

Is Capital a Thing? Remarks on Piketty's Concept of Capital

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Abstract

The thesis of my remarks is that Piketty's overall position understands capital as something that exists *within* society, whereas I submit (on the grounds of Marx's theory of society) that capital is the main category that determines the *existence* of capitalist society. Put differently, capital in the form of valorized labor determines the specific *social form* of capitalist society. Whereas Piketty's position is built upon a positivistic concept of capital, I argue that capital is not 'some-thing'; rather, capital is the central category of capitalist social reproduction. Capital, in other words, must describe the functioning of a social totality as a whole and cannot be related to a single aspect of it. Accordingly, though the focus on inequality is important, it tends to hide the real social organization of capitalist society.

Keywords

capital, concept of society, inequality, Marx, money, Piketty, relation, social categories, social totality

Introduction

In what follows, I offer some remarks and comments on the concept of capital that Piketty (does not) use(s) for his monumental study *Capital in the Twenty-First Century*. My remarks should be understood as a critical intervention from a philosophical perspective and, as such, they should not be understood as hostile to the overall project or to the results that Piketty presents in his study. Instead, they should contribute to what Piketty himself calls for, namely, an exchange of economic theory with other disciplines, such as history, sociology, and, in this case, philosophy. Consequently, I understand my remarks to be providing a conceptual clarification of the concept that is announced in the title of Piketty's book, namely, the concept of capital. My thesis, summarized briefly, is that Piketty's position understands capital as something that *exists within* society, whereas I submit (on the grounds of Marx's theory of society) that capital is the main category that determines the *existence* of capitalist society. Put differently, capital in the form of valorized labor determines the

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specific *social form* of capitalist society. Whereas Piketty's position is built upon a positivistic concept of capital, I argue that capital is not 'some-thing'; rather, capital is the central category of capitalist reproduction as a *self-relation*. In a rather astonishing footnote, Piketty mentions that he has the impression that philosophers from Sartre to Badiou show only 'moderate interest' for questions related to capital and class inequality (2014: 655). Did he read Sartre? To some extent, however, Piketty's observation is correct, since unfortunately central concepts of a *Critique of Political Economy* and a systematic concept of society are indeed absent from their works. In addition, the main reason for why many radical left philosophers do not pay much attention to concrete socio-economic investigations *a la* Piketty is the skepticism related to the claim that a better or more just society can be reached through tax distribution and the means of consumption alone, the position which Piketty defends. As Marx paradigmatically put it in his *Critique of the Gotha Program*:

Any distribution whatever of the means of consumption is only a consequence of the distribution of the conditions of production themselves. The latter distribution, however, is a feature of the mode of production itself. The capitalist mode of production, for example, rests on the fact that the material conditions of production are in the hands of non-workers in the form of property in capital and land, while the masses are only owners of the personal condition of production, of labour power. If the elements of production are so distributed, then the present-day distribution of the means of consumption results automatically. If the material conditions of production are the co-operative property of the workers themselves, then there likewise results a distribution of the means of consumption different from the present one. Vulgar socialism (and from it in turn a section of the democrats) has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally on distribution. After the real relation has long been made clear, why retrogress again? (Marx and Engels, 1952–2013: 19: 22)¹

In short, Piketty falls under what in Europe one would call a 'social-democratic' paradigm that would be supported by most contemporary social-political philosophers in the left-liberal spectrum, such as John Rawls and Jürgen Habermas, who argue that a different *normative* order is needed, but not a reorganization of the entire social-economic fabric itself. However, to be fair, Piketty at least indicates that a public and democratic control of corporations and the profit generating process is needed (2014: 569–70). What this demand exactly entails remains unclear, though. The difference, then, between the liberal left and Marxism is the claim that the *entire* organization of society has to be changed, and not merely, as Piketty puts forward, its *internal* social structure. This position already implies a second point, namely, the idea that capital is not something 'within' society, or a specific aspect of modern societies. On the contrary, the assumption in Marxian inspired critical theory is that capital is the *organizing* principle of a society that we call in the proper sense a *capitalist* society. Capital, in other words, must therefore describe the functioning of a social totality as a whole and cannot be related to a simple aspect of it. Accordingly, though the focus on inequality is important, it tends to hide the real social organization of capitalist society. In *Capital* Marx writes:

The historical conditions of its existence are by no means given with the mere circulation of money and commodities. It arises only when the owner of the means of production and subsistence finds the free worker available, on the market, as the seller of his own labour-power. And this one historical pre-condition comprises a world's history. Capital, therefore, announces from the outset a new epoch in the process of social production. (Marx and Engels, 1952–2013: 23: 184; Marx, 1990: 274)

What Marx has in mind here by using the term "new epoch" is the thesis that capitalist society is a historically *specific* form of social totality and social integration that needs to be understood via a

specific relation between social productivity (wealth) and the form under which this social productivity appears (value, money, capital).

