxist theory tends to be incorrectly explained as something ‘immaterial’ or ‘ideal’, both of which mean, in the Marxist sense of these terms, that abstract labour is something ideal, something only in the mind or only in social consciousness. Certainly, abstract labour is not considered by Marx and Engels to be something physical, but it is ‘material’, not in the sense of physical but in the sense that it is a real abstract aspect of material reality, in this case commodity production or the capitalist economy and the social relations that it encompasses. The position that abstract labour is immaterial, that “the value of an entity is a purely ideal form” and that “the value dimension, however, has a purely virtual existence,”²⁷⁰ is also generally the position of the representatives of the monetary theory of value and corresponding philosophical approaches such as the *Neue Lektüre* and systemic dialectic, often quoting Marx who wrote: “The price or money form of commodities is, like their form of value generally, a form quite distinct from their palpable bodily form; it is, therefore, a purely ideal or mental form.”²⁷¹ This problem is inherent to the monetary theory of value, because it identifies and confuses *value* with the *value form*. This problem in the monetary interpretation becomes clear already in the very next phrase where Marx juxtaposed exchange value to value, which is neglected because it does not fit in the theoretical framework of the monetary theory of value: “Although invisible, the value of iron, linen and corn *has actual existence* in these very articles: it is ideally made perceptible by their equality with gold, a relation that, so to say, exists only in their own heads” (my emphasis).²⁷²

This discussion of the concept of ‘abstract labour’ showed how this abstract can be something objective. We saw that in general commodity production creates this abstraction in reality, but also that this abstract has a special role in capitalism. On the latter aspect I will elaborate in chapters 8 and 9. First, however, we will look at the objective nature of laws in Marxist philosophy. Through this discussion of

²⁶⁹ Marx and Engels, *Collected Works*, v.28:41. I modified the translation by replacing “appears to be true in practice” with “attains truth in practice”. The original German is *wird praktisch wahr*.

²⁷⁰ Respectively Reuten, ‘How Money Constitutes Value: From “Abstract Labour” to Money’; Arthur, *The New Dialectic and Marx’s Capital*, 96.

²⁷¹ Marx and Engels, *Collected Works*, v.35:105.

²⁷² *Ibid.*

abstract labour, we saw how the abstract and the universal can in general have an objective character according to Marxist philosophy. The next section will focus more specifically the objective character of laws.

7.2 Objectivity of law as a tendency and as a concept

On many occasions Marx criticized the position that laws are a subjective construct to make sense of appearances. We can find examples already in his early writings, for instance when Marx criticized political economists such as James Mill. “This *real* movement, of which that law is only an abstract, fortuitous and one-sided factor, is made by recent political economy into something accidental and inessential,” which occurs because political economists supposed that “The true law of political economy is *chance*, from whose movement we, the scientific men, isolate certain factors arbitrarily in the form of laws.”²⁷³ Similar criticism can be found throughout works in which Marx criticized political economy.

Engels elaborated more explicitly with this theoretical issue, in a letter to Conrad Schmidt. Schmidt observed that there are countless counterexamples against the laws of value and the general rate of profit. Influenced by Kantian philosophy, Schmidt “reduce[d] the law of value to a fiction, a necessary fiction, in much the same way as Kant reduced the existence of God to a postulate of practical reason.”²⁷⁴ Refuting this view on the basis of the Marxist approach, Engels first of all noted that laws and concepts never directly coincide with reality.

“...economic laws generally – none of them have any reality save as an approximation, a tendency, an average, but not as immediate reality. This is due partly to the fact that their action is frustrated by the simultaneous action of other laws, but also to some extent by their nature as concepts.”²⁷⁵

Yet Engels emphasized that this does not mean that the law or the concept is mere fiction, merely something in our head to make sense of observed phenomena.

“...the concept of an object and its reality run side by side like two asymptotes which, though constantly converging, will never meet. (...) Because a concept is by its nature essentially a concept, hence does not ipso facto and *prima facie* correspond to the reality from which it has had first to be abstracted, that concept is always something more than a fiction, unless you declare all reasoned conclusions to be fictive on the grounds that they correspond to reality only in a very circuitous way and even then only approximately, like converging asymptotes.”²⁷⁶

In this way Engels explained that we should not expect that the law of value is directly given to us through experience. The law of value may determine that the value of a commodity is *x*. But Marxist political economy posits that there are countless of other laws and factors at play. For instance, there is the law of the general or average rate of profit. This law states, very simplistically explained in a nutshell, that the different rate of profits in various industries, which differ because of variations in the organic composition of capital and the turnover of capital, are levelled out due to competition. The consequence of this law is the transformation of the value of the commodity into price of production.²⁷⁷ But even the price of production is not directly given, as there is also the influence of the law of supply and demand, which in turn can be influenced by as many factors as we can think of. Hence the market price of a commodity does not directly coincide with its value. Yet Marx and Engels sought to show that it is in the end the value of a commodity that determines its price: “It is this law [the law of value – A.S.] that explains the deviations, and not vice versa...”²⁷⁸ This means that “the general law acts as the prevailing tendency

²⁷³ Marx and Engels, *Collected Works*, v.3:211.

²⁷⁴ Marx and Engels, *Collected Works*, v.50:463.

²⁷⁵ Marx and Engels, *Collected Works*, v.50:464.

²⁷⁶ Marx and Engels, *Collected Works*, v.50:463–64.

²⁷⁷ Marx and Engels, *Collected Works*, v.37:141–208.

²⁷⁸ Marx and Engels, *Collected Works*, v.37:186.

only in a very complicated and approximate manner, as a never ascertainable average of ceaseless fluctuations.”²⁷⁹ This is the Marxist approach to the objectivity of laws: laws exist in reality as a tendency.

The key to this Marxist position on laws, is the dialectical approach to reality which regards every object or phenomenon in reality as a process. From that dialectical point of view, Engels explained that laws and concepts cannot coincide with reality, because reality is in constant change: “the unity of concept and phenomenon turns out to be an essentially endless process, and so indeed it is, in this case as in every other.”²⁸⁰ The law of value, just as any other scientific law, has an objective character. Not in the sense that it exists separately from the particular phenomena, but in the sense that it refers to an objective tendency, in this case the tendency of commodities to assume the value that corresponds to the abstract labour materialised in them, to socially necessary labour time. This tendency acts, according to the Marxist view, in the material world, it is not merely a product of our mind or merely a way in which we make sense of the phenomena. But there is another related reason that laws manifest themselves only as a tendency, as a trend.

“From the moment we accept the theory of evolution, all our concepts of organic life correspond only approximately to reality. Otherwise there would be no change; if the day should ever come when concept and reality coincide completely in the organic world, evolution will cease. The concept ‘fish’ embraces life under water and breathing through gills; how is it possible to evolve from fish to amphibian without infringing that concept? And infringing it has been; we know of a whole number of fish whose air-bladders have evolved into lungs and which are thus able to breathe air.”²⁸¹

In this quote, Engels emphasized that the concept or law cannot coincide with reality, because reality does not coincide with itself. Fish do not remain the same forever. They change and evolve, even into new kinds of animals that have characteristics that divert from the basic determinations of the concept of fish. That is what Engels tried to point out with this example. In the paragraph preceding this quote, Engels provided another example of feudalism. He argued that feudalism “achieved a short-lived existence in fully classical form – and even then largely on paper,” while most of the history of feudalism diverted in all kind of ways from its concept or ‘average’. Likewise, the laws and concepts of capitalism do not coincide with the reality of capitalism, because capitalism is not regarded in Marxist theory a static, unchanging reality. On the contrary, it is regarded as a reality full of fundamental contradictions, that form an impetus for the development and eventual negation of this reality.

7.3 The concrete identity of concept and reality in opposition to their abstract identity

This position on the unity of concept and reality, the identity of thought and being, is how Marxism understands the objectivity of abstraction in general and the objectivity of law in particular. This view is a consequence of the materialist understanding of the relation between nature and thought, and the dialectical understanding, not only of reality but also of thought and their reciprocal action. Important to the Marxist approach is that this unity or identity of concept and reality is regarded as a concrete identity, in opposition to abstract identity.

To better understand this, one can look at Engels’ criticism of a metaphysical interpretation of the identity of concept and reality. The metaphysical worldview, as Marx and Engels used this term in the sense of undialectical, adheres to the law of identity and it expects or requires that the concept directly coincides with reality – or more accurately: with appearance. The expectation that the concept of value should directly coincide with its appearance, for instance in the form of the price of a commodity, is an example of such an abstract understanding of the identity of concept and reality, which we discussed above.

²⁷⁹ Marx and Engels, *Collected Works*, v.37:160.

²⁸⁰ Marx and Engels, *Collected Works*, v.50:465.

²⁸¹ Marx and Engels, *Collected Works*, v.50:466.

Engels also provided various examples from discussions in the natural sciences that existed in his time and from philosophy.²⁸² Aside from the specific examples, Engels thought that there is a general problem on a philosophical and methodological level in the way that philosophers and scientists tend to approach concepts. According to Engels' criticism, this metaphysical interpretation of the identity of concept and appearance stems from the understanding of identity as abstract identity.

*"The law of identity in the old metaphysical sense is the fundamental law of the old outlook: $a=a$. Each thing is equal to itself. Everything was permanent, the solar system, stars, organisms. This law has been refuted by natural science bit by bit in each separate case, but theoretically it still prevails and is still put forward by the supporters of the old in opposition to the new: a thing cannot simultaneously be itself and something else. And yet the fact that true, concrete identity includes difference, change, has recently been shown in detail by natural science. (...) abstract identity is totally inadequate, and although on the whole it has now been abolished in practice, theoretically it still dominates people's minds, and most natural scientists imagine that identity and difference are irreconcilable opposites, instead of one-sided poles which represent the truth only in their reciprocal action, in the inclusion of difference *within* identity."*²⁸³

The main point of Engels in this passage is that in the framework of such a static, metaphysical interpretation of identity, acknowledging only formal logic and no dialectical logic, it is impossible to grasp reality dialectically. From such a metaphysical point of view, every observed 'deviation' from the law is immediately understood as a refutation, not only of the specific law, but often also of the possibility of objective laws and of knowing them.

Marxist philosophy regards the identity as concrete identity, that at the same time contains difference and change. From this position Marx and Engels approached the question of the identity or unity of being and thought, of reality and concept. It is from this point of view that the objectivity of law is understood as a tendency in objective reality.

We looked at law as an abstraction, and how laws, despite being abstractions, nevertheless have an objective character. However, even though we have seen that Marx and Engels mentioned that laws are abstractions or that they are abstracted from reality, they also mentioned that laws are concrete.²⁸⁴ How can an abstraction also be something concrete? The next chapter has the objective to answer this question and to scrutinize the concrete aspect of laws in Marxist theory.

8. Law as universality and its concrete character

In some notes where Engels discusses infiniteness and the possibility of knowing the infinite, he wrote that law is 'the form of universality'.²⁸⁵ At first, this may seem self-evident. After all, a law applies to an infinite number of (potential) cases, as it will manifest itself whenever the right conditions are present. It is "a matter of indifference, whether this occurs once or is repeated a million times, or on how many heavenly bodies."²⁸⁶ In that sense, every law is a form of universality, as it encompasses many individual phenomena, and an indefinite number of potential phenomena. Obviously, it is because law is an abstraction that it has universal application.

However, in the writings of Engels and Marx we can find that there is more to the universality of law than the mere fact that it applies universally. To understand this, we will start by discussing universality,

²⁸² Marx and Engels, *Collected Works*, v.25:313–590.

²⁸³ Marx and Engels, *Collected Works*, v.25:496.

²⁸⁴ Marx and Engels, *Collected Works*, v.25:503.

²⁸⁵ Marx and Engels, *Collected Works*, v.25:514.

²⁸⁶ *Ibid.*

and more specifically the distinction between the abstract universal and the concrete universal or concept. This will not only help us better understand the universal nature of law as it is understood in Marxist philosophy, but also its concrete character. After all, we need to make sense of Engels' position that law, which we know to be an abstraction, is "much more concrete than any single 'concrete' example of it."²⁸⁷ The concreteness of law according to the Marxist approach is related to two more aspects of law that we will discuss later in this chapter: law as an expression of essence and law as an expression of necessity.

8.1 The abstract universal and the concrete concept

We explained earlier that the nominalists regard all concepts as symbols or names that designate a quality, property, state or relation that multiple individual phenomena in a class have in common. A 'concept' with less determinations (an abstract concept) applies to more particulars and is thus universal. A concept is therefore regarded as something that is always abstract, an abstract universal. Such approaches to the concept can be found in the traditional representatives of the nominalist approach such as Mill, but also philosophers like Kant and many others. An example of such an abstract universal is whiteness. It expresses nothing more than a specific similarity between different particulars that share the property of being white. This universal is abstract, as it has few determinations and refers to a specific one-sided aspect of the concrete things, in this case their colour.

If we take a closer look at the concept of value, as it is defined in Marxist political economy, we can see that this concept too contains this aspect. Value refers to determinations that are shared by all individual instances belonging to the class of commodities. Every commodity shares the property that abstract labour is materialised in it, that it has value determined by socially necessary labour time. We have seen that this is less apparent in more advanced forms of manifestation which tend to obscure the law of value. Nevertheless, even wage, rent and other forms of manifestation of value still express the value of respective specific commodities such as labour power, land etc. In principle one would be correct when arguing that in the Marxist method all universals are indeed abstract, are referring to a one-sided aspect or relation of the concrete, and that value is a name or symbol for a similarity of various phenomena. Marxism does not deny this obvious aspect of universals. However, this is not at all the main point according to the Marxist approach to concepts.

