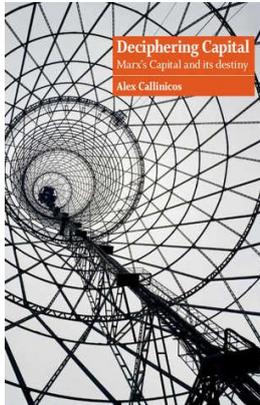


Review: Alex Callinicos, *Deciphering Capital*

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Alex Callinicos, *Deciphering Capital* 2014 Bookmarks, £14.99

Decoding Marx's Economic Logic

In *Deciphering Capital*, Alex Callinicos adds an important contribution to the list of commentators who see *Capital* as the crowning achievement of political economy. As Callinicos himself relays, the length and depth of the economic crisis, coupled with a renewed contestation of the capitalist system has stimulated considerable interest in Marx's masterpiece.¹ Yet reading *Capital* is no easy matter. For starters, there are well over 2000 pages in the three published Volumes, not to mention the *Grundrisse*, the *Theories of Surplus Value* and the various editions of *Volume One*. The sheer magnitude of Marx's output is something Callinicos refers to, as he follows Enrique Dussel in distinguishing the various manuscripts that Marx developed from 1857 onwards.² Alongside this quantitative barrier to reading *Capital* is the sheer complexity of its central categories. Throughout *Capital*, Marx repeat-

edly warns his readers to be on the lookout for deceptive appearances. To the casual observer it can easily *appear* that workers receive the value of their labour, just as it *appears* that capital is the source of all profits. Marx is determined to expose the flaws in each of these appearances, but he also insists that they are more than mere subjective illusions. On the contrary, it is the very structure of capitalist social relations that makes them appear to our senses in ways that are often one-sided and/or distorted. In order to cope with this difficulty, Marx had to build a system of categories designed to expose the inner workings of the capitalist system at the same time as they exposed the concrete manifestations of these relations in everyday life. This turned out to be a remarkably difficult feat to achieve. Through a process of endless writing and rewriting, Marx gradually developed a framework capable of coping with the multi-layered complexity of capitalist society. This project was far from finished at the time of his death, and yet for all of his equivocation, Marx laid down one of the towering monuments of human thought.

In order to make sense of this achievement, Callinicos divides his book into two main sections. In the first half, he develops a compelling narrative about the formative influences on Marx's thinking. This is the most satisfactory part of the analysis, as Callinicos brings considerable resources to bear on the question of Marx's debts to Ricardo and Hegel. In the second part of the book, Callinicos engages in a series of contemporary debates around the nature of value, the marginalisation of

¹Callinicos, A. (2014) *Deciphering Capital - Marx's Capital and its Destiny* p. 13.

²*Ibid*: 27.

labour, the nature of Marx's crisis theory and the relevance of *Capital* today. Here the breadth of knowledge is similarly impressive, however one gets the feeling that Callinicos has missed a trick in the way that he has structured this material. In the opening three chapters, Callinicos makes much of the need to order concepts so that one moves from the abstract (universal) to the concrete (particular). Callinicos calls these early chapters the 'heart of the book' and yet rather than developing his primary narrative through a consistent application to Marx's categories, he offers four subsequent chapters that feel overly eclectic. Each chapter is packed full of insightful suggestions, but the end result is a narrative that is less coherent than it could (and possibly should) have been. This review will consequently focus on the opening three chapters before briefly looking at how they might have been more fruitfully applied.

Feuerbach through Ricardo and Beyond...

Deciphering Capital is at its very best when describing the process of Marx's formation. Cutting against any tendency to sanctify (or vilify) Marx, Callinicos depicts a conscientious researcher who gradually constructs his economic categories by writing furiously about them. In his *Manuscript of 1861-63*, Marx meanders through hundreds of pages of reflections on the nature of (absolute) rent. In these preparatory notes, the train of his thinking can often seem chaotic, but it is through the process of drafting and redrafting, that Marx develops his analytical depth.³ Marx's unusual appetite for extreme hard work helps to explain his theoretical bril-

liance, but this also developed through a number of 'phases' that Callinicos discusses.⁴ The period from 1844 until 1847 sees Marx engaged in a broadly humanist critique of classical political economy. In this initial period, Marx essentially accepts the descriptions of the world given by the political economists, before reinterpreting them through the conceptual lens of alienated labour. Taking up a proletarian class position was no doubt partly responsible for this re-interpretation as Marx lambasted Ricardo for the cold and impersonal nature of his abstractions. By 1847, Marx starts to register the power of the Ricardian analysis. Indeed, Ricardo's abstract method now becomes laudable in two interrelated senses. First off, it more accurately depicts the treatment of wage labour under the *Capitalist* system. Secondly, it allows Ricardo to make important scientific advances by dispassionately moving from the economic facts to a number of seemingly disconnected observations,