Capital as a Thing

Piketty introduces his concept of capital at the beginning of his historical study. According to Piketty, capital can be defined in three major respects.

The first aspect is related to wealth:

capital is defined as the sum total of nonhuman assets that can be owned and exchanged on some market. Capital includes all forms of property (including residential estate) as well as financial and professional capital (plants, infrastructure, machinery, patents, and so on) used by firms and government agencies. (2014: 46)

The second aspect is related to property and the market:

‘capital’, includes all forms of wealth that individuals (or groups of individuals) can own and that can be transferred or traded through the market on a permanent basis. (p. 46)

The third aspect is related to accumulation:

[c]apital is a stock. It corresponds to the total wealth owned at a given point in time. This stock comes from the wealth appropriated or accumulated in all prior years combined. (p. 50)

Piketty’s three-fold definition of capital as accumulated wealth that individuals or groups of individuals can own is opposed to a Marxian inspired philosophical *concept* of capital in several ways: [1] it remains naturalistic, since, according to Piketty’s assumptions, capital can also be found in societies other than capitalist societies, [2] it remains positivistic, since capital is here understood as the sum of all entities that social agents ‘have’ and possess, and [3] it is a-social, since, according to Piketty, it exists *independently from commodity circulation before* it enters the market. As such, in Piketty’s world capital has a thinglike quality that stands outside of relations, exists in tangible form (which would also include immaterial things, such as intellectual property), and is ‘naturally’ connected to private property.² This positivistic theory is furthermore characterized by the fact that Piketty operates with an empirical concept of society. For example, he often speaks of ‘society’ in the form of countries (e.g. German vs. US society). In contrast, the Marxian position is based on the assumption [1] that capital belongs to a historically specific form of society that is not immediately related to nation states (instead, the nation state is a category of capitalist society), [2] that capital is a network of relations that appear at the surface of social activities as things, and [3] that societies should be differentiated in accordance with their dominating social category, which integrates all members into a social whole. In capitalist societies, this social category is *valorized labor*. As Marx puts it in the famous chapter ‘The Trinity Formula’ in the third volume of *Capital*:

Capital, land, labour! However, capital is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character. Capital is not the sum of the material and produced means of production. Capital is rather the means of production transformed into capital, which in themselves are no more capital than gold or silver in itself is money. It is the means of production monopolized by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this very labour-power, which are personified through this antithesis in capital. It is not merely the products of

labourers turned into independent powers, products as rulers and buyers of their producers, but rather also the social forces and the future form of this labour, which confront the labourers as properties of their products. Here, then, we have a definite and, at first glance, very mystical, social form, of one of the factors in a historically produced social production process. (Marx and Engels, 1952–2013: 25: 822)³

Whereas in Piketty's naturalistic concept of capital and society the result of the specific social organization of all social relations is *distinct* from the process through which it comes about, with Marx we can acknowledge that the result of capitalist production (i.e. tangible wealth) is ultimately identical with its genesis, which can be analyzed in regard to all social categories. For example, money is not simply something that we carry around in our pockets or that we 'have' and own like a t-shirt; rather, that which money *is*, i.e. its being and essence, can only be understood in the social genesis that is *contained in* money. The process of understanding immediate natural and thinglike social phenomena through critical theory and through a critique of political economy turns them into a network of social relations and into *mediated* phenomena. For example, money is nothing different from the entirety of social relations that are contained within it, though, as Marx says in *Capital*, its genesis is eradicated in its social functioning and disappears at its surface. It thereby reifies the entire social reality as one that is experienced by social agents as externality. The money form turns products of abstract labor into real existing equalized entities and establishes the social community as one that exists *external* to individuals within capitalism. As Marx puts it in *Grundrisse*:

The social character of activity, as well as the social form of the product, and the share of individuals in production here appear as something alien and objective, confronting the individuals, not as their relation to one another, but as their subordination to relations which subsist independently of them and which arise out of collisions between mutually indifferent individuals. The general exchange of activities and products, which has become a vital condition for each individual – their mutual interconnection here appears as something alien to them, autonomous, as a thing. In exchange value, the social connection between persons is transformed into a social relation between things; personal capacity into objective wealth. (Marx and Engels, 1952–2013: 42: 94; Marx, 1993: 157)

The social coherence and social membership, in other words, is experienced as something that no longer substantially belongs to the individual; rather, it is established only because the money form is in place as a *universal* social form. Money brings together and binds people, their attitudes, their behaviors, and their preferences. Hence, money is the real existing social synthesis; it is its glue, or, as Marx likes to say, the "bloodstream" of society.⁴ In Piketty's analysis, however, social reality is mystified because he takes wealth and capital as *givens* that are, so to speak, introjected into society. Society, accordingly, is here understood as *external* to capital because Piketty's analysis does not posit capital (or valorized labor) as *constitutive* for social reality.