The main point is that value is a universal which, as we have seen in the previous chapters, simultaneously contains – both historically and logically – the conditions for the development of all its complex particular forms of expression. In the capitalist mode of production, we have seen that Marxist political economy regards abstract labour or value as the economic relation that forms the historical and logical basis for the production relations determining profit and many other economic categories. It is the key to understand the essence of many other particulars, the necessity of their emergence in history as economic forms of the capitalist mode of production, their laws of motion etc. We have seen that the reason for this, is according to the Marxist approach that both historically and logically the further development of the commodity and value necessarily demanded the appearance of money, the appearance of labour power as a commodity etc. That is why these more developed phenomena can be 'deduced' from the concept of value. The concept of value contains two opposing, mutually exclusive and simultaneously mutually presupposing determinations, use value and exchange value, and it is exactly this internal contradiction within the concept that serves as an impetus for its development.

From this point of view, value is not like whiteness at all. It is not a superficial, one-sided, abstract universal like whiteness, which tells us nothing about white things other than that they share the property of being white. It is a much richer in content than whiteness. It is a universal that contains opposing determinations, and that encloses in it the richness of many particulars. The concept of value therefore contains in it a vast diversity. This is what makes value a concrete concept (concrete is 'unity of the

²⁸⁷ Marx and Engels, *Collected Works*, v.25:503.

diverse'). From this point of view, value is also richer in content than for example the category of profit, which on the surface may seem more concrete as it has more specific determinations and is measurable.

Value is an abstraction, but a concrete abstraction, a concrete universal, and this is characteristic of the concept as it is developed in Marxist theory. This is a very important difference in the epistemology and terminology of Marxism compared to nominalism. For the nominalist, a concept is only an abstract universal. For the Marxist, an abstract universal does not qualify as a concept.

The Marxist approach to the concept builds on Spinoza's common notions, which can only be understood 'adequately', meaning as we saw earlier that we can only have knowledge of it as an expression of the concrete whole, in contrast to the universal notions that are abstract universals from experience. Even more, the Marxist view is inspired by Hegel's dialectic approach to the concept as a developed totality and not a simple abstract representation.

Like the concept, law is a universality, but it is not regarded in Marxism as a universality that applies to many different cases in a superficial sense like the abstract universal. Instead, laws refer to the inner development of a phenomenon and its necessary connection to other phenomena. We showed, for example, how the law of value, which expresses the connection of value and labour, and more generally the connection between exchange and production, contains the key to understanding many divergent forms of manifestations of it that emerge in the course of its development. The law of value determines that use value turns into exchange value and vice versa. The law of value expresses a unity of opposites, a unity of diversity. From this point of view, we can understand why Engels called laws concrete, indeed much more concrete than any specific example of this law.

Of course, this does not negate the fact that laws are abstractions, that they tell us only a particular aspect of a phenomenon. The law of value only tells us how a commodity expresses a necessary relation between exchange and production, that abstract labour is materialized in it and that this expresses itself in exchange as its exchange value. The law of value does not tell us anything about other aspects of a commodity, for example its physical characteristics. The same is true for other forms of manifestation of value, such as capital or profit. The law of value only tells us about one aspect of these forms of value. The point is, that the law refers to exactly that aspect of a phenomenon that determines its inner development and its necessary connection to other phenomena – in the case of the law of value it refers to the aspect that determines the inner development of the commodity (which is the result of its internal contradictions), how it develops and how it necessarily relates to other phenomena such as capital, profit etc. In short, one could say that the law uncovers the essential and necessary aspects of a phenomenon. But to comprehend this, we need to elaborate on the Marxist view on essence and necessity. The next two sections will deal respectively with these two notions.

8.2 Essence and appearance

Knowing an abstract universal requires only the ability to abstract a certain aspect, quality or relation from multiple phenomena as they appear to the senses. To comprehend a concept, however, is a more difficult task. The concept of value is not directly given to the senses. It is not even directly present in appearance. Conceptual thinking requires theory. To discover and comprehend the concept of value or the law of value, one must scientifically study the appearances, penetrate to the essence of things, to aspects of reality that are not always directly given to the senses.

What is essence in Marxist philosophy? To answer this question, we can look at Marx's writing on human essence and his criticism of the position of other philosophers on this matter.²⁸⁸ Philosophers often tried to find the quality that makes humans human. A quality that all humans share and that sets humans apart from all other animals. In the history of thought we can find a plethora of proposals such as intellect,

²⁸⁸ For an extensive analysis of Marx's account of essence, see: Vaziulin, *The Dialectic of the Historical Process and the Methodology of Its Research*. Especially interesting is how he advances the position that the focus on labour encompasses a transition to the focus on the essence of society.

love, religion, language etc. This is considered by Marx and Engels to be a metaphysical view of essence, trying to find a fixed abstract quality inherently present in every single human.

Marx demonstrated how such a method for finding the essence is connected to an idealistic worldview. Once philosophers found the essence of humans, they often tended to interpret various aspects of social reality as results of this human essence. In the words of Marx: “Those conditions of life which are common to men thus appear here as a product of ‘the essence of man’ (...), whereas they, (...) are historical products.”²⁸⁹ This position is often also related to conservative worldviews, as the current mode of production and the exploitative system appear as something eternal, something resulting from the essence of humans.

“Once the ruling ideas have been separated from the ruling individuals and, above all, from the relationships which result from a given stage of the mode of production, and in this way the conclusion has been reached that history is always under the sway of ideas, it is very easy to abstract from these various ideas ‘the Idea’, the thought, etc., as the dominant force in history, and thus to understand all these separate ideas and concepts as ‘forms of self-determination’ of the Concept developing in history. It follows then naturally, too, that all the relations of men can be derived from the concept of man, man as conceived, the essence of man, Man. This has been done by speculative philosophy.”²⁹⁰

Marx not only criticized these consequences, but he dismissed this methodology of establishing the essence of something altogether. According to Marx, the essence of something is not a quality that that we can simply observe in every single manifestation of this universal. “The human essence is no abstraction inherent in each single individual,” Marx wrote.²⁹¹ For that reason he criticized Feuerbach, who comprehended essence “only as ‘species’, as an inner, mute generality which unites the many individuals *in a natural way*.”²⁹² Similarly, he criticized Grün who, in a discussion with Fourier about human essence and what distinguishes humans from animals, proposed that human feeling is different from that of animals and that the human being is contained in this. Marx wrote the following.

“It is obvious too that this ‘whole man’, ‘contained’ in a single attribute of a real individual and interpreted by the philosopher in terms of that attribute, is a complete chimera. Anyway, what sort of man is this, ‘man’ who is not seen in his real historical activity and existence, but can be deduced from the lobe of his own ear, or from some other feature which distinguishes him from the animals? Such a man ‘is contained’ in himself, like his own pimple.”²⁹³

For Marx, the essence of a thing cannot be an abstract universal (‘mute generality’). Such a methodology can only result in a ‘chimera’ instead of a real understanding of humans. The essence of a human is identified by Marx as the ‘the ensemble of the social relations’.²⁹⁴ In other words, society, which Marx defined as “the product of man’s interaction upon man.”²⁹⁵ The individual and society are not the same, but they exist only in a mutual relation. Every human can only exist in society, and society exists only as interaction of individual humans.

Faithful to a dialectical materialist view on society, Marx and Engels always emphasized the particular importance of the economy and the relations of production, as the basis for society, and hence also the basis for the essence of humans. They emphasized that the mode of production is not simply the reproduction of the physical existence of individual, but “a definite form of expressing their life,” and

²⁸⁹ Marx and Engels, *Collected Works*, v.5:479.

²⁹⁰ Marx and Engels, *Collected Works*, v.5:61.

²⁹¹ Marx and Engels, *Collected Works*, v.5:4.

²⁹² Ibid. I made a slight adjustment in the translation, using ‘generality’ instead of ‘general character’ for the word *Allgemeinheit*.

²⁹³ Marx and Engels, *Collected Works*, v.5:512.

‘Chimera’ is the name of a fictional creature from ancient Greek mythology composed of various animal parts.

²⁹⁴ Marx and Engels, *Collected Works*, v.5:4.

²⁹⁵ Marx and Engels, *Collected Works*, v.38:96.

therefore they stated: Hence what individuals are depends on the material conditions of their production.”²⁹⁶

“This sum of productive forces, capital funds and social forms of intercourse, which every individual and generation finds in existence as something given, is the real basis of what the philosophers have conceived as ‘substance’ and ‘essence of man’...”²⁹⁷

To further understand the Marxist approach to essence, let us look at how Marx and Engels, based on the view of human essence outlined above, distinguished between humans and animals.

“Men can be distinguished from animals by consciousness, by religion or anything else you like. They themselves begin to distinguish themselves from animals as soon as they begin to produce their means of subsistence, a step which is conditioned by their physical organisation. By producing their means of subsistence men are indirectly producing their material life.”²⁹⁸

We should notice the difference between the dialectical approach of Marx and Engels and the metaphysical approach they criticized. According to Marx and Engels, the metaphysician asks the question what distinguishes humans from animals, looking to find an absolute, static criterion. Marx and Engels ask when “they themselves begin to distinguish themselves”, approaching the distinction of humans from animals as a real historical process.²⁹⁹

Engels discussed in detail what distinguishes humans from animals, approaching this issue dialectically, looking at the ‘transition from ape to man’. He mentions erect posture and the hands which became free and achieved greater dexterity, language, the development of the brain with the refinement of the senses and the ability to abstract and conclude, the harnessing of fire, the domestication of animals, the ability to perform planned action towards preconceived ends etc. What sets humans apart from other animals according to Engels? All these aspects and undoubtedly many others. Not separately but taken together as a historical process. But Engels shows how all these characteristics are, if we look at their development and the reciprocal action, the result of human labour. That is why he wrote that labour is “the prime basic condition for all human existence, and this to such an extent that, in a sense, we have to say that labour created man himself.”³⁰⁰ But he wrote specifically about labour which “in the proper sense of the word (...) begins with the making of tools.”³⁰¹

From a narrow empiricist point of view, even from the point of view of formal logic (i.e. without dialectics), all of this appears strange. How can labour, and specifically labour producing means of production, be this essential to the essence of human? Socrates and many other individuals, who did not labour or produce means of production, are they not examples of humans? Not all people perform labour, but we all have intellect, language, love etc., one might object (although one can arguably find counterexamples for such criteria as well).

Engels considers humanity as a whole. He points to an abstraction, a one-sided consideration of humanity – an abstraction which is not even inherently present in all individuals of the class human. But this abstraction contains the key and is the prerequisite for all other (in themselves also abstract) determinations of humanity to develop. Labour, producing means of production, is exactly what historically and logically allowed all other characteristics of the human and society to develop, including aspects such as the intellect, ‘human feeling’ etc. It is the complete ensemble of social relations in which the essence of human exists. Labour and generally the relations that emerge in the process of production are of particular importance as they are the basis for all other social relations. Labour is the abstract determination of humanity that historically and logically allowed humans to become human, in the sense that humanity differentiated itself from the other animals. Of course, Marx and Engels do not mean that

²⁹⁶ Marx and Engels, *Collected Works*, v.5:31–32.

²⁹⁷ Marx and Engels, *Collected Works*, v.5:54.

²⁹⁸ Marx and Engels, *Collected Works*, v.5:31.

²⁹⁹ Ibid.

³⁰⁰ Marx and Engels, *Collected Works*, v.25:452.

³⁰¹ Marx and Engels, *Collected Works*, v.25:457.

humans ceased to be animals, but humanity made a step further in its development. Engels emphasized that in elementary form, animals also perform labour, just as they have an elementary form of language etc., but only in elementary form.

The Marxist approach to essence is therefore not a static given property of something, but it is dynamic, it is what drives the self-development of something in a historical process, in reciprocal action with other related processes. To know things is to grasp their essence, to know them concretely, “to allocate to each its place in the inter-connection of nature and thus to *know* them.”³⁰² To study the essence, we must abstract, but we must find the abstractions that play a specific key role in the concrete. Marx and Engels used the concept (as a concrete universal) interchangeably with essence, as the concept expresses the essence of something, and both are at times also used interchangeably with law, for law is an abstraction that identifies exactly the essential characteristics of phenomena.

Furthermore, the Marxist approach to essence does not result in a conservative worldview. Quite the opposite, as essence is in Marxist philosophy not something static, but always something that drives change. The following quote is exemplary of this progressive understanding of essence. The quote comments on a passage of Feuerbach in which Feuerbach identified essence with existence and being.

“...if millions of proletarians feel by no means contented with their living conditions, if their ‘being’ does not in the least correspond to their ‘essence’, then, according to the passage quoted [of Feuerbach – A.S.], this is an unavoidable misfortune, which must be borne quietly. These millions of proletarians or communists, however, think quite differently and will prove this in time, when they bring their ‘being’ into harmony with their ‘essence’ in a practical way, by means of a revolution.”³⁰³

In Marxist philosophy, essence and appearance form a unity, but a unity of opposites. They do not coincide directly. The first, superficial look on something does not immediately disclose its essence. “All science would be superfluous if the outward appearance and the essence of things directly coincided,” Marx wrote.³⁰⁴ According to the Marxist approach, the essence is quite often even concealed by the plethora of phenomena and the ‘zigzags of history’ that we observe. Scientific study of reality is therefore considered to be necessary to penetrate to the essence of things. Earlier when we discussed the logical method, and the need to study things in their most developed stage etc. We saw how the Marx and Engels followed a methodology that seeks to understand the essence of things, not to merely describe the appearances. This is the aim of materialist dialectics as a theory of knowledge.