Ricardo shows us the real movement of bourgeois production which constitutes value. Ricardo establishes the truth of his formula by deriving it from all economic relations, and by explaining in this way all phenomena, even those like rent, accumulation of capital and the relation of wages to profits, which at first sight seem to contradict it; it is precisely that which makes his doctrine a scientific system.⁵

By 1847, Marx had realised that abstracting from reality is an essential procedure for developing concepts that can subsequently explain that same reality. Ac-

³*Ibid*: 33.

⁴*Ibid*: 44-54.

⁵Marx quoted in Callinicos (2014: 50).

cordingly, Ricardo had to abstract his key organising concept (value) from observable economic relations (and other theories of course!) before using this concept to explain the workings of a whole series of secondary phenomena (rent, wages etc). The fact that the latter often *seem* to contradict his organising concept only adds to its scientific validity. At this stage, Ricardo's concepts are taken as an accurate description of the social relations of capitalist society, with Marx even endorsing the deductive means by which he moves from the abstract (value) to the more concrete (rent and wages).⁶

All of this changes from 1857 onwards. Beyond any specific conceptual changes, Marx's *Grundrisse* reveals a far greater preoccupation with the construction and ordering of economic categories than had previously been the case.⁷ According to Callinicos, this is because Marx now realises that the ordering of his categories will have to be correct if he is to lay out the complex structure of the capitalist economy. To initiate this methodological revolution, Marx draws significantly on Hegel's *Science of Logic*, however Callinicos is quick to point out that it is Ricardo that continues to stimulate Marx's economic enquiries. In a process that mirrors his earlier development, Marx uses Hegelian resources to get beyond Ricardo, only to gradually recognise the limitations that are carried into his own system by so doing.

What are these Hegelian supports? Callinicos argues that Hegel offers Marx a conception of scientific investigation that moves beyond the contingency of deductive-empiricism. This is the conceptual centre of the narrative, as Callinicos

shows the flaws in Ricardian empiricism, the potential residing in Hegelian dialectics and the problems that flow from Hegel's idealistic system.

According to empiricism, scientific explanation moves in two clear stages. In the first stage the theorist hypothesises an (arbitrary) principle from *direct confrontation* with observable reality. In the second stage he/she moves to subsume a large number of secondary (observable) phenomena under the hypothetical principle (covering law) that has been erected. How does this model function for Ricardo? In the Ricardian system the value concept is the hypothesis upon which he founds his analysis, however more than any previous theorist, Ricardo also understands the capitalist economy as a complex mechanism moved towards equilibrium by the profit seeking behaviour of the individual capitalists.⁸ The *law of the equalization of the rate of profit* is the outcome of this process, but there is a serious problem in the conceptual relations between these two laws. Instead of being able to subsume the workings of the law of profits under his initial hypothesis, Ricardo finds that it contradicts it. If commodities exchange according to their labour values, then the rate of profit will vary from industry to industry as production conditions change. Alternatively, if profit rates are equalised by flows of *Capital*, then commodities cannot exchange according to the amount of labour needed for their production.⁹ Moving from the abstract (value) to the concrete (profits) therefore reveals a conceptual incoherence at the heart of Ricardo's theory. Marx wants to keep the labour theory of value as his foundational concept, but in order to make it compatible with more concrete

⁶ *Ibid*: 50.

⁷ *Ibid*: 52.

⁸ Rubin. II. (1979) *A History of Economic Thought* p. 241.

⁹ Callinicos, A. (2014) *Deciphering Capital - Marx's Capital and its Destiny* p.85.

categories, he needed to uncover the flaw in Ricardo's empiricist method.

