

## Re-reading both Hegel and Marx: The “new dialectics” and the method of Capital

*Relendo Hegel e Marx: A “Nova Dialética” e o método de capital*

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RESUMO: A “nova dialética” oferece uma nova interpretação do método de Marx. Sua faceta mais saliente é a ênfase em certos aspectos da lógica hegeliana para a interpretação dos escritos de Marx, em especial O Capital. Este artigo apresenta sistematicamente o argumento da “nova dialética” e os principais problemas dessa abordagem. Os últimos derivam da presunção de que a riqueza do concreto está contida na mercadoria e pode ser revelada apenas através da dialética. Essa visão é deficiente porque negligencia a influência de elementos historicamente contingentes na realidade concreta, e seu papel na análise de Marx. PALAVRAS-CHAVE: História do pensamento econômico; Marx; Hegel; dialética; metodologia da economia.

ABSTRACT: The “new dialectic” offers a new interpretation of Marx’s method. Its most salient feature is the emphasis on certain aspects of Hegelian logic for the interpretation of Marx’s writings, especially The Capital. This article systematically presents the “new dialectic” argument and the main problems with this approach. The latter derive from the assumption that the richness of the concrete is contained in the commodity and can be revealed only through dialectics. This view is deficient because it neglects the influence of historically contingent elements on concrete reality, and its role in Marx’s analysis.

KEYWORDS: History of economic thought; Marx; Hegel; dialectics; economic methodology. JEL Classification: B14; B12; B24; B31; B40.

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### 1. INTRODUCTION

This article evaluates the contribution of the so-called “new dialectics” (Arthur, 1993 b) to the on-going debate about the method underlying the labour theory of

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value. This relatively new interpretation adds much to the previous literature, but still needs to be adequately systematized and critically examined. The contribution of the “new dialectics” is important, first, because of the rigour with which it addresses the complex issues of the structure and logic of the labour theory of value and, second, because of the emphasis which it places upon the relationship between the dialectical method and economic analysis.

Even though the roots of the “new dialectics” can be traced back several decades (at least to Lukacs’ work in the early 20s; see, for example, Lukacs, 1971 [1922]), it was only in the late 80s that there was a consistent effort to consolidate and expand this body of knowledge. The distinguishing feature of the “new dialectics” is its emphasis on the relationship between Hegel and Marx. This includes not only the attempt to read Marx’s works with a view to Hegel’s method but, also, the search for a “Marxian” reading of Hegel. This does not imply that Marx’s critique of Hegel’s idealism is ignored (even though Marx himself never fully developed it), nor that there is an attempt to produce a synthesis of Hegel’s dialectics with Marx’s. On the contrary, the “new dialectics” emphasizes the need to re-interpret Hegel’s work with Marxian eyes; on this basis, new insights are sought with regard to the structure of Marx’s own work, especially *Capital*.

The early stage of elaboration of the “new dialectics” makes it difficult to pinpoint the main elements of this line of thought, distinguish it from previous analyses, and determine the body of work that belongs to it. In spite of this, in what follows an interpretation of the “new dialectics” is proposed. This is useful not only because of the careful presentation of the case for the “new dialectics”, but also because it allows the main problems with this view to be brought to light. In doing this, I draw heavily upon works by Fred Moseley, Patrick Murray, Ali Sham-savari and Tony Smith (even though their writings are not necessarily homogeneous in every respect) and substantiate their claims by recourse to earlier writings by Karel Kosik, E. V. Ilyenkov, Jindrich Zeleny and others.

This article has four sections. The second, after this introduction, discusses the case for the understanding of the labour theory of value as a systematic dialectic theory, which aims at the reconstruction in thought of the essential categories of the capitalist mode of production. This is one of the main claims of the “new dialectics”, and its implications need to be investigated in detail. The third analyses one specific issue, the starting point of *Capital*. The reasons why Marx chose the commodity as the starting point of the book, and the status of the commodity at this stage in the analysis, are questions that have been discussed for decades. This section spells out the perspective of the “new dialectics”, that sheds new light upon these issues. The fourth section summarizes the claims of the “new dialectics”, and critically evaluates their consistency and persuasiveness.