Earlier we pointed out problems that Marx identified in the theories of the classical political economists. Based on the principles of the empiricists that generally tended to acknowledge only the appearances, the classical political economists often failed, Marx argued, to distinguish between essence and appearance. We saw, for example, that Ricardo failed according to Marx, when he studied value, to abstract all the more complicated forms of manifestation of value that are historically and logically posterior to value. Even though Ricardo understood that value is a central concept and starting point when it comes to the study of the capitalist relations of production, he still regarded the concept of value as an abstract universal, which directly expresses the similarity of other more specific economic categories (e.g. money, profit, wages etc.). This led Ricardo, according to Marx’s criticism, to confuse appearance and essence, and to confuse the laws and determinations of various categories (for example, ascribing to money laws that are not essential characteristics of money itself, but only of money functioning as capital, hence confusing money and capital).

In the following excerpt we can see how Marx approached the dialectic of appearance and essence, how the things as they initially appear can conceal the essence, highlighting the need for the logical method to disclose the essence, in this case the law of value and the real character of a commodity and of its price as an expression of social relations etc.

³⁰² Marx and Engels, *Collected Works*, v.25:513.

³⁰³ Marx and Engels, *Collected Works*, v.5:58.

³⁰⁴ Marx and Engels, *Collected Works*, v.37:804.

“The determination of the magnitude of value by labour time is therefore a secret, hidden under the apparent fluctuations in the relative values of commodities. Its discovery, while removing all appearance of mere accidentality from the determination of the magnitude of the values of products, yet in no way alters the mode in which that determination takes place.

Man's reflections on the forms of social life, and consequently, also, his scientific analysis of those forms, take a course directly opposite to that of their actual historical development. He begins, *post festum*, with the results of the process of development ready to hand before him. The characters that stamp products as commodities, and whose establishment is a necessary preliminary to the circulation of commodities, have already acquired the stability of natural, self-understood forms of social life, before man seeks to decipher, not their historical character, for in his eyes they are immutable, but their meaning. Consequently it was the analysis of the prices of commodities that alone led to the determination of the magnitude of value, and it was the common expression of all commodities in money that alone led to the establishment of their characters as values. It is, however, just this ultimate money form of the world of commodities that actually conceals, instead of disclosing, the social character of private labour, and the social relations between the individual producers.”³⁰⁵

This excerpt demonstrates many of the aspects about Marxist epistemology and the Marxist conception of law that we have addressed.

8.3 Necessity and chance

We discussed essence and phenomenon (or appearance). Now we will look at necessity and chance (or contingency), and their relation to law. The quote that concluded the previous paragraph is preceded by the following lines.

“...in the midst of all the accidental and ever fluctuating exchange relations between the products, the labour time socially necessary for their production forcibly asserts itself like an overriding law of Nature. The law of gravity thus asserts itself when a house falls about our ears.”³⁰⁶

In writings of Marx and Engels we can quite often find similar statements, which emphasize the necessity of laws. The law refers to exactly that aspect of a phenomenon that determines its necessary inner development and its necessary connection to other phenomena. This raises the question: what is necessity and what is its place in the Marxist worldview? And what about chance?

Let us first look at the Marxist criticism of other approaches to necessity and chance in philosophy and science. Engels distinguished between two currents on this issue. On the one hand, a current that acknowledges the existence of both necessity and chance, stating that science should be directed at what is necessary, i.e. what can be explained by laws, and that science should ignore what is or cannot be known. Engels evaluated this view, stating that “Thereby all science comes to an end, for it has to investigate precisely that which we do *not* know.”³⁰⁷ He considered that such a view of science ascribes what it cannot explain to supernatural causes, and it practically does not matter whether these are termed chance or God.³⁰⁸

According to Engels, such a position is based on a metaphysical approach, which “treats necessity and chance as determinations that exclude each other once for all.”³⁰⁹ Something is either accidental or necessary and cannot be both at once, and therefore “nature contains all sorts of objects and processes, of which some are accidental, the others necessary,” and we should only be careful not to confuse them.³¹⁰

³⁰⁵ Marx and Engels, *Collected Works*, v.35:86–87.

³⁰⁶ Marx and Engels, *Collected Works*, v.35:86.

³⁰⁷ Marx and Engels, *Collected Works*, v.25:499.

³⁰⁸ *Ibid.*

³⁰⁹ Marx and Engels, *Collected Works*, v.25:498.

³¹⁰ *Ibid.*

The second current that Engels distinguished, he called ‘mechanical determinism’. It denies the existence of chance altogether, claiming that everything happens necessarily and according to laws. This was the view developed by French materialism and it has had a tremendous influence on natural science, especially in the previous centuries. According to Engels, this view is also based on a metaphysical approach, and basically acknowledges only simple direct necessity in the form of mechanical causality, which Engels called ‘abstract necessity’.³¹¹ As an example, Engels mentions that according to such a view, every single detail, such as that a particular pea-pod contains five peas and not one more or one less, has been produced by absolute necessity from the constitution of the universe.³¹² Engels argued that this view actually bears the same result as the previous one. By ascribing the same necessity to a general law (such as the transformation of energy or the law of value) and to every ‘accidental’ detail, necessity basically becomes an empty word. “As long as we are not able to show on what the number of peas in the pod depends, it remains just a matter of chance, and the assertion that the case was foreseen already in the primordial constitution of the solar system does not get us a step further.”³¹³ Such a view of necessity, Engels argued, still comes down to a theological conception of nature, and it does not matter whether we say that everything is determined by God or necessity. The problem of understanding necessity and chance remains practically unsolved.³¹⁴ For this reason, Engels stated that in such a view “chance is not here explained by necessity, but rather necessity is degraded to the production of what is merely accidental.”³¹⁵ From that point of view Engels argued that mechanistic determinism and materialism of the 18th century did not actually abandon chance, they just abandoned the use of this word.³¹⁶

According to this Marxist criticism, the basis of both the position that some things are a matter of chance and cannot be brought under laws, and the position that degrades necessity to chance, is a metaphysical, non-dialectical approach to necessity and chance. Marx and Engels developed a materialist dialectical approach, based on insights from Hegel but also developments in science, especially Darwin’s theory of evolution. Even if natural scientists continued to think metaphysically about necessity according to Marx and Engels, in practice scientists such as Darwin already broke through the metaphysical approach. Darwin’s theory showed how there are “infinite, accidental differences between individuals within a single species,” which remain accidental until some of these accidental differences “break through the character of the species.”³¹⁷ For instance, when a change affects the species as a whole or a new species emerges etc.

A very important aspect in understanding the Marxist approach to necessity and chance, is that Marx and Engels did not define chance as ‘without cause’. In the example above, for every individual, accidental difference that occurs between the individuals within a certain species, there are causes, even though they remained largely unknown in the 19th century (e.g. genetic mutation, which in itself also has causes etc.). The same holds for the example of the number of peas in the peapod. But in contrast to abstract necessity as understood in mechanical determinism, Marx and Engels emphasize what they often called ‘inner necessity’, which is key to understanding the dialectical approach to necessity.

This can be explained with another example that Engels provided, namely the sprouting of the dandelion seed. There are causes that can explain why some dandelion seed sprouted and some other did not. But these causes are external factors. The wind may have blown one seed to a more favourable position than the other. Perhaps the one got rain and the other did not. But when we try to understand the development of the dandelion seed in general, it also has an inner necessity. The dandelion will, in the right circumstances, grow into a plant, and specifically a dandelion. This too is a matter of necessity, but the causes lie not outside of the dandelion, but within. Its inner structure necessarily determines this

³¹¹ Marx and Engels, *Collected Works*, v.25:490.

³¹² Marx and Engels, *Collected Works*, v.25:499.

³¹³ Marx and Engels, *Collected Works*, v.25:499–500.

³¹⁴ Ibid.

³¹⁵ Marx and Engels, *Collected Works*, v.25:500.

³¹⁶ Marx and Engels, *Collected Works*, v.25:490.

³¹⁷ Marx and Engels, *Collected Works*, v.25:501.

development. And it is also the inner necessity of the dandelion seed that determines its necessary relation to other phenomena, determining what amount of water and sunlight it needs. And when these needs are not met, it cannot develop. The first kind of necessity is ‘accidental’, not in the sense that there was no cause, but under different circumstances the seed might have been blown into a completely different direction. The second kind of necessity is different, the dandelion can sprout and develop into a dandelion plant, or it does not sprout. But it cannot turn into an orchid or oak. The example is of course extremely simplified, but it serves to clarify the Marxist approach to chance and necessity.

This understanding of necessity that we find in Marx and Engels is also based on insights from Hegel’s work, who also thought of necessity not in the terms of external causality, but as something internal.³¹⁸ Without delving into the details of the complicated question of Hegel’s conception of necessity, which is not directly relevant for us, it is interesting that Engels noted the following:

“In any case, even the application of the Hegelian ‘inner purpose’ – i.e., a purpose which is not imported into nature by some third party acting purposively, such as the wisdom of providence, but lies in the necessity of the thing itself – constantly leads people who are not well versed in philosophy to thoughtlessly ascribing to nature conscious and purposive activity.”³¹⁹

In other words, Engels noted that the idea of necessity as an internal cause, can be misinterpreted by ascribing consciousness or purpose to nature. Clearly Engels sought to emphasize that inner necessity should not be interpreted in such terms.

Then how is this inner necessity explained in Marxist philosophy? To understand this, we need to return to Darwin’s theory of evolution, which had chance as its starting point. According to Engels, Darwin’s theory ‘overthrew’ the metaphysical conceptions of necessity outlined above, and it showed how chance and necessity are related.³²⁰ It showed how countless accidental (but not uncaused) differences result in a necessary process, evolution, where species adapt to new circumstances and change. Inspired by these insights from the theory of evolution, Marxist philosophy posits that chance and necessity are two opposite poles that nevertheless form a unity, where the one changes into the other and vice versa. “One knows that what is maintained to be necessary is composed of sheer accidents and that the allegedly accidental is the form behind which necessity hides itself,” Engels wrote.³²¹ This position was also inspired by aspects of Hegel’s conception of necessity and chance.

“In contrast to both conceptions [i.e. the two metaphysical conceptions of necessity outlined above – A.S.], Hegel came forward with the hitherto quite unheard-of propositions that the accidental has a cause because it is accidental, and just as much also has no cause because it is accidental; that the accidental is necessary, that necessity determines itself as chance, and, on the other hand, this chance is rather absolute necessity. (...) Natural science has simply ignored these propositions as paradoxical trifling, as self-contradictory nonsense...”³²²

Although the position of Marx and Engels differs from that of Hegel – and not just because they think in materialistic terms – they insisted like Hegel that we can only understand necessity and chance in relation to each other.³²³ This is related to the dialectical approach in Marxist philosophy, that studies everything as a process, as an ‘evolution’. Hence the understanding of the unity of necessity and chance in Marxist philosophy which was inspired by the theory of evolution, is not only applied to biology, but to reality in general.

³¹⁸ Hegel, *The Encyclopaedia Logic*, 221–22, 232–33.

³¹⁹ Marx and Engels, *Collected Works*, v.25:62.

³²⁰ Marx and Engels, *Collected Works*, v.25:501.

³²¹ Marx and Engels, *Collected Works*, v.26:384.

³²² Marx and Engels, *Collected Works*, v.25:500–501.

³²³ In Hegel’s philosophy, the dialectic of necessity and chance has a mystical form, as Engels explained: “This [is] mystical in Hegel himself, because the categories appear as pre-existing and the dialectics of the real world as their mere reflection. In reality it is the reverse: the dialectics of the mind is only the reflection of the forms of motion of the real world, both of nature and of history.” Marx and Engels, *Collected Works*, v.25:485.

“But chance is only one pole of an interrelation, the other pole of which is called necessity. In nature, where chance, too, seems to reign, we have long since demonstrated in each particular field the inherent necessity and regularity that asserts itself in this chance. What is true of nature holds good also for society.”³²⁴

Clearly the position on necessity is also held to be true for society. When it comes to laws of society, however, there is of course an important difference compared to the laws of nature. In nature there are unconscious forces acting “out of whose interplay the general law comes into operation,” Engels wrote. In society, however, there are “the actors are all endowed with consciousness...”. People act towards definite, preconceived goals, with intention. Nevertheless, Engels asserted this “cannot alter the fact that the course of history is governed by innate general laws.” Engels argued that if we do not look at the level of an individual event, but at the development of society, then despite the conscious acts of every individual, everything appears to happen according to chance, because the conscious acts of various individuals cross each other, are not based on practicable aims, or people lack the means of attaining these aims. From this point of view, the development of society does not differ so much from the development of nature. As in nature, everything seems to happen according to chance, but behind the countless seemingly accidental events lies the necessary ‘evolution’ or development of society in a certain direction that is caused by its inner contradictions. “Historical events thus appear on the whole to be likewise governed by chance. But wherever on the surface chance holds sway, it is always governed by inner, hidden laws and these laws only have to be discovered.”³²⁵

The concept of law in Marxist philosophy pertains to necessity with the meaning outlined above. The law points at the necessary aspect of phenomena, their necessary development and necessary relation to other phenomena as a result of their internal contradictions. Under all the accidental fluctuations in market prices – that are accidental not in the sense of uncaused, because these fluctuations are caused by developments in production prices, supply and demand, etc. – there lies necessity, namely the law of value. The law of value shows, on the basis of the internal contradiction of the commodity, how exchange is necessarily related to production, how value is determined by labour.

