The *Grundrisse* (The 1857-58 Manuscript)

The Chapter on Money: Part 1

Alfred Darimon and Monetary Crises (pp. 115-136)

April 30, 2026

Marx begins the 1857-58 manuscript proper (writing in October 1857) by jumping straight in to a critique of the politician and journalist, and follower of Proudhon, Alfred Darimon (1819-1902). Darimon had argued that in monetary crises the measures taken by the Banque de France to inhibit the drain of bullion from its reserves reduced the supply of available money (and hence credit), making the crisis worse. To counter this, Darimon had proposed a reformed monetary system based on joint-stock banking backed by system of credit-insurance, rather than having bank money backed by gold and silver.

"The root of the evil is the predominance which opinion obstinately assigns to the role of the precious metals in circulation and exchange," Marx quotes Darimon from the latter's *De la réforme des banques*.[1] (Marx 1973, p. 115)

Darimon "[b]egins with the measures which the Banque de France adopted in October 1855 to 'stem the progressive diminution of its reserves'."[2] (Marx 1973, p. 115) To reduce the outflow of its reserves the Bank had raised the discount rate and reduced the payment period for discounted bills;[3] as far as Darimon was concerned, the restriction in the stock of paper money in circulation

[1] In January 1857 Marx had written to Engels: "I have here a recent piece by one of Proudhon's disciples: *De la Réforme des Banques* par Alfred Darimon, 1856. Same old tale. The *démonétisation de l'or et de l'argent* [the demonetisation of gold and silver], or rather *que toutes les marchandises* [all commodities] should be transformed into instruments *d'échange au même titre que l'or et l'argent* [of exchange on the same footing as gold and silver]. The piece has an introduction by Emil Girardin and betrays evident admiration for Isaac Péreire." (Marx 1983, p. 90) Emil Girardin was a prominant journalist and Assembly member, who promoted what he called "good socialism", which he characterised as being founded on the harmony between capital and labour; Isaac Péreire was a businessman who, along with his brother Émile, set up the Crédit Mobilier bank in 1852. The Péreires were influenced by the ideas of the utopian socialist Henri de Saint-Simon.

[2] The pressure on the Banque's reserves were in part the result of the costs incurred by the then ongoing Crimean War plus the need to increase imports as a result of poor harvests.

[3] The discount rate on bills of exchange is the interest rate used to calculate the reduction from face value when the bill is sold (discounted) before maturity. If the rate rises, then the bill-holder who wants to convert the bill into cash is penalised. The "payment period" for a bill is the period between the bills presentation (as means of payment) and its maturity, essentially a period of credit, and its reduction is a way to reduce the level of

(which would result from the Banque's measures, and which was their intention) was precisely the wrong thing to do given the prevailing demand within France for funds.

In his work, Darimon presented a set of statistics to support his argument. As Marx puts it, he

> [w]ants to give us a statistical tableau of the condition of this bank during the six months preceding its October measures. To this end, [he] compares its bullion assets during these three months and the "*fluctuations du portefeuille*", i.e. the quantity of discounts extended by the bank (commercial papers, *bills of exchange* in its portfolio). The figure which expresses the value of the securities held by the bank, "represents", according to Darimon, "the greater or lesser need felt by the public for its services, *or*, *which amounts to the same thing*, *the requirements of circulation*". (Marx 1973, p. 115)

(Darimon's figures are reproduced in the box below; the first table indicates the Bank's bullion reserve, the second its portfolio. (Darimon 1856, pp. 2-3))

Voici, d'après les bilans mensuels de la Banque, quels avaient été, d'avril à septembre 1855, les chiffres de son encaisse :

12 avril.	432,614,797 fr.	88 c.
10 mai.	420,914,028	»
14 juin.	407,769,813	28
12 juillet.	314,629,614	13
9 août.	338,784,444	29
13 septembre.	288,645,333	87

Les mouvements du portefeuille, tant à Paris que dans les succursales, sont représentés par les chiffres suivants :

12 avril.	322,904,313	65
10 mai.	310,744,925	88
14 juin.	310,369,439	30
12 juillet.	381,699,256	68
9 août.	458,689,605	07
13 septembre.	431,390,562	64

Marx disagrees with Darimon's interpretation of these figures. The value of the bills presented for discount at the Bank, he argues, reflects the demand for *credit*, not circulation. In order to determine anything about the requirements of circulation Darimon would have had to take account of the actual quantity of paper money in circulation, but this he did not do. Marx characterises this omission on the part of Darimon as betraying "the bungling of the dilettante, and the intentional muddling together of the requirements of credit with those of monetary circulation—a confusion on which rests in fact the whole secret of Proudhonist wisdom. (A mortality chart listing illnesses on one side and deaths on the other, but forgetting births.)" (Marx 1973, p. 116)

Darimon's conclusion (which Marx initially labels a "tautology") is that "the bank's portfolio filled up with bills of exchange and its vaults emptied of metal in proportion as bills of exchange were presented to it for the purpose of withdrawing metal." (Marx 1973, p. 116)

credit liquidity. The intention of both of these measures was to reduce the stock of (convertible) banknotes in circulation.