## THE LABOUR THEORY OF VALUE AS A SYSTEMATIC DIALECTIC THEORY

There are widely different interpretations of the method of analysis appropriate to the labour theory of value. Traditional views such as Engels' logico-historical approach have been popular for decades (Engels, 1981b [1895]; for a critique, see Shamsavari, 1991). Althusser's structuralism has also been influential, especially between the late 60s and the mid 70s (Althusser, 1969 [1965a], 1970 [1965b]; see, however, Hunt, 1984, and van Parijs, 1979), and the so-called Analytical Marxism is now in vogue in the United States and other countries (Roemer, 1986; the claims of Analytical Marxists are confronted by Lebowitz, 1994a, and Smith, 1993a). The controversies sparked by different views of Marx's method have played a significant role in the development of the labour theory of value, and there are reasons to believe that they will be at least as lively in the future.

It is doubtful, however, that these disputes would have become as far-reaching, and developed such a prominence, if Marx had been less cryptic in his writings (especially *Capital*) with regard to his own method. In the postface to the second edition of *Capital 1*, for example, Marx notes that "the method employed in *Capital* has been little understood" (K1, p. 99). This conclusion is confirmed by the widely different opinions of translators and reviewers of the book. Unfortunately, Marx avoids a more detailed analysis of the subject, and modern readers are left unsure about Marx's view of his own method.

This reticence can be explained in at least two (not mutually exclusive) ways. For Arthur (1993a, pp. 63-4), this is due to Marx's own lack of clarity on the matter, especially with regard to his own relation to Hegel. For Smith (1993b, p. 47), Marx deliberately downplayed the method of *Capital* to make the book more accessible to his working-class readers. Therefore, Smith's conjecture indicates that the tension between the complexity of the book's content and Marx's desire to find an attractive form of exposition led him to neglect the explicit consideration of methodological issues and may even have led him to include more historical material than would be strictly necessary.

Whilst it is relatively easy to accept Smith's position, especially in view of some of Marx's letters and the Preface to the French edition of *Capital 1*<sup>2</sup>, Arthur's argument demands more careful scrutiny. If it is true that Marx was unclear about important methodological issues affecting his own work, especially the relation of his own method with Hegel's, the consequences would be far-reaching for modern

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<sup>1</sup> In this article *Capital* is referred to as K, the Theories of Surplus Value as TSV, and the Grundrisse as GR. All italics in quotations are original unless otherwise stated.

<sup>2</sup> In a letter to Engels on December 8, 1861, Marx says that his new book (*Capital*) "will nonetheless be much more popular and the method will be much more hidden than in part 1 [the Contribution]" (quoted in Murray, 1988, p. 109). In the preface to the French edition of *Capital 1* Marx approves of the transformation of his book into a serial, in which case "the book will be more accessible to the working class, a consideration which to me outweighs everything else" (K 1, p. 104).

interpretations of the labour theory of value. This thorny issue cannot be resolved here. The approach discussed in this article presumes that it is possible to interpret the labour theory of value as a systematic dialectic theory. This perspective emphasizes the relationship between Marx's method and Hegel's dialectics, which has recently been the subject of renewed attention from distinct perspectives.<sup>3</sup>

This approach does not imply that other interpretations of the labour theory of value should be rejected, nor does it claim that every aspect of *Capital* (or of Marx's earlier works) is a necessary step for the dialectical reconstruction of the capitalist mode of production in thought. However, it contends that the main features of *Capital*, and its inner logic as a whole, can be understood from this point of view (see Smith, 1993b, p. 25).

When considered as a systematic dialectic theory, the labour theory of value is a theory of categories. These categories belong to distinct analytical levels, some simpler and relatively abstract (value, labour power, etc.), and others more complex and concrete (market price, land rent, and so on).<sup>4</sup> For Smith (1993a, p. 115), a theory follows a dialectical logic if: (i) categories that articulate simple and abstract social structures are ordered prior to categories that define more complex and concrete structures and (ii) each category fixes a structure that incorporates the structures presented in the prior categories and in turn is incorporated in the structures fixed by subsequent categories. In this sense early categories are principles for the derivation of later ones.