8.4 Law as the form of universality

We can now better understand what Engels meant when he wrote that laws are the form of universality and that they are more concrete than any specific manifestation of a law. Laws are approached in Marxist philosophy as an abstraction, and they only tell us one particular aspect of a phenomenon. However, they designate exactly the change, motion, development and interrelation with other phenomena, expressing the essential and necessary side of a phenomenon, not the accidental, superficial and contingent side. They express unity of diversity, the unity of opposing determinations, as the internal contradictions are the impetus for development, for the inner necessity that the law expresses, and therefore the law as a universality has a concrete character. It shows the place of a phenomenon in the whole, the distinct character of a phenomenon but also its necessary relation to other phenomena. In that sense, the law uncovers and expresses the essence of phenomena.

Hence laws express universality, but not only and not even primarily because they apply ‘universally’ (i.e. when the preconditions are present), but mainly because they express how the concrete whole works. They point out the function of each phenomenon in the concrete whole and the interrelation between phenomena. From this point of view, it makes sense why Engels wrote that a general law – which is of course an abstraction and Engels does not deny this – is also “much more concrete than any single ‘concrete’ example of it.”³²⁶

³²⁴ Marx and Engels, *Collected Works*, v.26:273.

³²⁵ Marx and Engels, *Collected Works*, v.26:387.

³²⁶ Marx and Engels, *Collected Works*, v.25:503.

We addressed the example of the law of value, which determines that use value turns into its opposite, exchange value, and vice versa. The law of value expresses a unity of opposites, a unity of diversity. But the same holds for the law of surplus value and the law of capitalist appropriation, which also relate to how production and exchange are interconnected, and additionally point out the relation of capitalist production to exploitation. The law of accumulation additionally highlights how the internal progress of capitalist production relates to the impoverishment of the working class.

In the previous chapter, we approached the law as an abstraction, and we explained how it can still have an objective character. In this chapter, we looked at the law as something that is also concrete. To understand this aspect of law, we discussed the difference between the abstract and concrete universal, in order to understand the Marxist view on the concept and essence. We encountered Engels' characterization of law as 'the form of universality', which is not an abstract universality but a universality and an abstraction that points to the essence, to the concept. We elaborated on the materialist dialectical approach to necessity, which is a core aspect of laws. The next chapter will elaborate on the historical nature of laws, another aspect of laws in Marxist philosophy. The question is how something universal can also be historical. At first sight, this may seem counterintuitive.

9. The historical nature of laws

9.1 Laws as a product of history

To correctly understand the Marxist approach to laws and their role in rising from the abstract to the concrete, we need to keep in mind that according to Marxist philosophy many laws – not all – have a historical nature, even though they are defined as the form of universality. Many laws are considered by the Marxist approach to be a product of history, in the sense that they only come into existence and attain validity in certain historical circumstances where the law is relevant.

“...even the most abstract categories, despite their being valid – precisely because they are abstractions – for all epochs, are, in the determinateness of their abstraction, just as much a product of historical conditions and retain their full validity only for and within these conditions.”³²⁷

This is also held to be true for the laws in political economy. Marx and Engels distinguished between laws that only apply within a given mode of production, laws that relate to specific economic phenomena and that are valid in all the modes of production where these phenomena exist, and more general laws of the economy in general.

“Anyone who attempted to bring the political economy of Tierra del Fuego under the same laws as are operative in present-day England would obviously produce nothing but the most banal commonplaces. Political economy is therefore essentially a *historical* science. It deals with material which is historical, that is, constantly changing; it must first investigate the special laws of each individual stage in the evolution of production and exchange, and only when it has completed this investigation will it be able to establish the few quite general laws which hold good for production and exchange in general. At the same time it goes without saying that the laws which are valid for definite modes of production and forms of exchange hold good for all historical periods in which these modes of production and forms of exchange prevail.”³²⁸

³²⁷ Marx and Engels, *Collected Works*, v.28:42.

³²⁸ Marx and Engels, *Collected Works*, v.25:135–36.

In this quote Engels refers to Tierra del Fuego, an island in the southernmost part of South America. Darwin famously travelled with three native inhabitants of these islands that had been educated in England, while also visiting the island and meeting the native people that lived there. Darwin took notes of his observations of the organisation of society in Tierra del Fuego, which was based on pre-capitalist relations. For instance, he noted the lack of private property.³²⁹ This is what Engels referred to, when asserting that we cannot understand the economy of this society in the terms and laws of the political economy of capitalism.

From this point of view, we can see the distinction between various sorts of historical laws. An example of a law that is held to apply only in a specific mode of production, is the general law of capitalist accumulation, which tells us how capitalist economic development is connected to the reproduction of a relative surplus population and to the impoverishment of the working class. Marx emphasized: “This is a law of population peculiar to the capitalist mode of production; and in fact every special historic mode of production has its own special laws of population, historically valid within its limits alone.”³³⁰ An example of a law which concerns an economic phenomenon that is found in different modes of production, is the law of value. It is valid in both pre-capitalist modes of production, to the extent that there is commodity production, and of course in capitalism. Only under these historical conditions, does the law of value retain validity, even though this is an abstraction and products are always the result of the expense of labour power, as we saw in earlier chapters. Other economic laws are supposed by Marxist theory to be valid for all modes of production, for instance the laws of the relation between productive forces and relations of production.

These are examples from laws that apply to the economy. These are laws of society. It is quite apparent why Marx and Engels held the position that these social laws often have a historical nature. But how about the laws of nature? Are there in nature also laws that have a historical character? There are studies of Marx and Engels that refer to developments of the physical sciences. In the *Dialectic of nature*, for instance, there is an explicit discussion about the character of the laws of nature, where Engels stated that “the eternal laws of nature also become transformed more and more into historical ones.”³³¹ He provided the example that water is fluid from 0°C to 100°C, but this is only valid when there are certain conditions, such as the existence of water and the right temperature and pressure. On the moon there is no water, and in the sun only its elements, Engels argued. Under such conditions, the law does not attain validity in practice. This resembles what we saw earlier with the law of value: every product is the result of the expense of labour power, but when there is no commodity production and exchange, then according to Marxist theory this law does not attain truth in practice and there is no value. Hence on a very general level, we can see that the same principles are being applied to the laws of nature. They are regarded as universally valid, but only when the conditions for their emergence are met. It is important to emphasize that the historical nature of laws is by no means advanced in Marxist philosophy to downplay their universality. A few pages before the quote that refers to the historical character of laws of nature, we can find a whole argumentation of Engels, refuting the position that we cannot know the infinite, by referring to laws of nature (and laws in general) that are universally valid, concluding that we can therefore know the infinite.³³²

According to Engels, if we want to find laws of nature that are uniformly applicable to all bodies “from the nebula to man,” we are left only with very basic laws of the universe such as gravity and the theory of the transformation of energy.³³³ We should of course keep in mind that the physical sciences have developed since then and lots of contemporary insights about nature were not yet available to Engels. However, the natural-scientific aspect is not relevant to this study. Interesting is the philosophical-methodological approach. From this point of view, the following is interesting. Engels argued, that with

³²⁹ Darwin, *The Voyage of the Beagle*, 279.

³³⁰ Marx and Engels, *Collected Works*, v.35:625–26.

³³¹ Marx and Engels, *Collected Works*, v.25:517.

³³² Marx and Engels, *Collected Works*, v.25:512–16.

³³³ Marx and Engels, *Collected Works*, v.25:518.

the application of such laws of nature on such a general level, “this theory itself becomes converted into a historical presentation of the successive changes occurring in a system of the universe,” in other words a history of the universe that contains various laws that attain and lose validity in the course of its historical development, concluding that “nothing remains as absolutely universally valid except – *motion*.”³³⁴

Marx and Engels criticized a metaphysical worldview, that searches for ‘eternal laws’ and ‘ultimate truths’, which they considered, as Engels wrote, “the most empty and barren tautological axioms.”³³⁵ The only truly eternal laws that Marxist philosophy admits, are the laws of motion itself, the laws of dialectic, such as the law of the transformation of quantity into quality and vice versa, the law of the interpenetration of opposites, and the law of the negation of the negation.³³⁶

From that point of view, they also criticized the classical political economists, who did not understand, according to Marx and Engels, the historical nature of laws in political economy, and wrongly identified the laws of capitalism with the laws of the economy in general.

“What we have said of the philosophers is also true of the economists of that time. To them, the new science was not the expression of the conditions and requirements of their epoch, but the expression of eternal reason; the laws of production and exchange discovered by this science were not laws of a historically determined form of those activities, but eternal laws of nature; they were deduced from the nature of man. But this man, when examined more closely, proved to be the average burgher of that epoch, on the way to becoming a bourgeois, and his nature consisted in manufacturing and trading in accordance with the historically determined conditions of that period.”³³⁷

Such a view is considered by Marxist theory to be apologetic to the current circumstances, because the current laws and relations of production appear as eternal, as the only possibility, as inherent to society, instead of historically necessary but also transient. This brings us to another aspect of the historical nature of laws.

9.2 Laws and their negation

When we discuss the historical nature of laws in Marxist philosophy, it is not just about the fact that laws attain and lose their validity depending on historical circumstances. The issue is more complicated. We mentioned earlier that the law of value is held to be valid in various modes of production. In capitalism, however, we know that it acquires according to Marxist political economy a specific role, which it did not have in the previous modes of production. Not only do laws attain validity within certain historical circumstances, their function in the system in which they operate can change with the historical circumstances. With the development of communist relations in production, where commodity production is replaced by directly social labour through central planning, the law of value will be negated, will cease to be valid.³³⁸

Even within certain historical circumstances where particular laws are valid, laws can already be confronted with their negation, retaining their validity but bringing about the opposite effects. For instance, earlier (section 5.4) we saw how the capitalist relations of production, which develop on the basis of commodity production with the laws that govern it, such as the law of property and the law of exchange, give rise to the law of capitalist appropriation, which directly contradicts the laws on which commodity production and exchange are based. Let us look more extensively at how Marx conceptualized this development, the negation of the law of appropriation and its passing into its negation, the law of capitalist appropriation.

³³⁴ Ibid.

³³⁵ Marx and Engels, *Collected Works*, v.25:140.

³³⁶ Marx and Engels, *Collected Works*, v.25:356. See also: Marx and Engels, *Collected Works*, v.25:131, 594–95; v.26:383.

³³⁷ Marx and Engels, *Collected Works*, v.25:139–40.

³³⁸ Marx and Engels, *Collected Works*, v.35:294–95.

“...in so far as each single transaction invariably conforms to the laws of the exchange of commodities, the capitalist buying labour power, the labourer selling it, and we will assume at its real value; in so far as all this is true, it is evident that the laws of appropriation or of private property, laws that are based on the production and circulation of commodities, become by their own inner and inexorable dialectic changed into their very opposite. The exchange of equivalents, the original operation with which we started, has now become turned round in such a way that there is only an apparent exchange. The relation of exchange subsisting between capitalist and labourer becomes a mere semblance appertaining to the process of circulation, a mere form, foreign to the real nature of the transaction, and only mystifying it. The ever repeated purchase and sale of labour power is now the mere form; what really takes place is this – the capitalist again and again appropriates, without equivalent, a portion of the previously materialised labour of others, and exchanges it for a greater quantity of living labour. At first the rights of property seemed to us to be based on a man’s own labour. (...) Now, however, property turns out to be the right, on the part of the capitalist, to appropriate the unpaid labour of others or its product, and to be the impossibility, on the part of the labourer, of appropriating his own product. The separation of property from labour has become the necessary consequence of a law that apparently originated in their identity.”³³⁹

Marx explained here how the law of appropriation retains its validity. But due to the changing circumstances – which is that labour power itself becomes a commodity in capitalist production – it yields the opposite result. The economical side of this development we have already discussed (see section 5.4). From a philosophical point of view, it is important to emphasize that the law of property, which expresses the relation between property and labour under the exchange of equivalents, passes into its opposite, the law of capitalist appropriation, without the former losing its validity. As Marx explained in the quoted excerpt, every single transition adheres strictly to the law of appropriation. In addition, the law of capitalist appropriation is described by Marx as a consequence of the law of appropriation itself. He emphasized that the laws turn into their opposite “by their own inner and inexorable dialectic.” The expansion of commodity exchange and the expansion of commodity production, to the point that small commodity production (by the individual family) is no longer sufficient and the commodity producer needs foreign labour power, leads to the negation of the basic laws of commodity exchange. It leads to the separation of property (in the hands of the capitalist class) from labour (conducted by the working class), while the law of appropriation is based on the identity of property and labour. This is how Marx arrived at the law of capitalist appropriation, which in itself is supposed to express the internal contradictions of the capitalist system, which is based, on the one hand, on the advancing socialisation of production, while the appropriation of its results remains private. Due to the further development of capitalist production, which the expansion commodity production and the corresponding expansion of the application of the law of appropriation and other laws of exchange, a product is no longer the result of the labour of the individual or the individual family, but is more and more the result of the combined efforts of many workers. In that sense labour and production are socialised. However, the results of this social labour and property remain private.

This whole train of thought of Marx and Engels is very contradictory in many ways: we have a law that is negated by itself; a law that retains its validity even though its negation is also valid, etc. According to the Marxist approach, however, these are real contradictions. The contradictions of commodity production expressed by the law of appropriation (and laws of exchange etc.) that lead to the development of capitalism, and subsequently the contradictions of capitalism, expressed by the law of capitalist appropriation (and many other laws of course), will eventually lead, according to Marxist political economy, to the negation of the negation, by the socialisation of the means of production. The negation of private labour, which already took place in capitalism, is then followed by the negation of private property.

³³⁹ Marx and Engels, *Collected Works*, v.35:582.

We elaborated extensively on this particular example because we explained the mechanics of these laws earlier. However, the negation of laws is certainly not limited by Marxist philosophy to this specific example. There are many other examples. The most prominent arguably occurs during the capitalist economic crisis, where a whole bunch of laws are turned into their opposite, suddenly losing their validity or providing the opposite effect.

