

# The *Grundrisse* (The 1857-58 Manuscript)

## The Chapter on Money: Part 8

*The Contradictions of Money* (pp. 225-238)

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Marx shifts tack. He is coming to the end of his discussion of money and is beginning to lay the groundwork for his discussion of *capital*.

It is the elementary precondition of bourgeois society that labour should directly produce exchange value, i.e. money; and, similarly, that money should directly purchase labour, and therefore the labourer, but only in so far as he alienates his activity in the exchange. (Marx 1973, p. 225)

Wage labour and capital are therefore only different forms of exchange value, of money, and since all production becomes exchange value, the individual in society becomes objectified in production. Exchange value becomes the form the social totality takes and the individual in bourgeois society becomes objectified not in her individual quality, but socially.

Money that is posited as medium of circulation takes the form of coin; the use value of coin is that of its function of medium of circulation, not of the material of which it is made up. To free the use value of the precious metal which exists as coin the latter must be melted down. Coin is symbol, and national symbol at that. Gold (and silver), money in its third attribute (“*Bestimmung*”), is the form of money “as such”, money as medium of exchange amongst nations. “In the Mercantilist System, therefore, gold and silver count as the measure of the power of the different communities.” (Marx quotes (or paraphrases)<sup>1</sup> James Steuart. “As soon as the precious metals become objects of commerce, an universal equivalent for everything, they also become the measure of power between nations. Hence the Mercantilist System.” (Marx 1973, p. 226)) However, “[n]o matter how much the modern economists imagine themselves beyond Mercantilism, in periods of general crisis gold and silver still appear in precisely this

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<sup>1</sup> Marx (2006, p. 151) writes in German; What Steuart actually said is the following: “so soon as the precious metals became an object of commerce, and when, by being rendered an universal equivalent for everything; they become also the measure of power between nations, then the acquisition, or at least the preservation of a proportional quantity of them, became to the more prudent, an object of the last importance.” (Steuart 1966, p. 283)

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role, in 1857 [when Marx is writing, a year of economic crisis] as much as in 1600.” (Marx 1973, p. 227) Gold and silver have played a fundamentally important role in the creation of a world market. “Thus the circulation of American silver from the West to the East; the metallic band between America and Europe on one side, with Asia on the other side, since the beginning of the modern epoch.” (Marx 1973, p. 227) Gold and silver function as “world coin”.

(Marx now makes the following methodological point. In this section of the text, where he is discussing exchange values, money and prices, the production of commodities is assumed. The social structure of production in which production takes the form of production of commodities is taken as given, and is not explained (or “posited”) (which is what Marx means when he says that “[t]he determination of forms is simple” (Marx 1973, p. 227)). What he has been examining only “presents itself even on the surface of developed society [...] [in the form of] the directly available world of commodities.” In the following section of the Manuscript (The Chapter on Money) Marx will investigate “[t]he internal structure of production”<sup>2</sup>)

Money in this third function (“determination”) is “the form in which it independently steps outside of and against circulation [and is therefore] [...] the negation (negative unity) of its character as medium of circulation and measure.” (Marx 1973, p. 228). (Marx here adds a footnote. What functions as medium of circulation cannot simultaneously serve as means of consumption. Money can only be “consumed” by being alienated, which yet another of the reasons why it is precious metals that end up functioning as money. But he castigates the Russian economist Storch, who says that (in Marx’s paraphrase) “the material of money should ‘have direct value, but on the basis of an artificial need’. Artificial need is what the economist calls, firstly, the needs which arise out of the social existence of the individual; secondly, those which do not flow from his naked existence as a natural object. This shows the inner, desperate poverty which forms the basis of bourgeois wealth and of its science.” (Marx 1973, p. 228n))

When we take money as money (as such) the contradictions pile up.

- First. Money “as such” is the negation of coin (the medium of circulation “as such”); the latter is a symbol of the former, not its equal. But it also supposes coin, since it can always be transformed into coin (“positively” transformed in the case of domestic coin; “negatively” transformed in that of *world* coin). Nevertheless, it remains the universal commodity, and, as such, it is “not determined by location”. “[T]he *face* which the state impresses on money as coin has no value;<sup>[3]</sup> only its metal content has value. [...] The more domestic commerce is conditioned on all sides by foreign commerce, the more, therefore, does the value of this face vanish: it does not exist in private exchange, but appears only as tax.” (Marx 1973, pp. 228-9)
- Second. “Money [general wealth] is the negation of itself as mere realisation of the prices of commodities”. What is realised as price is the price of the particular commodity (*particular* wealth); but:

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<sup>2</sup> He also signals his attention to deal with “the concentration of the whole in the state [...] [in a] the third [section]; the international relation [in a] [...] fourth; the world market [in a] [...] conclusion, in which production is posited as a totality together with all its moments, but within which, at the same time, all contradictions come into play.” (Marx 1973, p. 227) This is the second of the “plans” for future work that has appeared so far in the Manuscript (the first appeared in the “Introduction” (Marx 1973, p. 108)). “The world market then, again, forms the presupposition of the whole as well as its substratum.” (Marx 1973, pp. 227-8)

<sup>3</sup> But this, if what Marx is implying is that the value of coined metal is the same as uncoined, is not necessarily the case, since the mint price of a metal and its market (“spot”) price can, and do, vary.