For the "new dialectics", scientific investigation should be organized around the construction of organized systems of categories, because thought cannot immediately apprehend the complex determinations of the concrete. The concrete is complex for two reasons; first, because the form of appearance of the phenomena does not immediately reveal their essence, or inner relations.<sup>5</sup> For Hegel (1991 [1830], 1993 [1812-1816]), the appearance is the necessary form of manifestation of the essence because the essence has no immediate existence. As the essence can

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<sup>3</sup> The Hegel-Marx connection was regarded as highly important by Lenin (1972 [1929]) for whom, as is well-known, "[i]t is impossible completely to understand Marx's *Capital*, and especially its first chapter, without having thoroughly studied and understood the *whole of Hegel's Logic*" (p. 180; see also p. 319). The relationship between Hegel and Marx is discussed by Banaji (1979), Fracchia & Ryan (1992), Llyenkov (1982 [1979]), Moseley (1993), Murray (1988, 1993), Rosdolsky (1977 [1968]), Shamsavari (1991), Smith (1990, 1993a, 1993 b) and Zeleny (1980 [1972]); for a different opinion, see Colletti (1973 [1969]).

<sup>4</sup> Marx uses the term "concrete" in two distinct circumstances. First, to distinguish the actual from the conceptual and, second, to distinguish, within the sphere of the conceptual, concepts that are more or less determinate in thought. The latter meaning is used here; the former is used below; the context should make the meaning of the term unambiguous. By the same token, the term "abstract" also has two different meanings: first as an empty, simple or deficient concept, poor in determinations and alienated from concrete reality; second, as the concept itself, that is determined through reasoning and plays a necessary role in the identification of the essence of things.

<sup>5</sup> Hegel and Marx use the term phenomenon for the merely apparent, that has no relation with the real, and for the visible side of the essence. The latter is the sense of interest in these pages.

appear only as phenomenon, its form of manifestation simultaneously conceals it. The contradiction between immediacy and reflection intrinsic to the essence implies that the reality is more than a collection of sensuous phenomena; on the contrary, it is the unity of the essence itself and its forms of appearance.<sup>6</sup>

However, this is not the only justification for the above stance. The second reason why the concrete is complex is that nothing exists in isolation but only in a system with other things. In other words, the concrete is a complex whole, and it has organic unity. Despite the fact that this system is logically prior to each particular thing, it does not appear as such. The only way to recognize that each thing is an element (moment) of a concrete system of interacting things, or a concrete manifestation of a system of relations, is through the progress of scientific analysis from the abstract to the concrete, or through the step-by-step combination of particular definitions into an overall picture of reality (see Ilyenkov, 1982 [1979], p. 57, and Murray, 1993).

For this reason, science is not merely the work of piercing through the externally given forms of appearance to reveal the underlying essence. There is another side to it: scientific analysis must also show why the appearances belong to, and are a necessary aspect of, the essence. This can be done only through the identification of the mediations whereby the essence of phenomena is expressed through their form of appearance:

The concrete and material have a depth level underlying its surface level of appearances. The task of thought is first to pierce through the appearances to that depth level ... and then to proceed to the mediations that connect the depth level with the given appearances. To fulfil this task, it is not sufficient for thought to assert its independence; it must assert its primacy over the appearances generated by the real process. A dialectical reconstruction of categories allows for this ... [Hence, the] intelligibility of the concrete and material can only be grasped through asserting the priority of the thought process over how the concrete and material is given in appearances. (Smith, 1990, p. 37, emphasis omitted.)

Therefore, the concrete understanding of the relationship between essence and appearance can be achieved only through a two-way process; first, the essence should be grasped by means of an analysis that departs from the appearance; second, the intrinsic relationship between the form of appearance and the essence should be accounted for. As a result, the features of the appearance are explained by virtue of the underlying essence, and the reality is recognized as a complex logical figure that comprises the essence, the appearance which reflects it, and the

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<sup>6</sup> It follows that, for Hegel, laws derived from the immediate appearances (empirical regularities) lack explanatory power, because they do not contain the proof of their objective necessity.

form of their necessary interdependence.<sup>7</sup> For the “new dialectics”, this is precisely the work that Marx sets out to do in *Capital*. With this aim he took over Hegel’s dialectical logic, modified it, and developed his own method for the systematic reconstruction in thought of the essential categories of the capitalist mode of production.<sup>8</sup>

The soundness of this method and the validity of its results are contingent upon two requirements. First, the contradictions in the simpler concepts should be the source of the more complex ones. However, the latter should not reject the former; instead, the more complex forms of the concept should reveal the inner potential of the simpler ones in a more concrete context. Second, every concept or category should be introduced by means of the procedure outlined above; in particular, no assumption should be made with regard to the structure of the inquiry, the role of each concept in it, or their interrelations, unless it derives from the process of unfolding of new concepts from more abstract ones. In addition, the analysis should take into account the fact that, since all concepts are linked, the sublation<sup>9</sup> of a concept by others (or the sublation of a form of the concept by a more complex one) often changes the meaning of other concepts.<sup>10</sup>