In his *Manuscripts of 1861-83*, Marx argues that Ricardo's deductivism results in two interrelated methodological errors. On the one hand, the arbitrary way that he establishes his hypothesis means that Ricardo assumes too many concrete categories (wages, profits, rate of profit) from the very outset of his analysis. On the other hand, the movement to explain more concrete categories is then executed without sufficient care for the mediating steps in a conceptual argument. According to Marx,

Ricardo ... consciously *abstracts* ... from the appearance of competition, in order to comprehend the laws [of value] as such. On the one hand he must be reproached for not going far enough, for not carrying his abstraction to completion, for instance, when he analyses the value of the commodity, he at once allows himself to be influenced by consideration of all kinds of concrete conditions. On the other hand, one must reproach him for regarding the phenomenal form as *immediate and direct proof* or exposition of the general laws, and for failing to interpret it. In regard to the first, his abstraction is too incomplete; in regard to the second, it is formal abstraction which in itself is wrong.¹⁰

By this stage, Marx has realised that the move from values (abstract) to prices

(concrete) is far more complex than Ricardo has allowed for. In working out the mechanics of this procedure, Marx starts within the sphere of production before introducing a determinate influence from the sphere of exchange. Value and surplus value are exclusively created in the capitalistic labour process before being (re)distributed amongst the various units of capital through price competition. Coherence in the move from abstract to concrete evidently relies on the proper ordering of these economic categories, but what allows Marx to grasp this sufficiently? Callinicos argues that Hegel's *Science of Logic* looms large in this process, exposing the flaws in the 'covering law model' and providing an alternative scientific template to be used (pragmatically) in *Capital*.¹¹

Ricardo through Hegel and Beyond...

According to Hegel, the arbitrary nature of empiricist hypotheses makes their universal categories empty of content. Speaking of the inadequacy of the 'covering law model' Hegel writes that 'the principle (that underpins its laws) is either an unproven hypothesis or demands a proof which in turn implies the principle'.¹² Hegel argues that the link between the abstract and the concrete now becomes one of pure externality. The lifeless classification associated with deductive methods destroys the *necessary relations* between the universal and the particular. In order to escape this problem, Hegel posits the idea of a universal Substance/Subject internally-related to its particular manifestations through a series

¹⁰Marx quoted in Callinicos (2014: 96).

¹¹*Ibid*: 107.

¹²Hegel quoted in Callinicos (2014: 107).

¹³*Ibid*: 101.

of mediations.¹³ Hegel's language is particularly convoluted, but what he offers Marx is a way of moving from a foundational starting point to a necessary conclusion through a series of concepts.

Let us see how. For Hegel the structure of knowledge and the structure of the world are identical. Each of them begins as a universal (unconscious) Substance that gets broken apart through internal contradiction. This leads to a moment of externalisation as the original unity becomes alienated (self-estranged) through a realisation of its other (what it isn't). This secondary phase is merely transitory, however, as the unity becomes re-established at a higher level through an identification of Substance and Subject. Callinicos (rightly in my view) therefore argues that Hegel's system is best characterised by the idea of *increasing internalisation*.

What does Marx take from all of this? In broad outlines, Marx takes two key advantages from Hegel's dialectical system. First, Hegel's conception of a dynamic totality moved through internal contradictions is important for Marx in his conceptualisation of *Capitalist* society. In place of the atomised interactions of classical empiricism, Hegel gives a sense of *necessary relationships* that is particularly appealing. Second, Marx gains a sense of the importance of constructing concepts in a particular order. This helps to overcome the arbitrary nature of empiricist abstraction, but there are potential costs from this inheritance. Hegel's concepts are so tightly interwoven with his speculative system that Marx must thread extremely carefully when attempting to apply it. For this reason, Callinicos develops a position that echoes that of Jacques Bidet in *Ex-*

ploring Marx's Capital.¹⁴ Charting the ground between those who want to eradicate Hegel, and those who see *Capital* as mirroring the *Science of Logic*, Callinicos argues that Hegel offers intellectual resources that help Marx at the same time as they hinder him.¹⁵ Moving from the abstract to the concrete through Hegel's system would be disastrous for a proper articulation of the categories of capitalist society. This is why Marx successively moves away from Hegelian categories through various drafts of his *Economic Manuscripts*.¹⁶ By the *Manuscripts of 1863-65*, Marx has clearly established considerable distance from Hegel's *Logic*, but is this distance sufficient to allow him to elaborate his central categories unproblematically? Here Callinicos makes a suggestion which is one of the most important in the entire book. Reflecting on his own doctoral thesis he writes,

Hegelian categories and themes plainly figure in *Capital*. But ... Marx was right to be anxious about Hegel's influence on him. The solution, as I argued in my doctoral thesis some 35 years ago, lies in recognising the ambiguity of the way in which Marx's categories function in *Capital*. For they both serve to enable Marx to conceptualise various relationships and constitute an obstacle to this conceptualisation.¹⁷

To understand the nature of Hegel's help/hindrance, it may be useful to approach it from the perspective of Marx's formative writings. From the early 1840's onwards, Marx rejects Hegel's attempts to

¹⁴ *Ibid*: 71.