“In these crises, the contradiction between socialised production and capitalist appropriation ends in a violent explosion. The circulation of commodities is, for the time being, stopped. Money, the means of circulation, becomes a hindrance to circulation. All the laws of production and circulation of commodities are turned upside down. The economic collision has reached its apogee. *The mode of production is in rebellion against the mode of exchange, the productive forces are in rebellion against the mode of production which they have outgrown.*”³⁴⁰

Here we see that the economic crisis, which itself is a result of capitalist production and circulation, leads according to Marxist political economy to the negation of the economic laws of capitalism that brought about the economic crisis in the first place. I will not delve into the details of this example or other examples here, for it would require much more elaboration on the theory of political economy and this is beyond the scope of this study. Important is that the negation of laws is not a one-time exception or a particularity of the law of capitalist appropriation, but an aspect of the Marxist understanding of the concept of law. The basis underlying this conception of law, is the dialectical approach of reality, which regards things in their development and therefore also studies the internal contradictions in the objects of study.

Contrary to undialectical and unhistorical approach to laws, which seeks to establish eternal laws, Marx and Engels develop a revolutionary approach, which highlights the historical nature of laws, for the purpose is not only to study how a system works or how a system came into being, but also the conditions for its demise, the conditions for further development. Therefore this approach highlights the internal contradictions in a system, the negation of the system within the system.

We elaborated on various determinations and characteristics of laws as they are interpreted in Marxist philosophy. In the next part we will summarize the role of laws in the Marxist method, their role in the method of advancing from the abstract to the concrete, in uncovering the essence of things, and more generally in gaining knowledge.

³⁴⁰ Marx and Engels, *Collected Works*, v.25:263.

Part IV: Laws in Marxist theory

In the previous chapters, we elaborated on the determinations of law itself, as an abstraction and as a concrete, as expression of essence, necessity, universality, but also as a product of the historical circumstances. We can now start to get an overall understanding of the concept of law in Marxist theory. But before we move to the conclusion, I will first discuss some theoretical problems that arise from the approach shaped by the monetary theory of value (chapter 10). After that, I summarise and combine the determinations of law that have been discussed in the previous chapters, to shape an overall understanding of the concept of law in materialist dialectics, in the Marxist method and epistemology (chapter 11). Chapter 12 will discuss the role of laws in Marxist theory and practice in general.

10. Theoretical problems arising from the monetary theory of the law of value

The monetary theory of the law of value draws a lot of inspiration from the works of Rubin. I will therefore start this discussion of the problems in the interpretation of the law of value in monetary theory by addressing some problems in the interpretation of Rubin that served as the basis for the monetary theory.

10.1 Rubin and the primacy of form over content

Rubin emphasized the importance of commodity fetishism, to the point that it is for him the starting point of political economy. The term commodity fetishism refers to a peculiarity that Marx observed in commodity production. We saw that according to Marxist political economy the value of a commodity does not stem from the physical properties of the commodity, but that it expresses a social relation. However, this social relation between people appears as a relation between the commodities, in other words, as a relation between things. “There it is a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things,” Marx wrote.³⁴¹ Value seems to be a property of the commodity itself, thereby concealing, according to Marx, that it is a measure of the expenditure of labour power.

Rubin argued that we should inverse this description of commodity fetishism. The central concern of commodity fetishism is not, Rubin argued, that in capitalism social relations of production among people hide behind relations among things. Instead, he claimed that the central concern is that in capitalism the relations between people necessarily acquire the form of the value of things.³⁴² At first sight, this inversion only slightly shifts the emphasis. Formally it does not conflict with the writings of Marx. The value form is indeed unavoidable in capitalism; there is no other way for value to appear. However, the reason that Rubin argued for this inversion and shift in emphasis is to present commodity fetishism as the starting point for political economy. It led him to the position that the form of appearance of the capitalist relations is the main object of study of political economy. From this point of view, the inquiry into the commodity relations and the concept of value, that are the starting points of the political economy of capitalism, is focussed on exchange value or the value form.

The Neue Lektüre is rooted in this approach. The philosophical problem in this approach from a Marxist point of view is that it separates form from content and prioritizes form over content, the form of appearance over the essence of things. But before I elaborate on this problem, let us look at how Rubin and the Neue Lektüre understood the law of value based on this approach and what other problems arise.

³⁴¹ Marx and Engels, *Collected Works*, v.35:83.

³⁴² Rubin, *Essays on Marx's Theory of Value*, 44.

Based on the approach that emphasizes the value form over the content of value (labour), Rubín criticized the “physiological conception of abstract labour” and a “naturalistic concept of value”.³⁴³ These conceptions originate according to Rubín from the following definition of Marx (which we can find in other pages of *Capital* as well with different words): “On the one hand, all labour is, speaking physiologically, an expenditure of human labour power, and in its character of identical abstract human labour, it creates and forms the value of commodities.”³⁴⁴ This is juxtaposed to Marx’s position that “the value of commodities has a purely social reality” and that the composition of value contains “not an atom of matter”.³⁴⁵ According to Rubín “it is not possible to reconcile a physiological concept of labour with the historical character of the value which it creates.”³⁴⁶ He maintained that we should “not stay with the preliminary definition Marx which gave on the first pages of his work,” but we should instead “trace the further development of this thought,” which basically comes down to abandoning the definition of abstract labour as the expenditure of human labour power in the abstract.³⁴⁷

This position was shaped by Rubín in the early 1920s. His writings were directed against criticisms of Marx’s theory. Some of these criticisms were based on interpretations that for instance supposed that all labour is also abstract labour and creates value. Such positions contradict the writings of Marx by indeed wrongly (from a Marxist point of view) emphasizing the physiological aspect and underestimating the social aspect, namely that the abstraction of labour attains truth in practice only in commodity production, as we saw earlier. However, Rubín failed to solve this problem dialectically. He tried to metaphysically make an absolute distinction between the physical and the social properties of labour. In the theory of Marx, the physical aspect, the expenditure of labour power, is the basis for the social property that it produces value (something that, as we have seen, occurs only in the context of commodity production). Rubín himself conceded this, but he was unable to theoretically incorporate this in his understanding of abstract labour.³⁴⁸ Where Marx understood the physical and the social aspect in their dialectical unity, Rubín tried to nullify the physiological aspect, completely separating it from the social aspect. In other words, in Rubín’s attempt to counter the views that underestimated the social aspect and one-sidedly emphasized the physiological side of commodities, he made the opposite mistake.

Within this framework, which one-sidedly emphasizes social form, Rubín developed the view that abstract labour originates in the act of exchange: “only exchange transforms concrete labour into abstract labour.”³⁴⁹ He tried to reconcile this with the Marxist position that “abstract labour must already exist in the process of production,” by emphasizing that exchange and production are connected: “Since exchange is actually the dominant form of the process of production, it leaves its imprint on the phase of direct production.”³⁵⁰

10.2 The rejection of the law of value in monetary theory

This approach of Rubín laid the foundations for the monetary theory of value of the Neue Lektüre and systemic dialectic. These schools of thought were developed by various authors over the course of some decades. Within these currents, one can find divergent positions. It is impossible and beyond the scope of this study to discuss every detail. The discussion will therefore be limited to some common features or tendencies in these currents that shape the monetary approach to the law of value, with emphasis on contemporary tendencies (expressed by i.a. Heinrich, Arthur and Milios).

³⁴³ Rubín, *Essays on Marx’s Theory of Value*, 113.

³⁴⁴ Marx and Engels, *Collected Works*, v.35:56.

³⁴⁵ Marx and Engels, *Collected Works*, v.35:57.

³⁴⁶ Rubín, *Essays on Marx’s Theory of Value*, 99. For consistency I have changed the spelling of ‘labor’ in the original translation to ‘labour’ in quotes from Rubín.

³⁴⁷ Marx and Engels, *Collected Works*, v.35:57.

³⁴⁸ Rubín, *Essays on Marx’s Theory of Value*, 100.

³⁴⁹ Rubín, 109.

³⁵⁰ Rubín, 109–10.

A common feature of monetary theory is the separation of the physical and the social properties of labour in a metaphysical way, like we saw in Rubin.³⁵¹ A related aspect is that Marx's use of the category 'substance' in political economy is usually criticized and the position that labour is the substance of value is often dismissed.³⁵² Some – not all – also dismiss the determination of value as socially necessary labour time, as they argue that value is about form which is a strictly qualitative notion, which also leads to dismissing other parts of Marx's theory such as the transformation of values in production prices.³⁵³ All these 'naturalistic' and 'substantialist' elements in Marx are criticized as remnants of Ricardian labour theory of value. Sometimes these views are explicitly presented as a criticism of Marxist theory. But often these views are presented as the theory of Marx, 'corrected' either for the interventions of Engels, or for Marx's 'confusing' or 'Hegelian' terminology, or for remnants of Ricardo's theory, or for alleged contradictions between various parts of *Capital*, or for real or alleged changes in the position of Marx over time, where older positions are preferred for one subject and newer positions for the other. In general, the monetary theory of value is often presented as the Marxist theory of value – even though it is often conceded that Marx himself did not fully understand that this was supposedly his theory.

In the framework of the monetary theory of value, the law of value, which states that the value of a commodity is determined by socially necessary labour time, is basically rejected as a remnant of Ricardian theory. Effectively this view dismisses most of the content of sections 1 and 2 of the first chapter of *Capital*, which deal with the essence or content of value (including the law of value), and is only based on section 3 that deals with the value form, i.e. form of appearance of this essence.

This redefinition of value serves to disconnect the theory of value from the sphere of production and restrict the theory of value to a matter of exchange. After all, the position is that there is no abstract labour or value before the sphere of exchange. In fact, for the monetary theory of value there is not even a commodity before exchange. To the extent that monetary theory is identified with the Marxist approach, it leads to all kinds of problems in explaining Marxist theory of political economy.³⁵⁴ Some aspects of these problems we discussed in earlier chapters. Here I will concentrate on the philosophical problems, from the point of view of Marxist philosophy, and not on the economical side of the question.

10.3 Problems in the conceptualisation of value in monetary theory

First, there is the problem of the conceptualisation of value. The fact that Marx recognized that value has qualitative aspects, related to the forms that labour as the substance of value takes in capitalism (commodity, money, profit, interest etc.), does not negate the fact that in Marxist political economy value also has a quantitative aspect, or that there is a "magnitude of value", in the words of Marx.³⁵⁵ The underlying problem in the conceptualisation of value is the understanding of the relation between the content and the form of value.

As we saw earlier, Marx considered labour is to be the substance or essence of value and of the forms that it takes.³⁵⁶ These forms are not self-contained. In Marxist theory, the form of appearance and essence, should not be confused, but they can also not be completely separated. In the dialectic between

³⁵¹ Heinrich, *Die Wissenschaft Vom Wert*, 211; Postone, *Time, Labor, and Social Domination*, 145.

³⁵² Reichelt, *Zur Logischen Struktur Des Kapitalbegriffs Bei Karl Marx*, 152-159; Heinrich, *Die Wissenschaft Vom Wert*, 198–251; Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 49; Arthur, *The New Dialectic and Marx's Capital*, 89–99, 105, 154–55. Postone's criticism of substance arguably has a somewhat different form because he strongly relates this issue to Hegel's conception of substance and subject. Postone, *Time, Labor, and Social Domination*.

³⁵³ Heinrich, *Die Wissenschaft Vom Wert*, 244–48, 267–83; Milios, Dimoulis, and Economakis, *Karl Marx and the Classics*, 118–28.

³⁵⁴ These include major problems such as the interpretation of the concept of capital and of capitalist exploitation, which is very much complicated by dismissing the quantitative determination of value and disconnecting it from the production sphere, but also further issues such as the interpretation of crisis, credit etc. For a concise criticism of these aspects, see: Balomenos, "Capital' in the Crosshairs of the 'New Reading of Marx' (Part 2)".

³⁵⁵ Marx and Engels, *Collected Works*, v.35:45–51.

³⁵⁶ Marx and Engels, *Collected Works*, v.35:48–49.

essence and appearance, or content and form, the former is considered to be the determining factor in Marxist philosophy. After all, we have seen that in an object or process, the essence is exactly what pertains to the laws that determine the necessary development. The content develops, intensifying the contradiction between form and content, to the point that the form becomes a restriction instead of a condition for further development, and a new form arises on the basis of the new or changed content; a new form that creates the conditions for the further development of the content. To better understand what this means when it comes to value, we need to elaborate on some more aspects of this concept.

We have seen that according to Marx the ‘substance’ of value is labour. When we look more specifically at the content of value, it is not any labour, but labour that, as we have seen, has a twofold character as concrete and abstract labour. And it is the abstract side of labour that results in value, while concrete labour results in use value. According to Marxist theory, this abstraction in the content of value (abstract labour) occurs, as we have seen, under conditions of commodity production. So far, everything has already been explained in earlier chapters. Now let us look more specifically at the content (labour) in commodity production.

According to Marxist theory, in commodity production labour is private, because producers produce with the aim of satisfying their own interests and they privately own the product of their labour. At the same time, however, Marx and Engels also claim that their labour is social, because they will not consume the product of their labour. Instead, the product is made with the aim of exchanging it; it will fulfil (as use value) the need of someone else.³⁵⁷ However, labour in commodity production is not *directly* social labour. According to Marx, it is social labour “in an indirect fashion”; through the market where the products of labour are exchanged.³⁵⁸ This contradiction between social and private labour is characteristic of commodity production as it is described in Marxist political economy. In these conditions shaped by commodity production, the abstraction of labour necessarily takes place. The products of labour cannot be directly consumed, because they are produced as commodities. They have value, the magnitude of which is determined by socially necessary labour time.