According to the “new dialectics”, the systematic evolution of the analysis objectively determines which contradictions or concepts should be developed, or unfold, at any given point. Because of this intrinsically dynamic framework, concepts at distinct levels of abstraction always coexist in dialectical analyses. More-

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<sup>7</sup> This approach may be used to shed light on Marx’s critique of Ricardo’s value theory. According to Marx, Ricardo’s (correct) identification of labour as the essence of value is insufficient, because Ricardo should also have shown why the essence appears as it does, or why and in which circumstances does labour appear as value. The “Ricardian socialist” idea that a “labour-money” would do away with economic crises suffers from a similar inability to link essence with appearance (see Saad-Filho, 1993). In contrast, in his account of the value-form Marx not only identifies the essence of value, but also why value appears as price.

<sup>8</sup> For Smith (1993a, p. 37), Marx’s aim in *Capital* is “to trace ‘the intrinsic connection existing between economic categories or the obscure structure of the bourgeois economic system ... [to] fathom the inner connection, the physiology, so to speak, of the bourgeois system’” (TSV2, p. 165). This is nothing more than the Hegelian goal of reconstructing the world in thought through working out a systematic theory of categories’ (emphasis omitted). See also pp. 15-20, Banaji (1979, pp. 19-20), Kosik (1976, pp. 2-3), and Murray (1988, pp. 40-5, 158-9).

<sup>9</sup> The word “sublate” is used as the English equivalent of Hegel’s “Aufhebung” (to preserve the previous category while clearing away and substituting it). “Supersede” and “suspend” have also fulfilled a similar role in the literature; see Hegel (1991 [1830], pp. xxxv-xxxvi and 154).

<sup>10</sup> This complex issue is discussed further by Arthur (n.d.), Engels (1981a [1894]), Murray (1988, 1993), Shamsavari (1991), and Smith (1990, 1993a, 1993b). This has not escaped the attention of the more careful analysts of Marx’s work. For example, in their study of the composition of capital, Groll & Orzech (1989, p. 57) point out that “[t]he basic difficulty in fully grasping the meaning and significance of the composition of capital is rooted in Marx’s methodological approach to his economic research. Being strongly influenced by Hegel’s method, Marx’s concepts have a dynamic meaning in their appearances and transformations. His categories rarely have the straightforward, unequivocal meanings so familiar to, and expected by, the modern economist. On the contrary, they usually have multiple, sometimes complementary, and sometimes contradictory, meanings”.

over, the evolution of the reconstruction of the concrete in thought depends upon the development of the contradictions within concepts and between interrelated concepts. Unless these steps are followed at every stage, the analysis becomes prone to logical faults, which may eventually handicap its development and lead it astray.

As the investigation progresses, successive levels of abstraction are bridged, and the analysis encompasses more and more concrete features of reality; in other words, it gradually reconstructs the concrete:

Ascending from the abstract to the concrete is a movement for which every beginning is abstract and whose dialectics consists of transcending this abstractness ... Ascending from the abstract to the concrete ... is the dialectics of the concrete totality in which reality is intellectually reproduced *on all levels and in all dimensions*. The process of thinking not only transforms the chaotic whole of ideas into a clear whole of concepts; but in this process, the whole itself is outlined, determined and comprehended, too. (Kosik, 1976, p. 15; see also GR, pp.100-2.)

An inquiry which follows this approach can never be completed, because all concepts are intrinsically contradictory and subject to further transformation and greater determination. For the “new dialectics”, this is not a defect of this method but, rather, one of its virtues, because it recognises that the elements and properties of the reality are endless. However, it should be pointed out that the construction of the categories that capture the essential features of the real world is quite distinct from an attempt to bridge the gap between thought and reality, and present an all-encompassing explanation of certain aspects of life. This would be a self-defeating exercise, because thought is unable to overcome the intrinsic autonomy of the material world, regardless of the complexity of the analysis:

The dialectics of the concrete totality is not a method that would naively aspire to know all aspects of reality exhaustively and to present a “total” image of reality, with all its infinite aspects and properties ... Rather, it is a theory of reality as a concrete totality. This [is a] conception of reality, of reality as concreteness, as a whole that is structured (and thus is not chaotic), that evolves (and thus is not immutable and given once and for all), and that is in the process of forming (and thus is not ready-made in its whole, with only its parts, or their ordering, subject to change). (Kosik, 1976, p. 19.)<sup>11</sup>

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<sup>11</sup> In other words, the aim of the exercise is not merely an asymptotic reconstruction of the real *per se*, but to use the knowledge thus obtained as a means to intervene in reality. In this sense, Marx’s dialectics is a philosophy of praxis (see Elson, 1979b, and Sanchez Vazquez, 1977 (1966)).