¹⁵ *Ibid*: 71.

¹⁶ *Ibid*: 157.

¹⁷ *Ibid*: 72.

resolve the contradictions of ‘civil society’ in the bourgeois State. Far from being the culmination of human freedom, the capitalist state was merely the concentration of contradictions emanating from its underlying economic relations. This political difference - between Hegel’s false utopia and Marx’s proletarian politics - inevitably coloured their respective theories. Where Hegel designs his philosophical system to culminate in harmonious unity, Marx ends *Capital* in the machinations of the class struggle. Instead of moving from abstract to concrete through a spiral of increasing internalisation, Marx conceptualises a system brought into ever greater contradiction. One way to capture the difference is to argue, as Callinicos does, that Marx replaces Hegel’s unified Substance/Subject, with the dialectical unfolding of a nexus of contradictory social relationships.¹⁸ *This is the making of his entire enquiry, but he often struggles to capture the sequence of these relations theoretically.*

In the first Volume of *Capital*, Marx centres his analysis on production in order to expose the foundational relations between Capital and wage labour. Marx justifies this starting point on the basis that value (and surplus value) can only be created in production, but this leads to the question of how to accommodate competition. One way to theorise this relation is to move from the analysis of *capital in general* to the analysis of *many capitals*. Callinicos argues that this strategy is supported by Hegelian categories as the *universal* is linked systematically to its *particular manifestations*. However, the problem of competition soon looms large in this schema. Marx is, after all, acutely aware that capital can only exist in the plural (competitive capitals). He also understands that pro-

duction is enveloped on either side by competitive exchange in the sphere of circulation. On the one hand, Marx wants to hold back the conceptualisation of competition until he has theorised value creation. On the other hand, competition continually intrudes, as the actions of the many *Capitals* have determinate effects on the creation of (relative surplus) value. The advantage of Marx’s starting point is that it allows him to move from the unity of value creation to its increasing fragmentation in the spheres of exchange (through fractions of capital, intra and interclass competition etc). The disadvantage is that he often struggles to theorise the foundational relations between competition and value. Callinicos puts the argument very well,

Marx [is uncomfortable] about giving competition an explanatory role so early in his analysis for two reasons. First, he is determined to maintain the analytical priority of production over circulation, and bringing competition into the analysis of the process of production, might seem to compromise this priority. Secondly he is, as it were, systematically uncertain about how legitimate it is for him to cover material intended for later books in *Capital*.¹⁹

Moving from the abstract to the concrete along one path means that the foundational relations between the units of capital struggle to be accommodated when they need to be. Capitalism is characterised by exploitative relations between wage labour and *many capitals*, with Marx simultaneously wanting to hold back on

¹⁸ *Ibid*: 17.

¹⁹ *Ibid*: 143.

²⁰ *Ibid*: 183.

theorising competition and needing to include it from the outset.²⁰ This summary exposition hardly does justice to the richness of the ideas that Callinicos discusses, but hopefully it begins to show the ways that Marx relied on Hegel and at the same time as he struggled to move beyond him. Like the rest of us, Marx learns from those who went before him, only to gradually spot the gaps and flaws in the resources they have left behind. In the case of Hegel, the idea of constructing concepts in a particular order is well taken, particularly as it forces one to think through arguments *systematically*. Despite some minor disagreements with Callinicos on the nature of initial abstraction (I feel he places too much distance between theory and real world experience), the argument developed in the early part of the work is extremely impressive. Through well-informed analysis, one gets an excellent sense of the foundational resources at play in *Capital*. This makes it regrettable that Callinicos didn't take his framework and apply it system-

atically. One argument against this strategy is the preparatory nature of the *Economic Manuscripts*, which together with Engels editorship of the second two *Volumes*, makes it difficult to have a settled sense of Marx's categories. A better reason is the need to engage in contemporary debates. In the second half of *Deciphering Capital*, Callinicos is anxious to wade into contemporary discussions around movementism, systematic dialectics, crisis theory and a host of other contemporary issues. All of this is no doubt needed, and on the majority of questions, I believe Callinicos has found the relative high-ground. That being said, many of these issues could have been brought into a more systematic analysis of Marx categories, but this is a relatively minor complaint when set against the powerful insights that Callinicos delivers. *Deciphering Capital* is - as you have probably guessed - not an easy book to get through, but as Callinicos states in relation to *Capital* - it certainly repays detailed study.