It is important to highlight that this is not so much an analysis of commodity exchange, but of commodity production. Already in the process of production the commodity producer is oriented towards production for the market. Commodity producers do not produce products because they are interested in their use value. They produce value; they produce with the aim of selling. Labour therefore has the twofold character right from the start in conditions of commodity production. However, “since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer’s labour does not show itself except in the act of exchange.”³⁵⁹

This analysis of labour in commodity production, is not the only sort of labour that we can find in the theory of Marx and Engels. For instance, they describe labour in primitive communities as ‘directly social labour’. The work is distributed amongst the members of the community, as are the products that are destined for consumption. In such conditions, production aims at the production of use values, and the needs of society are taken into account already in advance, in the sphere of production. “Direct social production and direct distribution preclude all exchange of commodities, therefore also the transformation of the products into commodities (...) and consequently also their transformation into values.”³⁶⁰ In such a mode of production, there is no abstract labour. Products are still the result of the expense of labour power in the physical sense, but this society deals directly with available labour power, with the product of labour, and with the labour time necessary for their production, not in an indirect fashion through value,

³⁵⁷ E.g. Marx expressed it as follows in the first chapter of *Capital*: “The fact, that in the particular form of production with which we are dealing, viz., the production of commodities, the specific social character of private labour carried on independently, consists in the equality of every kind of that labour, by virtue of its being human labour, which character, therefore, assumes in the product the form of value.” *Collected Works*, v.35:85. See also: Marx and Engels, *Collected Works*, v.43:68.

³⁵⁸ Marx and Engels, *Collected Works*, v.24:85.

³⁵⁹ Marx and Engels, *Collected Works*, v.35:83.

³⁶⁰ Marx and Engels, *Collected Works*, v.25:294.

because the products are not commodities.³⁶¹ Accordingly, Marx and Engels described other ways in which society organised labour in various modes of production. For instance, labour of small producers that produce for their own consumption, which is private.

Hence Marxist theory holds that in commodity production the content of value is not any labour, but labour that contains the contradiction between private and social labour, and that therefore becomes abstract labour that is the source of value. In Marxist theory this is considered to be a historical phenomenon. With the development of the productive forces and the rise of industry, the generalization of commodity production was required. The feudal relations of production, where the product of labour does not have value and is not intended for exchange, were too narrow, according to Marx and Engels, for the further development of the productive forces.³⁶² From that point view, they argued that industry required commodity production. In commodity production, the product of this labour, value, can only appear in exchange as exchange value or – in other words – in the value form, which develops already in the precapitalist societies from simple commodity exchange all the way to the money form.

But according to Marxist political economy, industry did not just bring the generalisation of commodity production. Out of (simple) commodity production, capitalist commodity production emerged. Labour power itself became a commodity, and labour and property are separated, as we saw in the discussion about the law of capitalist appropriation. On that basis, the substance or content of value, labour, develops further in capitalism, with what Marx and Engels called the socialisation of labour and the socialisation of production. According to Marx and Engels, this development of the content intensifies the contradiction between the increasingly social character of labour and the private character of the appropriation of its results in capitalism.³⁶³ This contradiction is resolved in socialism. In socialism, Marx and Engels argued, individual labour is ‘directly social’; labour power is allocated based on the needs of society, and the products of labour are therefore no longer commodities, nor do they have value.³⁶⁴ We can see that in this analysis the content (labour) changes, it ceases to be value, and this also forces the form to change, with the disappearance of the value form and the substitution of the capitalist relations in the sphere exchange by the socialist relations in the distribution of products of labour.

What I want to highlight with this way of presenting value – with the emphasis not on its function in capitalism as in previous chapters but its historical development – is that the value form is a *result* of processes in the sphere of production and not the cause. This is exactly the fundamental mistake of Rubin and of the monetary theory in their interpretation of Marx. They confuse cause and effect. They suppose that exchange “leaves its imprint” on production, as Rubin wrote. In other words, that the capitalist production process is determined by the forms of exchange or the social form that value takes in the sphere of exchange. With the explanation above I tried to demonstrate that Marxist theory shows quite the opposite. It is the capitalist relations in the sphere of production that require and bring about the relations in the sphere of exchange and the social forms in which the economic phenomena appear.

From this point of view, disconnecting the concept of value and abstract labour from production, cannot provide a sound explanation of Marxist theory. As I highlighted, Marx does not deal only with commodity *exchange*, but first and foremost with commodity *production*. “The real science of modern economy only begins when the theoretical analysis passes from the process of circulation to the process of production,” we can read in *Capital*.³⁶⁵ The labour that is performed in capitalism (and commodity production in general), is neither private labour aimed at producing use values for direct individual consumption, nor is it directly social labour, nor anything else. Right from the start it is labour for the production of value. This is, according to Marxist theory, the essence or content, but this will only manifest itself in exchange in the form of exchange value.

³⁶¹ Marx and Engels, *Collected Works*, v.25:294–95.

³⁶² Marx and Engels, *Collected Works*, v.6:486–90; v.25:259–60; v.35:706–7; v.37:330–35.

³⁶³ Marx and Engels, *Collected Works*, v.35:750–51; v.25:255–59, 264–65.

³⁶⁴ Marx and Engels, *Collected Works*, v.24:85; v.25:294–95.

³⁶⁵ Marx and Engels, *Collected Works*, v.37:335.

This also shows that in Marxist theory there is a clear distinction between the essence, value, and its form of appearance, the value form or exchange value. A distinction that is essentially neglected or ignored in the monetary theory, that tends to wrongly identify value with exchange value or the value form. This happens exactly because monetary theory detaches the concept of value from its substance, which is nothing other than labour; in other words, because monetary theory essentially rejects the law of value.

10.4 Elements of idealism, the metaphysical method and eclecticism

These problems in the conceptualisation of value in the monetary theory are embedded in a general approach that misinterprets Marxist philosophy and method. Western Marxism was generally characterized by a tendency towards idealist positions. In structural Marxism and critical theory, for instance, there is particular interest in issues such as fetishism, alienation and in general the ideological expression of capitalism, often more or less disconnected from their economic basis. The *Neue Lektüre* signified a renewed interest in economic issues, but its approach in the economy has this idealistic tendency of explaining the content from the form instead of the other way around, thereby confusing cause and effect in this reciprocal action. Fetishism and the social forms of expression are regarded as the primary causes instead of the relations of production, in the sense that monetary theory supposes that the form determines the relations of production instead of the other way around.

Accordingly, the Marxist method is interpreted in an idealist manner, by disconnecting the logical method from the historical method, as I have explained earlier. This is related to a metaphysical approach. Because of the rejection of the relation between the logical and the historical method, capitalism is studied as something static and isolated. Heinrich, for instance, time and again emphasizes that Marx studies capitalism in only in its 'ideal average'. This may be correct, but it is impossible to study the essence of capitalism or its 'ideal average', without studying capitalism as a process. The *Neue Lektüre* casts all movement, change and development out of the study of capitalism.

This is not only in relation to the past of capitalism, but also in relation to its future. Heinrich claims that Marx's reference in *Capital* to the proletarian revolution is a remnant of 'historical determinism', which is, according to Heinrich, typical of the *Manifesto of the Communist Party* and Marx's earlier works but still echoes in *Capital*.³⁶⁶

Interestingly enough, earlier in his work, he ascribed this 'determinism' to what he calls 'worldview Marxism'.³⁶⁷ Hence at the one moment the impression is created that Marx is defended against the 'deterministic' misinterpretations of 'worldview Marxism', and the other moment this criticism appears to apply to Marx's own theory. This is not the only paradox with regard to the way the source material is approached in the *Neue Lektüre* and systemic dialectic. In this particular example, historical determinism appears to be a problem of the 'early Marx', a problem of which there were only some 'echoes' in his later works. However, in other works of the *Neue Lektüre* we can find the position that Marx was moving towards historical determinism or 'historicizing the logical' towards the end of his life. More generally, the authors of the *Neue Lektüre* and systemic dialectic, seem to favour the early works on one occasion and the later works on the other. One moment we should forget the final editions of *Capital* and the late works of Marx that are contaminated either by Engels' editing or Marx's tendency to 'historicize' or both, and we should focus on the early preliminary draft versions.³⁶⁸ The next moment we should forget the early texts

³⁶⁶ Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 196–97.

³⁶⁷ Heinrich, 24–25.

³⁶⁸ Some indicative examples: Backhaus, *Dialektik Der Wertform*, 42, 154–55, 229–30; Reichelt, *Zur Logischen Struktur Des Kapitalbegriffs Bei Karl Marx*, 13; Heinrich, 'Engels' Edition of the Third Volume of Capital and Marx's Original Manuscript'; Heinrich, *Die Wissenschaft Vom Wert*, 198; Milios, Dimoulis, and Economakis, *Karl Marx and the Classics*, ix.

that are influenced by 'historical determinism' or that where undeveloped, and the truth can be found in the latest texts Marx wrote.³⁶⁹

To the extent that we understand monetary theory as some theory that is perhaps inspired by Marxist thought, this is perfectly permissible. The reasons for the preference for earlier or later works on every subject is usually clarified with sufficient arguments. But if we are to understand monetary theory as a historically accurate representation of the theory that Marx developed, as it is sometimes presented, there is clearly an issue of eclecticism. The problem is that there seems to be confusion between on the one hand criticizing and on the other hand explaining, interpreting or defending Marxist theory.³⁷⁰

Within this theoretical framework as it is shaped by the monetary theory of value and the methodological-philosophical approach of the *Neue Lektüre*, the law of value, its role in the theory of political economy and its character from a philosophical point of view cannot be interpreted correctly in accordance with the writings of Marx. The monetary theory of value may be inspired by the studies of Marx, but it does not constitute the Marxist theory of value, nor a 'slightly corrected' Marxist theory of value. It is a different theory, that results from a philosophical and methodological approach which is not the consistently materialist dialectical approach which characterizes the works of Marx and Engels. Whether this monetary theory is empirically correct or not is not what this study is concerned with, but I do think that it is important to clarify in this study about the concept of law in the Marxist method, that it is historically and philosophically inaccurate to identify the monetary theory of value with the Marxist theory of the law of value.

11. Laws in the dialectical method

The criticism I expressed on monetary theory – in so far as we approach it as an explanation or interpretation of Marxist theory – shows that the law of value is indispensable for Marxist political economy. Rejecting this basic law means rejecting the theory as a whole, and vice versa. I have tried to demonstrate that the problems in the interpretation of the monetary theory, as well as the approaches of *Neue Lektüre* and systemic dialectics, are not limited to the level of political economy. There are underlying problems in the interpretation of Marxist philosophy, in the understanding, on a dialectical and materialist basis, of the relationship between the logical and the historical, between the content and the form, between quality and quantity or magnitude. With the elaboration on some basic aspects of the method and epistemology of Marxism in part II and the determinations of the concept of law in part III, I think it is possible to understand the indispensable role of the law of value in Marxist political economy, as well as the nature of the other laws that Marx explained in *Capital*. Let us now summarize and synthesize some elements to highlight the role of laws in the dialectical method.

11.1 Advancing from the abstract to the concrete

We have seen that according to Marxist epistemology, the process of gaining knowledge moves from the abstract to the concrete. Marx and Engels did not recognize any a priori knowledge; the starting point for all knowledge is concrete reality. But our first impression is superficial and does not immediately

³⁶⁹ E.g. (compare also with examples above) Heinrich, 'Capital after MEGA: Discontinuities, Interruptions, and New Beginnings', 116–31; Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 22–23, 175–77, 180–81, 196–98; Milios, Dimoulis, and Economakis, *Karl Marx and the Classics*, 206.

³⁷⁰ This differs depending on the character of the work. Some are very clear in their criticism; others are less clear. An example of the latter is Heinrich's introduction of *Capital*, which is presented as an introduction and even a defence of *Capital*, while it clearly presents the monetary theory instead of Marx's theory. The criticism of Marx is downplayed with phrases that create incorrect impressions, such as: "This point is not always made clearly by Marx." *An Introduction to the Three Volumes of Karl Marx's Capital*, 50. In addition, we can find in this text many aspects of theory developed by Backhaus and Reichelt as a criticism of Marx, which are more or less presented in this introduction to *Capital* as an explanation of Marx.

disclose all aspects of reality. With study, we try to find categories and laws that help make sense of the phenomena. In this process, we need to abstract, to leave accidental, superficial appearances out of the picture. We need to find, according to the Marxist approach, what comes historically and logically first; the 'cell' or 'building stone' of the system that we are studying, such as the commodity in capitalism. We try to understand what something is, how it developed historically, how various aspects of the thing we are studying are interrelated, how it relates to other phenomena, its internal contradictions and the internal or external causes for its development. We try to find the essence of our object of study, focusing on its necessary aspects and the necessity in its development. Hence in general the progression of knowledge is characterized by a motion that starts from the appearances, moves to essence, and then goes back to the appearances. But now they appear differently. Now we can truly understand them. Once we understand the essence, we understand the role of each particular in the concrete whole as well as the laws that determine a system and its development, we no longer have an abstract conception of the thing we are studying, but we can understand it concretely, as a concrete whole, with all its different particular aspects and sides. We reproduce the concrete in thought, and indeed the concrete appears in thought as the result and not the starting point – even though concrete reality is the true starting point.

For the Marxist approach, laws are indispensable in this process, because they point out exactly what is necessary and essential in the phenomena. They point out the interrelation of key aspects of a phenomenon (an object, system, process or whatever we are studying), the necessary relations to other phenomena, the character and direction of its development.