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- Third. Money (as such) is also negated by its function as measure of exchange value, for as a measure its materiality is relevant (no money need be present to state a price).

(In relation to the first of the contradictions above: money as the general representation of wealth negates the function (“determination”) of money as medium of circulation because to serve as a representation of wealth it has to be withdrawn from circulation.)

The accumulation of wealth in monetary form is determined differently in different historical epochs. In ancient societies, accumulation is ostentatious: “merely to display overabundance, i.e. wealth as an extraordinary thing, for use on Sundays only; to provide gifts for temples and their gods; to finance public works of art; finally as security in case of extreme necessity, to buy arms, etc.” (Marx 1973, p. 230) In later antiquity, “accumulation becomes political. The state treasury, as reserve fund, and the temple are the original banks in which this holy of holies is preserved.” (Marx 1973, p. 230)

It is in the form of modern banks that “[h]eaping-up and accumulating attain their ultimate development in the modern banks, but here with a further-developed character”. (Marx 1973, p. 230) Alongside this, “among private individuals, accumulation takes place for the purpose of bringing wealth into safety from the caprices of the external world in a tangible form in which it can be *buried* etc., in short, in which it enters into a wholly *secret* relation to the individual.” (Marx 1973, p. 230) Such behaviour, Marx notes, still exists “on a large historical scale” in Asia, and also in bourgeois societies when they are gripped by crises. At the same time, however, as the representative of general wealth, there emerges in modern societies the urge to display both gold and money: “[t]he barbarian display of gold etc. is only a more naive form of this modern one, since it takes place with less regard to gold as money. Here still the simple glitter. [...] The point being that it is not used as money; here the form antithetical to circulation is what is important.” (Marx 1973, p. 231)

Of course, the accumulation of gold and silver in all historical epochs is, in its material aspect, founded on the metals’ durability. “All commodities are only transitory money; money is the permanent commodity.” (Marx 1973, p. 231) (Marx quotes now, amongst others, William Petty to back up his point here.)

Although “[t]he modern economists” dismiss the Mercantilist preoccupation with accumulating wealth in metallic form, moments of monetary crisis show that in the present-day (Marx’s present-day) “the feverish fear with which, in practice, the inflow and outflow of gold and silver are watched in times of crisis, [...] [which indicates that] it is evident that the aspect of money which the followers of the Monetary and Mercantilist System conceived in an artless one-sidedness is still to be taken seriously, not only in the mind, but as a real economic category.” (Marx 1973, p. 232)

Disregarding the question of durability, the accumulation of other commodities differs from that of metallic money in that it does not have the character of the accumulation of wealth *in general*. It “requires acts and relations distinct from simple accumulation, from increase of wealth as such.” (Marx 1973, p. 233)

The accumulation of precious metals is the first historic accumulation (in the sense of gathering together) of *capital*, but does not represent the accumulation of capital in the fully developed sense: for the latter, “the re-entry of what has been accumulated into circulation would itself have to be posited as the moment and the means of accumulation.” (Marx 1973, p. 233)

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From all the above Marx draws the following conclusion.

Money in its final, completed character now appears in all directions as a contradiction, a contradiction which dissolves itself [...]. As the general form of wealth, the whole world of real riches stands opposite it. It is their pure abstraction [...] Where wealth as such seems to appear in an entirely material, tangible form, its existence is only in my head, it is a pure fantasy. Midas. On the other side, as material representative of general wealth, it is realised only by being thrown back into circulation, to disappear in exchange [...]. It remains in circulation, as medium of circulation; but for the accumulating individual, it is lost [...]. To dissolve the things accumulated in individual gratifications is to realise them. The money may then be again stored up by other individuals, but then the same process begins anew. (Marx 1973, pp. 233-4)

(Marx continues in this vein for a page or two, but adds nothing of special significance, although he does here seem rather to be enjoying himself.)

Finally, he adds a number of subjects that need to be developed in further detail.

- The question of time. Although in circulation “the simultaneity of both poles of exchange is always presupposed[,] [...] a difference of time may appear between the existence of the commodities to be exchanged.” (Marx 1973, p. 235)
- Money as coin; Marx notes, in addition to certain “technical” questions regarding the history of the discovery of the precious metals and the causes of fluctuations in their value, “[a]bove all: quantity of circulation in relation to rise and fall of prices. (Sixteenth century. Nineteenth century.) Along the way, to be seen also how it is affected as measure by rising quantity, etc.” (Marx 1973, p. 237)
- The “specific gravity of gold and silver”: how a large mass of labour-time can be contained in such a small volume.
- “If Spain had never owned the mines of Mexico and Peru, it would never have had need of the grain of Poland.” (Marx quotes the pseudonymous economist Piercy Ravenstone.)

Marx concludes this section of the Manuscript as follows.

[I]n simple circulation as such (exchange value in its movement), the action of the individuals on one another is [...] only a reciprocal, self-interested satisfaction of their needs; in its form, {it is} exchange among equals (equivalents). Property, too, is still posited here *only as the appropriation of the product of labour by labour* [...] This form of property—quite like freedom and equality—is posited in this simple relation. In the further development of exchange value this will be transformed, and it will ultimately be shown that private property in the product of one’s own labour is identical with the separation of labour and property, so that labour will create alien property and property will command alien labour. (Marx 1973, p. 238, italicisation added, curly brackets (as square brackets) in original)

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