### 3. THE STARTING POINT OF *CAPITAL*

The systematic reconstruction of the reality in thought requires the identification of some starting point for the analysis. This is the single, most abstract and fundamental concept of the appearances. These characteristics make this concept a *cell-form*, whose gradual unfolding should lead, through a series of mediations, to the reconstruction of the concrete. The identification of this concept is the *salto mortale* of Marx's method, because the failure to select the correct starting point will prevent the analysis from accounting for important aspects of reality or lead to inconsistency.

It was seen above that a dialectical theory of categories necessarily departs from the real and concrete; however, as the immediate perception of the whole does not lead to knowledge of its inner structure, the sensuous experience of the concrete needs to be theorized. Therefore, the starting point must be an element of reality, but a very specific one, whose identification is already the first result of the application of the dialectical method (see Arthur, 1992, and Smith, 1990).

Marx could not begin *Capital* with the analysis of value (even though this is the measure of capitalist wealth), nor with the dissection of the concept of capital (although this is the subject of the book and the most important relation of production in capitalism), because these concepts cannot immediately be grasped from the inspection of reality; they need to be developed on the basis of other, relatively simpler concepts. It took Marx many years of study, and several attempts, until he identified the commodity as the adequate starting point for his book.<sup>12</sup> The commodity was chosen because it is the immediate, elementary, and actual unit of wealth in capitalism. As this is a legitimate cell-form, the unfolding of the contradictions in the concept of commodity allows concepts such as value and capital to be introduced into the analysis (see GR, pp. 100-2, Marx, 1989 [1930], p. 544, and Campbell, 1993).

The fact that commodities exist in several previous modes of production does not disqualify this concept as the adequate starting point for a reconstruction of capitalism in thought. However, it indicates that in Marx's analysis this term has two distinct meanings; first, it stands for commodities as the product of commodity-producing labour in general, a form that has existed for millennia and is one of the historical premises of capitalist production. Second, it means commodities as the product of labour performed under capitalist social relations. The difference between these meanings of the term lies on the fact that, under previous modes of production, the production of commodities does not exist for itself, while in capitalism it acquires independence and necessity.<sup>13</sup>

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<sup>12</sup> The process of identification of the commodity as the starting point of *Capital* is retraced in Echeverria (1978, 1980).

<sup>13</sup> "The choice of the capitalist commodity as the starting point of Capital means that the latter is the most important meansurplus value created by it" (TSV3, pp. 112-3).



The choice of the capitalist commodity as the starting point of *Capital* means that the latter is the most important meaning of this concept in Marx's work. As the commodity which is the starting point belongs to the mode of production that is to be explained, this is a legitimate concept, that expresses a concrete universal, and not an abstract universal or a general notion. The distinction between concrete and abstract universals is very important and must be scrutinized further.

*Abstract universals* are determined through empiricist analysis; they are formal abstractions based on superficial resemblance, and they directly comprehend all particulars without exception (otherwise they would not be universals). In other words, they are determined through the investigation of the external relations, or through abstraction from the phenomena concerned (Gunn, 1992, p. 23). From the standpoint of dialectics, abstract universals are useful but provide little scientific understanding, because they cannot account for the specificities of the objects that they represent.<sup>14</sup>

*Concrete universals* are determined through concrete abstraction, or by abstraction *in and through* the phenomena. Concrete universals express the objective essence of the phenomenon, and have a genetic relation with the particulars (see below). From the viewpoint of dialectics only concrete abstraction provides real understanding, because science deals with the actual, and the actual is complex and determinate. As concrete abstraction points towards the internal relations of the subject, it allows the identification of the cell-form of the particulars. The cell-form should be understood in the double sense of expressing the specific concrete content of the particulars, or their most general characteristic, and of expressing not some arbitrary form of development of the object, but only that which constitutes the actual foundation from which the particular forms develop:

A concrete universal concept comprises in itself “the wealth of the particulars” in its concrete definitions – in two senses ... First, a concrete universal concept expresses in its definitions the specific concrete content (the internal law-governed structure) of a single, quite definite form of the development of an object under study. It comprises in itself “the whole wealth” of the definitions of this form, its structure, and its specificity. Second, it does not express in its definitions some arbitrarily chosen form of development of the object as a whole but that, and only that,

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<sup>14</sup> “*Production in general* is an abstraction, but a rational abstraction in so far as it really brings out and fixes the common element and thus saves us repetition. Still, *this general category*, this common element sifted out by comparison, is itself segmented many times over and splits into different determinations. Some determinations belong to all epochs, others only to a few. {Some} determinations will be shared by the most modern epoch and the most ancient. No production will be thinkable without them; however ... just those things which determine their development, i.e. the elements which are not general and common, must be separated out from the determinations valid for production as such, so that in their unity-which arises already from the identity of the subject, humanity, and of the object, nature-their essential difference is not forgotten” (GR, p. 85; the term in curly brackets was added by the editors).

form which constitutes the really universal basis or foundation on which “the whole wealth” of other formations grows. (Ilyenkov, 1982 [1979], pp. 84-5.)<sup>15</sup>

As the categorial reconstruction of the concrete is predicated upon the existence of the developed system, the logical unfolding of the concepts discloses the inner logic of development of the concrete, and not the actual process of its becoming (its historical genesis). This indicates that the main objective of *Capital* is the reconstruction of the capitalist mode of production in its actuality, and not its historical genesis – which helps explain why *Capital 1* starts with the (capitalist) commodity, and not with the analysis of primitive accumulation or commercial capital. In other words:

[I]t is only [the] logical development of categories that is guided by the relation in which the elements of the analysed concreteness stand to one another in the developed object, in the object as the highest point of its development and maturity, that discovers the mystery of the genuine objective sequence of the formation of the object, of the moulding of its internal structure ... Logical development of categories in science contradicts temporal sequence exactly because it corresponds to the genuine and objective sequence of the formation of the concrete structure of the object under study. Herein lies the dialectics of the logical and the historical. (Ilyenkov, 1982 [1979], pp. 218, 221.)

As the stages of theory do not have to coincide with those of history, *Capital 1* can start with the analysis of the commodity, without any implication, for example, that “simple commodity production” historically preceded capitalism (as is presumed by Engels, 1981b [1895]; for a critique, see Anderson, 1983, Shamsavari, 1991, and Weeks, 1981). On the contrary, the beginning of *Capital 1* implies that the production of commodities is the most abstract feature of capitalist production.<sup>16</sup> In other words, the value-form analysis in the beginning of *Capital 1* presumes that value is capital’s most abstract determination, and not that value is the historical germ of capital. The fact that the starting point of *Capital* is the capitalist commodity has, of course, no bearing upon the existence or the importance of

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<sup>15</sup> See also pp. 48, 76-83 and Murray (1988, pp. 121-2, 143-4). For a comparison between dialectics and formal logic, that works with abstract universals, see Gunn (1992) and Kay (1979). For a critique of the method of classical political economy, that is based upon the search for abstract universals, see TSV2, pp. 106, 164-5, 191, Murray (1988, pp. 117-23, 144), Pilling (1980, pp. 25-8 and 72-4) and Shamsavari (1991, pp. 87-90).

<sup>16</sup> *Capital I* begins (p. 125) with the following statement: “The wealth of societies in which the capitalist mode of production prevails appears as an ‘immense collection of commodities’; the individual commodity appears as its elementary form. Our investigation therefore begins with the analysis of the commodity”. The expression “in which the capitalist mode of production prevails” is essential, for it situates the concrete from which the analysis departs.

commodity production in other modes of production; more generally, it suggests that the argument and conclusions of the book do not have immediate application for modes of production other than capitalism (see Arthur, 1992, p. xiii, and Smith, 1993a, p. 102).

It follows that, for the “new dialectics”, even though large passages of *Capital* contain historical analysis the ordering of the categories in the book is essentially logical, and the role of historical investigation is of secondary importance. On this issue the “new dialectics” follows the opinion in the *Grundrisse*:

It would ... be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modern bourgeois society, which is precisely the opposite of that which seems to be their natural order, or which corresponds to historical development, (*Grundrisse*, p. 107)<sup>17</sup>

Therefore, the commodity with which *Capital* begins is a capitalist (and not historically general) product, and a concrete universal (and not an abstract universal or general notion). In other words, the starting point of *Capital* is the concrete, but the concrete as a category unifying all particular forms which it may assume in reality. Because of this, the commodity as the starting point of *Capital* is not any particular good, but the manifold of commodities that are produced and exchanged under capitalism.

