

The *Grundrisse* (The 1857-58 Manuscript)

The Chapter on Capital: Part 1

The World of Equality and Freedom of Pure Exchange Value (pp. 239-250)

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Marx now pivots from his discussion of money and towards a discussion of *capital*.¹

The difficulty in grasping money in its modern development (“a difficulty which political economy attempts to evade” (Marx 1973, p. 239)) lies in the fact that a social relation—“a definite relation between individuals” (Marx 1973, p. 239), takes the form of a physical object. Marx summarises the conundrum like this.

Nature does not produce money, any more than it produces a rate of exchange or a banker. In Peru and Mexico gold and silver did not serve as money, although it does appear here as jewellery, and there is a developed system of production. To be money is not a natural attribute of gold and silver, and is therefore quite unknown to the physicist, chemist etc. as such. But money is directly gold and silver. (Marx 1973, p. 239)

The contradiction is that money is both a commodity and a social relation at the same time. It is an error to deny either one of these “moments” of money at the expense of the other. Clearly (as Marx has just emphasised) it would be absurd to assign the source of the properties of money to the material (use value) nature of the commodity that functions as money. Gold is obviously not money because it is gold. But it would be as much an error (this is, in effect, what the “time-chitters” do) to see money as *only* a social relation: to deny its material existence (as a produced commodity), “by positing it outwardly, as [...] [merely] something posited by society.”² (Marx 1973, p. 240) To see money as only material is to create a “fetish” (as Marx

¹ However: “The Manuscript [of 1857-58] is poorly structured. It was not written according to a predetermined outline; rather, its structure gradually emerged during the writing process. [...]. He [Marx] added the heading ‘The Chapter on Money’ [...] at the latest when transitioning to notebook II, since on the first page the title ‘The Chapter on Money. (Continued)’ already appears. Marx initially calls the chapter on capital ‘The Chapter on Money as Capital’; when it continues in notebook III, he then writes ‘The Chapter on Capital. (Continued.) (from notebook II).’” (MEGA 2006, p. 776, my translation)

² Marx’s argument here can also be taken as an attack on the more modern notion that money is merely a “convention”.

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will put in in *Capital*) of the material that serves as money; to see it as purely social—as *only* exchange value—would be to lose sight of the contradictions that lie behind the money form.

The denial of the material moment of the money relation therefore leads to the following error. If money relations are conceived of only as exchange relations, then the individuals who exist in society are reduced to “exchangers”: “all inherent contradictions of bourgeois society appear extinguished in money relations as conceived in a simple form; and bourgeois democracy even more than the bourgeois economists takes refuge in this aspect [...] in order to construct apologetics for the existing economic relations.” (Marx 1973, pp. 240-41) In exchange, everyone is equal.

[I]n so far as the commodity or labour is conceived of only as exchange value, and the relation in which the various commodities are brought into connection with one another is conceived as the exchange of these exchange values with one another, as their equation, then the individuals, the subjects between whom this process goes on, are simply and only conceived of as exchangers. As far as the formal character is concerned, there is absolutely no distinction between them, and this is the economic character, the aspect in which they stand towards one another in the exchange relation ; it is the indicator of their social function or social relation towards one another. Each of the subjects is an exchanger; i.e. each has the same social relation towards the other that the other has towards him. As subjects of exchange, their relation is therefore that of equality. (Marx 1973, p. 241)

(The exchange (considered under these presuppositions of “pure exchange value”³) consists of three “moments”: the “subjects” of the exchange, the exchangers; the “objects” of the exchange, the exchange values; and the exchange itself.)

There is nothing *in exchange* to distinguish its participants: the exchangers “only exist for one another in exchange [...] as equally worthy persons, possessors of equivalent things, who [...] prove their equivalence, [while] they are, as equals, at the same time also indifferent to one another.” (Marx 1973, p. 242) Insofar as the economists take account of differences that do exist, these are relegated as “natural” particularities that exist outside of the “economic form”.⁴ “If individual A had the same need as individual B, and if both had realised their labour in the same object, then no relation whatever would be present between them; considering only their production, they would not be different individuals at all.” (Marx 1973, p. 242) The basis of the exchange is the natural differences that exist between them, and it is through this that they relate to each other *socially*; as social individuals, they are only objectifications of the exchange values they exchange, and it is to these that their “common species-being [*gemeinschaftliches Gattungswesen*, better “*social species-being*”]” is reduced. (Marx 1973, p. 243; Marx 2006, p. 167)

Out of this emerges the “juridical moment” of the “Person” (and, Marx notes, that of “freedom” (Marx 1973, p. 243)): exchange is *voluntary*; nothing is taken by force. And out of the multifarious aggregate of exchanges, emerges the “general interest”, that “generality of self seeking interests.” (Marx 1973, p. 244) “[W]hen the economic form, exchange, posits the all-sided equality of its subjects, then the content, the individual as well as the objective material which drives towards the exchange, is freedom.” This state of affairs, of apparent “freedom and equal-

³ Under which it is assumed that “the commodities which [...] [are] exchange[d] are, as exchange values, [assumed] equivalent, or at least [to] count as such”. (Marx 1973, p. 241)

⁴ “Externalities”, in modern neoeconomic parlance.