Capital and Society

It is common in some literature about capitalism, such as Piketty's, to define the latter as a system, within which the means of production or wealth in general are privately owned. For example, we could say that capitalism is a system that is based on private ownership of the means of production, on free markets, and on formally free labor. I do not think that capitalism and capital are something that we can 'define', as if they were something given, because the term 'capitalism' refers to a totality that, as such, can only be reconstructed dialectically, which means that we need to analyze capitalism as a system of *categorical* determinations. These categorical determinations are determinations of economic objecthood, i.e. of that which makes all relations relations of one

historically specific type, and as such they cannot simply be explicated empirically. ‘Capitalist society’ is not, as in Piketty’s positivistic concept, something that *has* properties; rather, it *refers* to a system under which every social entity that falls under it is determined by *capital*, understood as that which Marx calls ‘processing money’ (Marx and Engels, 1952–2013: 26: 3, 134; 23: 170). In contradistinction to non-valorized money, capital is nothing that we can hold in our hands, given that it is a specific money circuit that subsumes (potentially) *all other* relations and thereby turns everything that it subsumes into something that is *productive*. We should note, though, that capital can only *be real* because it realizes itself and *exists as the form of living labor* which is the social substance of any social reality, but, in capitalism, is *abstract*, i.e. exchangeable labor. Finally, private property can only be properly understood if we analyze it as the result of valorized labor, i.e. as belonging to a society in which everyone’s labor is privately owned and turned into an instrument of surplus value production.⁵

Capital as a Social Category and as Form

Marx criticizes that bourgeois economists only analyzed the *contents* (value and magnitude of value) of the value form, but *never* posed the question of which *form* this content takes on. Questions about *form* imply, hence, an investigation of the *object of economics*, i.e. the objects of social synthesis. This point also often remains vague in discussions about capitalism and what constitutes capitalist societies, given that in a materialist theory of social reality the object of economics is the mode of reproduction of societies, i.e. the mode of labor/production through which societies reproduce themselves. Sociality itself (and not simply wealth) is therefore the object of economic theory. As Marx has it:

As the dominant subject [*übergreifendes Subjekt*] of this process, which it alternately assumes and loses the form of money and form of commodities, but preserves and expands itself through these changes, value requires above all an independent form by means of which its identity with itself may be asserted. *Only in the shape of money does it possess this form.* (Marx and Engels, 1952–2013: 23: 258; Marx, 1990: 255; emphasis added)

The concept of *form* is decisive in this regard because form always indicates something universal. For example, Marx is very careful in speaking of the commodity *form* and not simply of commodities, since, according to a dialectical theory of society, commodities are not simply things that we can touch, feel, and exchange; in contrast, commodities need to be traced back to what *makes* them commodities, and this is their *form*. Consequently, when we speak of the commodity form or the capitalist form, then we speak of something that determines the specific being of all entities that fall under this specific form. For instance, one could argue that money is exclusively related to commodities and not to all things, but this position should be rejected, as such a position operates with an incorrect concept of commodity. According to Marx, whom I follow in this regard, commodities are not simply empirically existing objects, insofar as they are determined by their *form*. Since this form is universal, once we understand it as money and capital (processing money), we can also acknowledge that it can *potentially* determine *every* entity, including ideas, theories, love, planets, etc. The distinction between something and its form as that which makes this something *this* something is therefore necessary for a proper understanding that capitalist dynamics belongs to a system in which, in principle, *all* entities can be subjected to and subsumed by the commodity form. In fact, the expansive quality of capitalism is based on a universal form (value) that *becomes* real throughout the process of subsumption. Areas not yet subsumed by money and capital will eventually be included and should be observed as further commodification or commercialization

of things or areas of our lives that formerly were not yet valorized. Unfortunately, a fixed concept of capital and capitalist society that only *abstractly* defines the dynamics of capitalist societies via inequality, as in Piketty's work, remains at the surface of capitalism since it cannot grasp the core of social dynamism itself, which is related to the universality of value and capital that turn everything that is not yet subsumed into something that can be universally exchanged as products of abstract, i.e. universally exchangeable, labor. As Patrick Murray superbly puts it:

[...] to conceive of labor and its products in a capitalist society as independent of money is to imagine that labor and wealth can exist without any specific social form. Herein lies the root of the problem with conventional value and price theories: their assumption that value and price are independent variables, respectively, presumes that human needs, wealth and labor can exist without determinate social form. (2005: 51)

Capital and Labor

As capital is not a 'thing' that exists *within* societies, it can also not exist without being the form of a specific kind of labor and human productivity that brings this society about by reproducing it throughout all of its activities. Capital does not exist as social form in some abstract heaven; rather, it can only *be* capital and be *real* if it becomes the form of a specific kind of social productivity. Capital, then, is a specific way in which social productivity exists and is carried out by the entire network of social activities. Capital, in other words, is the specific form of collective social productivity, namely a form under which what Tony Smith has called the 'expression of the creative powers of collective social labor' (2006: 185) disappears by being turned into its *opposite*, namely, privatized and atomized labor performed by independent exchangers. For value creating labor is labor that takes on the value form, i.e. the capital form, thereby making it abstract as opposed to concrete labor. In capitalism, only labor that becomes part of the M-C-M' circulation, i.e. part of 'processing money', can exist as socially productive labor. All other productive activities are not constitutive for social reality. As long as it is not subjected to the money form, social productivity cannot be exploited for surplus value, and, hence, it remains concrete labor that only indirectly takes part in the valorization process. Put simply, as soon as labor takes on the money form, i.e. gets paid, becomes valorized, and becomes *universally* exchangeable, labor becomes subjected to 'processing money' and, through its entrance into the general commodity and money circulation, it becomes what Marx calls 'abstract labor'. Wealth, then, is not simply a 'stock' or something that is owned by individuals or by groups of individuals, as Piketty's definition has it, since it is always the *collective* network of how the productivity of social agents is turned into something that exists socially.⁶ As value is not a natural property of things, but, instead, *purely social*, 'abstract' does not refer to a property of concrete use things producing acts. Put differently, abstract labor is *not* a form of concrete labor, as it exists only socially. Under capitalism, however, as Marx claims in *Capital*, the substance of value is not labor as such, but, instead, abstract labor, which is labor that has its use value in producing surplus value, i.e. labor that has become subsumed under the *universal* form of all social relations through capital. This can only occur through abstract *labor's exchangeability*.

What Marx has in mind with the introduction of this term in *Capital* is to indicate the *specific* way in which the social synthesis and social totality is being established in capitalist societies. In capitalism independent and private labor is synthesized through its *exchangeability* (=total value form), which includes the money form and exchange. Therefore Marx says the following: '*It is only by being exchanged* that the products of labour acquire a socially uniform objectivity as values, which is distinct from their sensuously varied objectivity as articles of utility' (Marx

and Engels, 1952–2013: 23: 87; Marx, 1990: 166; emphasis added). Alternatively, as Marx puts it in the fetishism chapter of *Capital*: ‘by equating their different products to each other in exchange as values, they equate their different kinds of labour as human labour’ (1952–2013: 23: 88; 1990: 167), which is to say that the real abstraction that occurs in our daily exchange praxis and within circulation establishes a society, within which all concrete properties of labor disappear behind their thinglike form, i.e. as money in our pockets or wealth in the form of ‘stock’, as Piketty has it. Of course, this necessary realization of the value form in exchange and the constitution of abstract labor as the ‘substance of value’ is only possible once capital (=processing value) has established itself as the primary form of labor, which, in turn, leads to the, yet invisible, inclusion of labor in the circulation process of commodities and money. On the surface of the process of circulation, the genetic constitution of the circulation process turns upside down and its traces, as Marx puts it, disappear in their results (Marx and Engels, 1952–2013: 23: 107). Again, the point that I am advancing against Piketty is that capital is not something that is simply ‘there’ in either material or immaterial form, for it is the very way that labor and productivity *exists* in our global system. Consequently, it is wrong to conceive of labor and capital as abstract opposites.