However, this raises one problem; if *Capital* departs from the capitalist commodity, and if the most important objective of the book is the reconstruction of capitalism in thought, how can Marx’s method be distinguished from Hegel’s, where the last category supposedly validates the choice of the first and, given the first category, the last logically follows?

For the “new dialectics”, the main difference lies in the criteria for the verification of their theories. Hegel’s system is idealist, because it cannot be verified outside the sphere of ideas, while the results of Marx’s investigation are validated through material praxis. Therefore, the adequacy of the (capitalist) commodity as the starting point of *Capital* is granted not only by the power of the labour theory of value to reconstruct the dynamics of capitalism on its basis, but also by its capacity to identify the fundamental relations of this system, and the limits of capitalism’s ability to accommodate economic and social change.<sup>18</sup>

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<sup>17</sup> In other words, “the method of rising from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the concrete in the mind. But this is by no means the process by which the concrete itself comes into being” (GR, p. 101). See also p. 103, K3, p. 400, Banaji (1979, pp. 29-30), Murray (1988, p. 182), Shamsavari (1991, pp. 73-5), and Smith (1993a, p. 102). For a different view, see de Brunhoff (1973).

<sup>18</sup> The ‘distance between thought and reality’ is, of course, bridged by thought in works of theory, since the formulation of concepts in social science comes by definition through thinking. Whether this distance

Once the concept of commodity is adequately grasped, the labour theory of value uses it to construct the concept of capital and many others. The construction of these concepts is necessarily a gradual process, with several mediations (for example, before he develops the concept of capital, Marx discusses exchange value, abstract labour, money and surplus value). Marx held that it could not be otherwise:

To develop the concept of capital it is necessary to begin not with labour but with value, and, precisely, with exchange value in an already developed movement of circulation. It is just as impossible to make the transition directly from labour to capital as it is to go from the different human races directly to the banker, or from nature to the steam engine. (GR, p. 259.)

Therefore, the “new dialectics” holds that if the starting point of the inquiry is correctly identified from the analysis of the concrete, it is possible to reconstruct the original concrete through a rigorous scientific procedure, based upon the gradual unfolding of new concepts from the contradictions in other, relatively less developed ones. If this procedure is firmly adhered to, it should eventually be possible to achieve a rich, complex and dynamic (but never complete) representation of the concrete in thought.

#### 4. CONCLUSION

This article has made a systematic presentation of the principles of the “new dialectics”. This approach to Marx’s method conceives the labour theory of value as a systematic theory, whose main objective is the reconstruction in thought of the essential categories of the capitalist mode of production. This reconstruction should be achieved through the application of the rules of dialectical logic. It should start from the identification of the cell-form of the concrete that is to be reconstructed, which is done through concrete abstraction. The contradictions in the cell-form (in this case, the commodity) lead to the determination of relatively simple and abstract concepts (use value, exchange value, money, etc.). Their gradual unfolding unveils other concepts, more complex and concrete (capital, rate of profit, market price, and so on). As this process continues, a systematic and consistent reconstruction of the real gradually develops in the mind.

Because of the method employed, the meaning of the concepts, the level of abstraction of the inquiry, and the connection between different concepts are objectively determined. Therefore, no concept can legitimately be introduced into the analysis except through the development of the contradictions in more abstract

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is *truly* bridged or not, is, as Marx puts it, to be judged *truly* in practice, in ‘the general process of social, political and intellectual life’. The ‘process of knowledge itself does not ... confer ‘validity’” (Carver, 1980, p. 217-8).

ones, and no concept or assumption can be arbitrarily imported from the outside nor imposed by the analyst.

The “new dialectics” holds that the rigorous application of this method should reveal the links between essence and appearance and, thereby, explain the (deceptive) forms of appearance of the phenomena. The ability to reconstruct a complex reality from the development of the contradictions in its cell-form, through this procedure, gives scientific character to the inquiry and prevents it from being arbitrary. When applied in the context of the labour theory of value, this method should lead to the identification of the main characteristics of capitalism, the sources of its dynamics, and the ultimate limits of this system.

This approach is elegant and appealing, and Marx makes extensive use of a similar procedure; the “new dialectics” has therefore much to add to previous analyses of the structure and content of Marx’s work. Nevertheless, the analytical principles espoused by the “new dialectics” are troubled by two fundamental difficulties, which have neither been clearly spelled out in the past, nor satisfactorily addressed by its proponents.