Considered abstractly, a law in itself is a mere abstract, empty regularity or definition. For instance, the law of value merely states that the value of a commodity equals social labour time necessary for its production. But laws of nature, society and thought, do not operate in a void. They operate in a concrete reality. This is reflected in thought, where laws are part of a theory or science. Only in that framework do laws attain their significance. For example, we can only understand what the law of value really tells us about economic relations in the framework of political economy. Conversely, laws are considered to be an indispensable element of theory according to the Marxist view, for they disclose essence and necessity in concrete reality, which at first tends to appear to us as an accumulation of accidental phenomena of which we can initially only grasp some aspects or sides.

In reality things develop in a historical and logical order, the two of which are, as we have seen, dialectically connected according to the Marxist position. This logical-historical order, the necessary and essential motion, the law of development, is what we need to reproduce in theory to concretely understand an object, and to be able to understand all its particular sides. This is exactly what the dialectical method aims to achieve. This is why Marx appears to be 'deducing' (in the sense of deriving) the more complex or concrete categories from more simple, elementary and abstract categories. Marx and Engels supposed that reality develops historically from simple to more complex phenomena; in other words that complex phenomena 'descent' from simpler phenomena. This is reflected logically or theoretically through deductive reasoning, which aims to reproduce theoretically the logically and historically necessary development of the process under study.

Capital provides an example of the dialectical method. Rosenthal and others have noticed that there is a movement in *Capital* from more abstract to more concrete concepts. A motion from abstract concepts with less determinations such as value – even though this concept is in itself also considered to be concrete as we have seen – to the more concrete categories with more determinations and more specific determinations such as surplus value, capital, profit, rent etc.³⁷¹ However, these categories are not approached as they first appear, but as manifestations of value. This allows us, according to the Marxist method, to understand both the underlying law of value, and the specific laws and characteristics of these categories themselves. These categories, while mere abstract expressions of capitalism, are, once understood concretely as manifestations of value, more concrete concepts, encompassing more determinations and more specific determinations.

³⁷¹ Rosenthal, *Problems of Dialectics in Marx's Capital*.

Looking at the laws that are developed in *Capital*, I believe that we can discern a similar or parallel motion. Marx started from the law of value, which uncovers the relation between capitalist production and exchange. Consequently, he dealt with the law of surplus value which discloses not only the relation between exchange and production that is uncovered by the law of value, but also the relation between capitalist production and exploitation. The law of capitalist appropriation showed additionally how exploitation relates to capital; that all capital results from unpaid labour and that capitalist reproduction also reproduces the exploitative capitalist relations. The law of capitalist accumulation additionally uncovers the internal progress of capitalist production and how it relates to the impoverishment of the working class. Later Marx dealt with the specific laws of circulation, of various sectors such as the laws of capitalist agriculture and rent, of banking capital and interest etc, of specific aspects in the development of the capitalist mode of production as a whole such as the law of the tendency of the rate of profit to fall. These laws belonging to the capitalist mode of production, are linked in some way or another, directly or indirectly, to the law of value, that has a central role in capitalism. Hence we could say that in addition to the motion from abstract to concrete concepts, there is a similar and parallel motion from more abstract laws to laws that are increasingly concrete, encompassing more specific and complex sides of the capitalist economy.

The Marxist method (as opposed to the course of Marx's research)

The method of advancing from the abstract to the concrete, from appearance to essence and back to appearance, is not regarded by Marx and Engels as a linear course. Marx and Engels did not believe in a magical method or simple formula to immediately grasp the essence of the object of study. This description is only a general formula. But the reality of research and the process of gaining knowledge are much more complicated. Insight can only be the result of long and thorough study of the phenomena, of various aspects, with trial and error.

A theoretical understanding of an object of study, can only be the result of in-depth scientific study, where, at every stage in research, we will make abstractions and analyse, but we also synthesize, and we will need to see if our theory is confirmed by experience. We saw that Marx and Engels emphasized the importance of deduction and that induction alone does not allow us to grasp the essence of things. That said, however, induction remains a very important instrument in the Marxist method, to make sense of all our impressions of reality, to find resemblances, to form abstract categories etc. In the process of gaining knowledge and establishing laws, both induction and deduction are of importance. This was emphasized by Engels: "Induction and deduction belong together as necessarily as synthesis and analysis. Instead of one-sidedly lauding one to the skies at the expense of the other, we should seek to apply each of them in its place, and that can only be done by bearing in mind that they belong together, that they supplement each other."³⁷² From that point of view, every stage in the process of gaining knowledge is a dialectical process, requiring both analysis and synthesis, both induction and deduction, often both experience and theory. All these oppositions form a unity according to Marxist methodology, and only as a dialectical unity can they provide the researcher with the theoretical tools to gain true, comprehensive, concrete knowledge about the object of study.

That said, however, it is essential to emphasize that in the Marxist approach study is never finished. The world is infinitely complex and is constantly changing. A single peapod could "...provide more causal connections for following up than all the botanists in the world could solve," as Engels wrote.³⁷³ Even *Capital*, which is such an extensive study of capitalism, does not and cannot explain all phenomena in capitalism. It seeks to explain many aspects, especially the ones that are most essential to this system. But there are countless aspects and particular phenomena that would require further study, especially as capitalism develops and new phenomena or aspects appear, even if in essence the system and its basic laws remain the same. In the Marxist approach, every study always results in starting points for further research.

³⁷² Marx and Engels, *Collected Works*, v.25:508.

³⁷³ Marx and Engels, *Collected Works*, v.25:500.

Consequently, it would be completely anti-dialectical to interpret the dialectical method – or aspects of it such as advancing from the abstract to the concrete, or from appearances to essence and back to appearances, or some other aspect such as thesis-antithesis-synthesis – as a kind of ‘scheme’ that the researcher can simply ‘work through’ and then magically find concrete knowledge as some kind of ‘absolute truth’. A description of the dialectical method is merely a simplified theoretical representation of the essence of the dialectical development of thought. The practical reality of the process of knowing the world is considered to be infinitely more complex and complicated according to the Marxist approach.

For this reason, the contributions of Marx and Engels to the development of political economy and other subjects were not made overnight, nor would that be possible. We should keep in mind that there is an important difference between the Marxist method and the sequence in which Marx studied various aspects. Some scholars dig into the notes of Marx to reconstruct in what order Marx studied various phenomena. This method of studying Marx was advanced by the *Neue Lektüre*, that was critical of the law of value and other aspects of the theory as it is developed in *Capital* and found passages in the *Grundrisse* and preliminary notes that they thought better fit their approach.³⁷⁴ There is no doubt, that the sequence in which Marx studied and discovered various aspects is very important from a historical point of view, to understand how and when Marx got certain insights. But on a logical and theoretical level, if we try to understand the Marxist method and the path one must follow to understand capitalism according to this method, it is not the preliminary notes and draft versions that provide the best understanding of this method, but the end result of Marx’s work – without denying that it can truly be helpful to also look at preliminary writings, but without expecting that these writings provide a better understanding of the method than the end result. After all, the sequence in which Marx studied various aspects of the capitalist mode of production can be misleading. For instance, in the 1850s Marx made the crucial discovery of understanding the difference between labour and labour power. Marx had by then already studied other related phenomena, but in essence he understood these and their precise place in the whole according to Marxist political economy much better after he made this discovery, and therefore Marx and Engels also made the necessary adjustments in their theory. Hence in what order one has studied various things, is not the same as the logical sequence of comprehending them. This is also emphasized by Marx himself.

“Of course the method of presentation must differ in form from that of inquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connexion. Only after this work is done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere a priori construction.”³⁷⁵

11.2 The revolutionary approach to the concept of law

In elaborating on the determinations of law according to Marxist philosophy, we saw that Marx and Engels emphasized the historical nature of laws. This is vital to understanding the dialectical method and the role of laws in this method. In Marxist theory, the function of laws within a theory is not limited to an uncritical description of the internal functioning of a system and its parts. Laws show the necessary internal development and interrelations within a system. They uncover the conditions for the rise and development of a system. But, more importantly, they also point out the contradictions in the current state of affairs, and thus the conditions for the further development and eventual collapse of the system under study.

“...dialectical philosophy dissolves all conceptions of final, absolute truth and of absolute states of humanity corresponding to it. Against it [dialectical philosophy] nothing is final, absolute, sacred. It reveals the transitory character of everything and in everything; nothing can endure against it except the uninterrupted process of becoming and passing away, of ascending without

³⁷⁴ E.g. Backhaus, *Dialektik Der Wertform*.

³⁷⁵ Marx and Engels, *Collected Works*, v.35:19.

end from the lower to the higher. And dialectical philosophy itself is nothing more than the mere reflection of this process in the thinking brain. It has, however, also a conservative side: it recognises that definite stages of cognition and society are justified for their time and circumstances; but only so far. The conservatism of this outlook is relative; its revolutionary character is absolute – the only absolute dialectical philosophy admits.”³⁷⁶

In this quote, Engels emphasized that the only absolute in dialectical philosophy is change. Material reality is in constant motion, and therefore the only ‘absolute’ laws are the laws of dialectics, the laws of change itself. This is the Marxist approach to the role laws in reality and in gaining knowledge about reality. It is a revolutionary approach, for it is directed not at justifying the current state of affairs, by regarding reality in a metaphysical way as something static. Instead, it is directed at highlighting exactly the essential motion, development, progress or change in reality, because the material world – in the philosophical sense of the term as objective reality existing independent from thought and not in the limited interpretation of matter as a physical substance – is in constant motion.

Teleology and the mystification of law

The dialectical conception of laws, and especially the ‘inner necessity’ as an important aspect of laws, have often been misunderstood or distorted. For instance, the Marxist method is sometimes wrongfully identified as teleological.³⁷⁷ In a teleological interpretation, development is explained not in terms of cause but purpose or end. The underlying assumption is that the Marxist method consists in Marx thinking that socialism should be the end result of social development, and therefore the history of society is explained as a development in that direction. Such a view of necessity explains the antecedent in a process by the result. This mystifies necessity and law, as it ascribes purposive activity to development – the development of society in this example, but accordingly an elaboration of nature would also face the same problem.³⁷⁸ If we try to understand the concept of law in the framework of such an interpretation of Marxist philosophy, this would completely alter the Marxist understanding of the concept of law as I developed it in this study.

However, such a teleological interpretation is not a correct reflection of the theory that Marx and Engels developed. According to Marxist philosophy, reality is always in development, but not developing towards some pre-conceived end or ‘telos’. That would be an idealistic approach, completely incompatible with philosophical materialism. Marx wrote that Darwin’s theory of evolution dealt a “mortal blow” to teleology in natural science.³⁷⁹ This mortal blow was dealt by showing the place of necessity and chance and their dialectic, even though Darwin himself did not philosophically interpret it. The materialist understanding of the dialectic between necessity and chance, leaves no room for a teleological interpretation of Marxist theory. Development is explained not idealistically in the terms of some abstract purpose or end, but solely on the basis of the internal contradictions in a given state of affairs that point out the necessary development. Hence the development is explained in terms of the antecedent (with its internal contradictions) and not in the terms of some purpose or end. This is also true for the Marxist approach to the study of society, the theory of class struggle and more generally historical materialism. The anti-teleological character of Marxist philosophy is apparent from the fact that, even in the study of society, where people act that have consciousness and purpose or pre-conceived goals, Marx and Engels explained development not in terms of this purpose, but in the international contradictions in the economic and social relations. Therefore, I do not believe that materialist dialectic allows for any teleological interpretation. On the contrary, it seeks to explain laws and abstraction without any such mystification.

³⁷⁶ Marx and Engels, *Collected Works*, v.26:360.

³⁷⁷ Even in textbooks we can find such claims, for instance in: Rosenberg, *Philosophy of Social Science*.

³⁷⁸ Marx and Engels, *Collected Works*, v.25:62.

³⁷⁹ Marx and Engels, *Collected Works*, v.41:247.

In the previous chapters we looked at the determinations of law and the place of laws in the dialectical method. But why is all of this relevant from a Marxist point of view? This brings us to next and final chapter, where we evaluate the place of laws in Marxist theory and practice.

12. Law in Marxist theory and practice

On a very general level, we could say that knowledge of laws is in Marxism the key to freedom. Engels even wrote that freedom consists in knowledge of laws and using them in to achieve definite ends. In the works of philosophers before Marx and Engels, we can already find seeds of the insight that freedom and necessity are somehow connected. In Spinoza's philosophy, for instance, freedom consists in that "...which exists solely from the necessity of its own nature, and is determined to action by itself alone," while something is necessary or constrained when it is determined by something external.³⁸⁰ From that point of view, Spinoza argued that people are generally mistaken when they think they are 'free' in the sense that there is no cause of their actions: "the idea of their freedom is simply their ignorance of the cause of their actions."³⁸¹ He went on to argue that human freedom consists "in the constant and eternal love toward God", which is elegant Spinozan terminology for concrete knowledge of the necessity and the causes of our actions that lie in nature of which we ourselves are part.³⁸² But, according to Engels, only in Hegel's philosophy this idea is first made explicit and stripped of theology. "To him [Hegel], freedom is the insight into necessity," Engels wrote.³⁸³ Summing up the Marxist view on freedom and necessity, and the role of laws as the key to freedom, Engels wrote the following.