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ity”, stands opposed to those of both the ancient and medieval worlds. “Direct forced labour is the foundation of the ancient world; the community rests on this as its foundation; labour itself as a ‘privilege’, as still particularised, not yet generally producing exchange values, is the basis of the world of the Middle Ages.” In the bourgeois world, on the other hand, “[l]abour is neither forced labour ; nor, as in the second case, does it take place with respect to a common, higher unit (the guild).” (Marx 1973, p. 243)

In Roman law (Marx notes), the slave (*servus*) was defined as that person who, being denied the possibility of owning property, may not enter into exchange; here, exchange *did* exist (and was acknowledged as existing, through the prohibition of people from it, in law), and the juridical person, the person who engages in exchange, was here conceived of. This development, Marx argues, does not however do more than *anticipate* “the legal relations of industrial society, and in particular the right which rising bourgeois society had necessarily to assert against medieval society”, and “the development of this right itself coincides completely with the dissolution of the Roman community.” (Marx 1973, p. 246)

Since money is the realisation of exchange value, the system of exchange values realises itself in a developed monetary system; this means that “the money system [...] [is] the realisation of [...] [the] system of freedom and equality.” (Marx 1973, p. 246) Circulation itself resolves the inequality inherent in each single exchange—that between buyer and seller (“circulation [...] creates [...] a suspension of the merely negated difference”, as Marx puts it)—such that buyers and sellers confront each other as equals. “A worker who buys commodities for 3s. appears to the seller in the same function, in the same equality—in the form of 3s.—as the king who does the same.” (Marx 1973, p. 246) Not even the existence of money in its third function (“determination”)—that of the material form of wealth—can disrupt the equality of exchange. To accumulate, one need only not engage in exchange: if one person accumulates and another engages in exchange, each pursues different activities with no deleterious effect on the other. “One enjoys real wealth, the other takes possession of wealth in its general form. If one grows impoverished and the other grows wealthier, then this is of their own free will [...]”⁵ (Marx 1973, p. 247)

Such is the world of exchange: the world of freedom and equality.⁶ But is this really how things

⁵ The world of equality that developed commodity exchange supposes is in its nature *eternal*. “Even inheritance and similar legal relations, which perpetuate such inequalities, do not prejudice this natural freedom and equality. If individual A’s relation is not in contradiction to this system originally, then such a contradiction can surely not arise from the fact that individual B steps into the place of individual A, thus perpetuating him. This is, rather, the perpetuation of the social relation beyond one man’s natural lifespan: its reinforcement against the chance influences of nature, whose effects as such would in fact be a suspension of individual freedom. Moreover, since the individual in this relation is merely the individuation of money, therefore he is, as such, just as immortal as money, and his representation by heirs is the logical extension of this role.” (Marx 1973, p. 247)

⁶ “The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labour power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with each other, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for the

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are? Clearly not; and Marx now begins his critique of this conception of society.

To paint the world of exchange value as a world of exchange of equals between equals is as absurd as to say that “there is no difference, to say nothing of antithesis and contradiction, between natural bodies, because all of them, when looked at from e.g. the point of view of their weight, have weight, and are therefore equal; or are equal because all of them occupy three dimensions.” (Marx 1973, p. 247)

(Marx notes that this conception of society is founded on an understanding of exchange value at its most simple and abstract: in science, he points out, it is the more simple forms that appear first; and, to some degree, this is also true historically.)

To posit this world of exchange value as the whole truth of the world is to forget that exchange value itself presupposes a system of *production* which has the following features.

First, there is “compulsion over the individual, since his immediate product is not a product for him, but only *becomes* such in the social process”. Because of this, the product “*must* take on this general but nevertheless external form” of exchange value. Given that here “the individual has an existence only as a producer of exchange value”, “the whole negation of his natural existence is already implied”. The individual producer is “is therefore entirely determined by society”. This state of affairs “presupposes a division of labour etc., in which the individual is already posited in relations other than that of mere exchanger, etc.” Further: this position of the individual producer does not arise out of the individual’s will but is “*historical*, and posits the individual as already *determined* by society.” Finally, and in consequence, “the simple forms of exchange value and of money latently contain the opposition between labour and capital.” (Marx 1973, p. 248)

Marx singles out as partisans of the one-sided view of society as pure, abstract exchange value those socialists “who want to depict socialism as the realisation of the ideals of *bourgeois* society articulated by the French revolution) who demonstrate that exchange and exchange value etc. are *originally* (in time) or *essentially* (in their adequate form) a system of universal freedom and equality, but that they have been perverted by money, capital, etc.” Specifically, he identifies *French* socialists, and particularly Proudhon. “What divides these gentlemen from the bourgeois apologists is, on one side, their sensitivity to the contradictions included in the system; on the other, the utopian inability to grasp the necessary difference between the real and the ideal form of bourgeois society”. (Marx 1973, p. 249)

Alongside the socialists we also find “the stale argumentation of the degenerate economics of most recent times” (Marx singles out Carey, and especially Bastiat, both dealt with earlier in the precursor text to the Manuscript).

Marx ascribes to Bastiat, insofar as he sees that “economic relations everywhere [are seen to] express *the same* simple determinants, and hence that they everywhere express the equality and freedom of the simple exchange of exchange values”, an “inability to grasp historic processes”.

In so far as I abstract from what distinguishes a concrete from its abstract, it is of course the abstract, and does not differ from it at all. *According to this, all economic categories are only so many names for what is always the same relation, and this crude inability to grasp the real distinctions is then supposed to represent pure common sense as such. The*

common weal, and in the common interest.” (Marx 1976, p. 280)

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“economic harmonies” of Mr Bastiat amount au fond to the assertion that there exists only one single economic relation which takes on different names [...]. [T]he wage for labour is payment for a service done by one individual for another. [...] Profit is also payment for a service done by one individual for another. Hence wages and profit are identical, and it is, in the first place, an error of language to call one payment wages, the other profit. (Marx 1973, pp. 249-50)

Having dealt with this false view of the world, Marx will now turn to examine money, now not just as money, but as *capital*.

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