The difficulties are the following; first, the “new dialectics” needs to prove that the unfolding of two distinct concepts, used as alternative starting points, *necessarily* leads to substantially different outcomes, of which at least one is analytically unacceptable. In the context of *Capital*, this question implies that, if the unfolding of some other concept also led to the reconstruction of the capitalist economy in thought, there would be no *immanent* reason to select the commodity as the starting point of the book. This is a serious problem, that concern the rationale for the choice of the commodity (and not any other concept) as the starting point of *Capital*.

The second problem is even more important, and its implications are potentially more far-reaching. The “new dialectics” also needs to prove that the choice of the correct starting point and the application of the dialectical method are *sufficient* to reconstruct the concrete. This has to do with the *internal consistency of the approach*. This difficulty may also be expressed as follows. If the unfolding of a relatively abstract concept does *not* lead to the introduction of the relatively more concrete concepts necessary for the further progress of the analysis, or if the inquiry *needs* the periodical incorporation of social and historical elements that cannot be derived from within the analysis, some of the central claims of the “new dialectics” would be seriously weakened.

The two problems raised above belong to Hegelian studies and cannot be addressed here in detail. However, it is doubtful whether the “new dialectics” can pass the test of consistency unscathed. For, as the state derivation debate of the 70s has shown (see Clarke, 1991, Holloway, 1994, and Lebowitz, 1994b, it is very difficult, if not impossible, to conceptualize the capitalist state in a strictly logical framework which departs from the contradictions in the commodity (at least if the charges of functionalism and/or reductionism are to be avoided). By the same token, it is difficult to derive the contemporary predominance of inconvertible paper money directly from the value-forms in *Capital 1*, which Marx uses to derive the concept of

money, or to understand the (changing) limits of state intervention in the economy purely through the analysis of the logic of capital.

In more general terms, the notion that the wealth of the concrete is contained in the commodity and can be revealed by the application of dialectics alone smacks of *idealism*, because it presumes that capitalism can be reconstructed in thought purely through abstract analysis, regardless of the historical context. (Even though the “new dialectics” indicates that historical research may be required at some stage, its role is little more than to fill out the pre-determined structure of the system.) This leaves little space for class relations or class conflict to influence the shape and evolution of the system and raises the question of how capitalism can be transcended – certainly an important issue for Marx (see Bonefeld, 1992, Fracchia & Ryan, 1992, and Holloway, 1992).

This seems distant from Marx’s own perspective, that presumes that reality cannot be reduced to concepts. The conceptual presentation that Marx adopts in *Capital* is surely necessary in view of his method and goals, but it cannot be argued that it is sufficient. For one of the most important points of *Capital* is that the concrete is specific and historically determinate, and it is in perpetual motion because it is subject to intervention, and therefore shaped, by conflicting social forces. This constantly alters the original concrete and requires corresponding changes in the analysis. The need for, and nature of, these changes cannot be grasped by thought processes alone, but only by the concrete analysis of the (changing) reality. Hence, unless the limits of the use of dialectics are recognized, and unless historical analysis is accepted as an intrinsic part of Marx’s method of investigation and of his method of exposition, the use of dialectical logic in the reconstruction of capitalism in thought runs the risk of degenerating into idealist speculation.

It is the (implicit) recognition of these limits that leads Marx to incorporate periodically masses of social and historical material into his analysis, whose role cannot be reduced to an accessory. This does not imply any concession to “vulgar” empiricist analysis but, rather, his admission of the fact that reality cannot be reduced to concepts. The neglect of this important aspect Marx’s method shows that the principles of the “new dialectics” cannot account for all the most important traits of *Capital*, as is claimed by its proponents.

In sum, what the “new dialectics” fails to appreciate is that the requirement that complex concepts should be derived from the contradictions in simpler ones is not the most important feature of Marx’s method. Rather, what matters most is why, how and when new concepts and new material should be incorporated into the analysis, such that it becomes richer, more solid, and better able to reconstruct the concrete. In my opinion, this complex issue should be at the core of future investigations with respect to the nature of Marx’s method, in *Capital* and elsewhere. Thus, in spite of the substantial contribution that the “new dialectics” has given to the understanding of Marx’s method and the content of his works, this perspective seems insufficient to capture either the wealth of the concrete or the wealth of the analysis in *Capital*.

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