Capital as Social Relation

If capital is neither a thing nor simply a process, then we might say with Marx that it is a ‘relation’. The term ‘social relation’ often has been misunderstood in the reception of Marxian social theory, since in English ‘relation’ implies in most cases only two terms, which could lead to the understanding of ‘social relation’ as referring to an *intersubjective* relation between persons. The German term ‘Verhältnis’, however, indicates more than just a relation between two terms, since it refers to the *wholeness of an entire situation* or, as the sixth *Thesis on Feuerbach* has it, as an ‘ensemble of relations’. Accordingly, the attempt to grasp capital as a social relation means that we try to grasp the entirety of relations that are *contained* in capital, i.e. a specific form of collective productivity. Since, as I argued above, capital can only exist as labor, it is the *primary* category of an entire system of categories. Thus, speaking of categories is necessary since, philosophically speaking, that which makes an object an object is the way in which its unity can be grasped in thought. Concepts needed to express this unity are categories, or, put more precisely, categories are needed in order to express the concept of object. In this case, the object is *the* social object. Indeed, categories are needed to understand the object as *one existing* object. For example, in order to understand capitalist society we need to think about specific aspects through which the *unity* of ‘capitalist society’ is addressed and constituted so that we are able to differentiate it from non-capitalist societies. Given that we want to reconstruct a historically specific form of social reality, we need to assume that a specific set of categories make up the totality of what belongs to capitalist social reality. I cannot go into the further details of a dialectical conception of social reality at this point, but it should be clear why Piketty’s concept of capital remains insufficient, if we believe that we should understand our contemporary social reality with it. Piketty’s concept of capital and wealth takes away the entire concept of society and isolates the most important moment from its unity and constitutive function. What we lose, then, is the socially relevant aspect of the concept of capital. But inequality, particularly given its importance for our current public discussions, cannot be treated in some abstract fashion. For in the problem of inequality an entire mode of consumption, distribution, and production is included, and separating these aspects from capital and inequality *mystifies* the entire social fabric (and its relation to the earth) that is contained within and brings about the inequality that Piketty is rightly so worried about. An indicator of this abstract view is that he rarely mentions the word ‘class’ in his considerations (2014: 250–4), which, for Piketty, is a ‘delicate’ issue. These

and other formulations hide the fact that he operates with empirical terms that do not reach the substance of what capitalist socialization essentially is.

Conclusion

Marx's *Critique of Political Economy* is critical because it reveals its *object*, capitalist society, as a *finite* form of sociality that, because it is finite, can also be overcome, can fall apart, or can be replaced by a different form of sociality. This consideration already contains a concept of totality that is in itself and as such critical; for the analysis of the essence of capitalist sociality necessarily presupposes a unity of its object and, since it is a specific unity, a negative concept of this unity. This unity is finite. The origin of Marx's concept of contradiction is to be found in its concept of totality, as this very totality can only exist in its unity because it is limited *through itself*. Consequently, we need to assume that the negativity of the unity of this essence is an *internal negativity*. In sum, Marx's concept of critique, as I just outlined it, is nicely visible in a famous quote from a letter to Lassalle written in February 1858:

The work I am presently concerned with is a *Critique of Economic Categories* or, **if you like**, the system of the bourgeois economy critically presented. It is at once a presentation of the system and because of the presentation a critique of the system. (Marx and Engels, 1952–2013: 29: 550)⁷

Piketty's *Capital in the Twenty-First Century*, accordingly, should not be read as a *critique* of our contemporary social reality (though it is a critique of one central aspect), since, in its overall social position, it is *affirming the present*.

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Notes

1. Available at: <https://www.marxists.org/archive/marx/works/1875/gotha/ch01.htm> (accessed 27 September 2014).
2. As such, I also (in a very friendly manner!) slightly disagree with Krier's/Amidon's formulation that 'capital as such refers to wealth invested in the process of commodity production where it mixes with living labor to produce an excess known as profit' (see Krier/Amidon in this issue). Though this formulation is as such not wrong, it tends to mystify wealth as some independent thing that lies around like bananas and then 'mixes' with labor. Instead, I submit, we should take Marx's thesis more seriously that capital is a specific mode of circulation that is *self-related* and thereby establishes the unity and reality of society in a 'perverted' and abstract social form. Accordingly, we need to think the identity of capital and labor.
3. Available at: <https://www.marxists.org/archive/marx/works/1894-c3/ch48.htm> (accessed 27 September 2014).
4. For a more detailed analysis and argument, see Lotz (2014).
5. For this, see Marx's remarks on Proudhon (in Marx and Engels, 1952–2013: 16: 27).
6. For this, see Smith (2006: ch. 5); for the overall analysis of social totality also see Postone (1996).
7. Available at: http://www.marxistsfr.org/archive/marx/works/1858/letters/58_02_22.htm (accessed 27 September 2014).

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