"Freedom does not consist in any dreamt-of independence from natural laws, but in the knowledge of these laws, and in the possibility this gives of systematically making them work towards definite ends. This holds good in relation both to the laws of external nature and to those which govern the bodily and mental existence of men themselves – two classes of laws which we can separate from each other at most only in thought but not in reality. Freedom of the will therefore means nothing but the capacity to make decisions with knowledge of the subject. Therefore the *freer* a man's judgment is in relation to a definite question, the greater is the *necessity* with which the content of this judgment will be determined; while the uncertainty, founded on ignorance, which seems to make an arbitrary choice among many different and conflicting possible decisions, shows precisely by this that it is not free, that it is controlled by the very object it should itself control."³⁸⁴

Hence according to the Marxist approach freedom lies not in arbitrary choices according to our so-called 'free will', which we use as a euphemism for our ignorance of the alternatives that we have and the consequences they will bring about, hence of necessity. Freedom consists in knowledge. Knowing the laws that govern reality and being able to use them in such a way that the desired outcome is established.

Furthermore, Marx and Engels associated freedom with the development of society. They approached it dialectically, as a historical phenomenon.

"Freedom therefore consists in the control over ourselves and over external nature, a control founded on knowledge of natural necessity; it is therefore necessarily a product of historical development. (...) each step forward in the field of culture was a step towards freedom."³⁸⁵

From this point of view Engels highlighted that discoveries such as fire by friction or the steam engine were steps towards the "liberation of mankind".³⁸⁶ The construction of socialism is, from this point

³⁸⁰ Spinoza, *Complete Works*, 217.

³⁸¹ Spinoza, 264.

³⁸² Spinoza, 378.

³⁸³ Marx and Engels, *Collected Works*, v.25:105.

³⁸⁴ Marx and Engels, *Collected Works*, v.25:105–6.

³⁸⁵ Marx and Engels, *Collected Works*, v.25:106.

³⁸⁶ *Ibid.*

of view, an important step for humanity in gaining freedom. The socialist economy is, after all, based on the conscious application of the laws for the planned development of the economy based on the needs of the people and for resolving social problems. The socialist economy is, in that sense, an economy based on freedom. A conscious and therefore real freedom, in contrast with the anarchy in the production that according to Marx and Engels characterizes capitalism, where the economy only seems to be the result of the choices of free individuals, while in reality the laws of capitalism rule and determine economic development.

“With the seizing of the means of production by society, production of commodities is done away with, and, simultaneously, the mastery of the product over the producer. Anarchy in social production is replaced by systematic, definite organisation. The struggle for individual existence disappears. (...) The laws of his own social action, hitherto standing face to face with man as laws of nature foreign to, and dominating him, will then be used with full understanding, and so mastered by him. Man's own social organisation, hitherto confronting him as a necessity imposed by nature and history, now becomes the result of his own free action. The extraneous objective forces that have hitherto governed history pass under the control of man himself. Only from that time will man himself, with full consciousness, make his own history – only from that time will the social causes set in movement by him have, in the main and in a constantly growing measure, the results intended by him. It is the humanity's leap from the kingdom of necessity to the kingdom of freedom.”³⁸⁷

This is how Engels described the transition to socialism. We can see the emphasis on knowing laws and using them to definite ends as the key to freedom. It is a social and historical approach to freedom, rather than a exclusively personal or moral one. This idea is also present in *Capital*, where Marx asserted that freedom in the economy can only consist in “socialised man, the associated producers, rationally regulating their interchange with Nature, bringing it under their common control, instead of being ruled by it as by the blind forces of Nature...”³⁸⁸ Additionally, Marx asserted that the shortening of the working day is the basic prerequisite for freedom. He argued that with the shortening of the working day, people will spend less energy on labour for basic necessities that is itself uninteresting, and more energy on activities that are an end in themselves.”³⁸⁹

On a more practical level, knowledge of laws is indispensable in Marxism to further developing the theory and the strategy of the labour movement and of the communist party, as the political organisation and the vanguard of the working class, for the overthrow of capitalism and later for the construction of socialism-communism.

In the *Neue Lektüre* and its struggle against so-called ‘worldview Marxism’, ‘economism’ and ‘historical determinism’, the meaning of laws in Marxist theory and especially in practice is somewhat diminished. As we have seen, these problems are sometimes ascribed to Engels and others, but sometimes also to the ‘early Marx’ or the ‘late Marx’ himself. On a social level, this is expressed in the denial of the role of the working class as the revolutionary subject, which is a central aspect of Marxism – from the ‘early’ *Communist Manifesto* to the last works of Marx and Engels.³⁹⁰ The *Neue Lektüre* inherits this position, as many others, from various currents of Western Marxism that rejected, one way or the other, the idea of the working class as the subject that brings about the overthrow of the capitalist system.³⁹¹ On a moral

³⁸⁷ Marx and Engels, *Collected Works*, v.25:270.

³⁸⁸ Marx and Engels, *Collected Works*, v.37:807.

³⁸⁹ *Ibid.*

³⁹⁰ Heinrich, *An Introduction to the Three Volumes of Karl Marx's Capital*, 189, 196.

³⁹¹ The *Neue Lektüre* originates in the 1960s. At the time there were discussions about the working class as the subject in political currents such as the New Left and Eurocommunism. These discussions were also present in the representatives of these currents in philosophy, such as Marcuse and Gorz, and Althusser respectively. There were ideas about ‘embourgeoisement’ of the working class, or that the working class was ‘disappearing’. On this basis, students, lumpen elements, unemancipated minorities or other social layers were instead identified as the subject for the ‘left’ (which is a term adopted in its contemporary usage around WW2 and not a term that we can find in the works of Marx

level this is expressed in the following position: “Exploitation – contrary to a widespread notion and despite corresponding statements by many ‘Marxists’ – is also not meant to be a moral category” and that class rule is only a “structural relationship between classes” and not “an intentional relationship, where one class imposes its will upon another class.”³⁹² It is true of course that the basis of Marx’s theory is meant to be a scientific criticism of the capitalist system, and not a moral criticism. But that does not mean that there is no moral aspect at all. The capitalist class is not regarded by Marx and Engels as a passive ‘victim’ of the structural relationships, but an active subject in society that advances its interests. Even in *Capital*, which is a work of political economy, and not about strategy or history like other works Marx wrote and where the moral aspect is more apparent, even there we will find also the moral aspect. Especially in chapters that deal with outrageous phenomena such as the forceful expropriation of the agricultural population, slavery, child labour, the colonial system, war, impoverishment etc. To mention one of the many examples one could find: “If money, according to Augier, ‘comes into the world with a congenital blood-stain on one cheek,’ capital comes dripping from head to foot, from every pore, with blood and dirt.”³⁹³

and Engels or in the communist movement until then). However, already much earlier in Western Marxism positions were being developed in this direction, for instance in the Frankfurt School. Exemplary in my opinion is: Horkheimer and Adorno, *Dialectic of Enlightenment*.

³⁹² Heinrich, *An Introduction to the Three Volumes of Karl Marx’s Capital*, 96, 92.

³⁹³ Marx and Engels, *Collected Works*, v.35:748.

Epilogue

This study aimed to contribute to our understanding of the Marxist approach to the concept of law and its role in the process of gaining knowledge. We looked at the theoretical problems that Marx and Engels identified in classical political economy and the empiricist-nominalist approach in philosophy. Building on elements from scientific theories and currents in philosophy in their era that they considered progressive, such as the theory of evolution, philosophical materialism, the dialectical method, etc., they shaped the Marxist worldview and the Marxist approach to science.

Synthesizing their theoretical-philosophical writings on methodology and epistemology on the one hand, and texts where they apply of the method of dialectical and historical materialism (especially in political economy) on the other, we were able to find a rich and fruitful basis for understanding the Marxist approach to the nature of laws in the materialist dialectical method.

In Marxist theory, we have found that the law is the form of universality, abstracted from reality, as a reflection of a real, objective one-sided aspect of concrete reality, which uncovers the necessary and essential interconnection and development of phenomena, wherein also the concrete universal character of the law lies. The abstraction of laws is for the Marxist method an indispensable moment in the process of advancing from the abstract to concrete knowledge. Laws are part of a theory or science, together with other concepts and categories, which are developed according to the logical method, which reflects the real historical and necessary development stripped of accidental ‘zig-zags’, reproducing concrete reality in thought. The discovery of laws is from that point of view considered indispensable for gaining knowledge. Knowledge of reality and its laws allows to bring about desired outcomes and thereby constitutes, according to the Marxist approach, a step towards freedom.

Regarding the relation of Marx and Engels, I believe that this study shows, contrary to the positions of Western Marxism, that the works of Marx and Engels that explicitly deal with issues of philosophy and methodology, including works of Engels such as Engels’ review of *A contribution to the critique of political economy*, the *Anti-Dühring*, *Ludwig Feuerbach* etc., are reflected in how Marx and Engels deal with laws in their studies on political economy. Marx and Engels shaped the Marxist theory together. Closely cooperating and dividing the work that needed to be done. Perhaps it is hard to imagine for contemporary academicians, with individualism reigning in social consciousness, especially amongst intellectuals that generally tend to be detached from the collective action of the labour movement, why Marx wrote that “you must consider [Engels] as my *alter ego*”.³⁹⁴

We have also looked at the problems that arise when Marxist philosophy and political economy are disconnected, when one tries to interpret the laws of Marxist political economy without the materialist dialectical approach, denying the dialectic of the logical and the historical method. In the monetary theory of value, it leads to idealist and metaphysical elements in the interpretation of the law of value, and generally to the formation of a new theory that does is not truly representative, neither of Marxist political economy nor of the Marxist method and philosophy.

The studies of philosophers such as Rosenthal, Ilyenkov and Vaziulin are valuable contributions to the study of Marxist philosophy. There is a tendency, even amongst scholars that self-identify as Marxist, for instance in the tradition of Western Marxism, to completely discard such contributions, which are often included in labels such as ‘worldview Marxism’ or ‘soviet Marxism’. But the criticism is directed at oversimplistic and dogmatic positions that one will not find when actually reading works of such authors.

I believe that the problem addressed in the research question and its main aspects were covered in this study, without having the slightest misconception that everything has been said. There is a lot of room for further research.

In my opinion, the study of the history of philosophy should not be limited to understanding the past, but should also provide inspiration and theoretical tools to tackle contemporary problems in science

³⁹⁴ Marx and Engels, *Collected Works*, v.41:215.

and philosophy. The primary aim of this study was to *understand* the Marxist view on law and epistemology, not to advance or to criticize specific positions. To conclude the thesis, however, I believe it is fitting to make some general remarks regarding the potential of this view considering contemporary philosophical issues.

In the first place, I think that dialectical materialism can provide methodological tools for the sciences. Not in the sense of ready-made models or blueprints to universally apply in research, which is something Marxist methodology dismisses. However, Marxist philosophy can help scientists – regardless of their field of study – to better understand methodology, as well as the role and place of various aspects of the process of conducting scientific research, such as analysis and synthesis, induction and deduction, theory and empirical data, etc. Especially with regard to the theoretical processing of the results of studies, I believe that the approach developed by Marx and Engels can provide theoretical tools to improve scientific practice.

Furthermore, the Marxist method contains theoretical tools that may help us find answers to contemporary philosophical problems. In many contemporary philosophical currents, agnostic positions generally prevail, with philosophers denying, one way or another, directly or indirectly, explicitly or implicitly, consciously or inadvertently, the ability of humanity to gain knowledge of objective reality or to know the essence of things. I believe that this even applies to many of the proponents of what is often called scientific realism. Their epistemological theories are often inspired by the method of what we often call ‘analytical philosophy’, based solely on formal logic while dismissing dialectical logic. The knowledge that they consider to be possible is often rather superficial. Categories such as essence or concept, as these are understood in dialectical philosophy, do not really have a place in their epistemology or are completely rejected. Furthermore, there is even a tendency in contemporary philosophy towards what I believe is a reactionary direction of unscientific, idealist positions. Positions that deny (the possibility of knowing) objective reality. This direction can in my opinion be observed in analytical schools, but also in schools of thought that are more inspired by what is often called the ‘continental tradition’. For instance, with subjective individual experience being elevated to the absolute criterion of truth or even as constitutive of reality (e.g. various currents inspired by postmodernism). The inability to grasp reality concretely and essentially, is often accompanied by a practical attitude that denies the possibility to radically change reality. At best, we can make some slight improvements. Such conservative attitudes can be observed in major contemporary currents in philosophy, both of the so-called analytic tradition and the continental tradition (a problematic distinction that I only use for the lack of an alternative). Through diverging paths, various currents in philosophy end up denying our ability to know the objective truth and to change it.

For these reasons, I believe it is rather unfortunate that Marxist epistemology is relatively unknown in academia nowadays. It used to be quite popular among all kinds of philosophers to quote or refer to Marx, and to some extent it still is today in some circles. But I believe philosophers have generally not been able to really assimilate the contribution of Marx and Engels. On the contrary, Marxist theory is often presented in an extremely simplistic and distorted way, which cannot provide answers to contemporary philosophical problems. Marxist philosophy is not a ‘closed’ system or list of dogmas, nor is the dialectical method some simple scheme of ‘thesis-antithesis-synthesis’, as it is often wrongly portrayed in academia. It is an open and in my opinion fruitful scientific approach to tackle the questions that arise when we try to understand the laws that govern reality. Building on the progressive and advanced elements of science and philosophy in their era, Marx and Engels made an invaluable contribution to the scientific method and the theory of knowledge, which can help us even nowadays to find tools to solve contemporary problems in philosophy in a radically different direction than many contemporary currents in philosophy.

In addition to the oversimplification and distortion of Marxist theory, Marx and Engels are still wrongly regarded as mainly social and political philosophers, and their contribution to theoretical philosophy, ontology, epistemology, logic and what we nowadays call ‘philosophy of science’ is often neglected. This is even reflected in philosophical education, where Marxist theory is often absent in subjects relating to philosophy of science. This makes it even more important to study Marx and Engels and improve our understanding of these milestones in the historical development of philosophy.

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