But, says Marx, the tautology is only apparent, for there is something amiss here. Darimon's table shows that over the period under consideration the Bank's reserves fell by about 144 million francs while its portfolio rose by about 108 million.[4] The fall in the Bank's reserves exceeds the increase in its portfolio by around 36 million francs.[5]

Marx now goes through Darimon's figures more closely (we need not detain ourselves with the details) and observes that at one of the data points a fall in bullion reserves is accompanied by an increase in the portfolio, at another a fall in the reserves is accompanied by a fall in the portfolio (but not of the same magnitude). Then, at another point, a fall in the reserve is accompanied by an increase in the portfolio; at another both quantities increase. In summary: "[d]ecrease on one side, increase on the other; decrease on both sides; increase on both sides; in short, everything except a lawful regularity, above all no inverse correlation, not even an interaction, since a decline in portfolio cannot be, the cause of a decline in metal assets, and an increase in portfolio cannot be the cause of an increase in metal assets." (Marx 1973, p. 118)

Had Darimon included in his figures values for the circulation of paper money and for the volume of deposits (which would sum to the aggregate volume of non-metallic money in circulation), claims Marx, he would have seen that these two values would account for the discrepancy between the variations in reserves and portfolio. But in turn, had he done this, he would have shown "that the fulfilment by the bank of increasing commercial needs does not necessarily entail an increase in the turnover of its notes, that the increase or decrease of this turnover does not correspond to the increase or decrease of its metallic assets, that the bank does not control the quantity of the means of circulation, etc.—a lot of conclusions which did not fit in with Mr Darimon's intent."[6] (Marx 1973, p. 119)

In the period covered by Darimon's tables, the Bank's reserves fell by 144 million and its portfolio increased by 108 million;[7] in October the Bank raised its discount rate from 4% to 6% and reduced the time for the repayment of discounted bills from 90 to 75 days. It did this to protect its reserves: "it raised the terms on which it made its metal available to commerce." (Marx 1973, p. 119) "What does this demonstrate? 'That a bank,' says Darimon, 'organized on present principles, i.e. on the rule of gold and silver, withdraws its services from the public precisely at the moment when the public most needs them."' (Marx 1973, p. 119) But all that has been shown is that an increase in demand relative to supply supposes an increase in the price of that is supplied. ("Did Mr Darimon require his figures to prove that supply increases the cost of its services to the same degree as demand makes claims upon them (and exceeds them)?" (Marx 1973, p. 119)) Marx admonishes Darimon for imagining "the bank should be made an exception to these general economic laws [of supply and demand]". (Marx 1973, p. 120)

According to Darimon, "[t]he causes of the precious metals' flight from the bank [...] were crop failures and the consequent need to import grain from abroad." (Marx 1973, p. 120) Marx concurs, but accuses him of forgetting the effect of the following additional factors: the failure of the French silk harvest (and consequent demand for imported silk from China); large-scale foreign speculation on the part of the Crédit Mobilier; unproductive expenditure occasioned by

4 Marx says "101 million". (Marx 1973, p. 116)

5 Marx says "43 million". (Marx 1973, p. 116)

6 In other words, Marx argues that over the period examined by Darimon, there was an expansion of the non-metallic money supply equal in volume to the difference between the size of the fall in the banks metallic reserves and the size of its paper reserves (i.e. equal to the net increase in the value of the assets in the Banque's overall balance sheet).

7 Marx again says "101 million". (Marx 1973, p. 119)

the Crimean War.

Nevertheless, imagine, says Marx, that (as Darimon proposes) the French currency did not rest on a metallic basis, and that other countries were willing to accept French capital in non-metallic form. Would this have spared the Bank from raising the discount rate? The paper money that the Bank issues when discounting would now no longer be drafts on gold and silver but "drafts on the nation's stock of products and on its directly employable labour force." (Marx 1973, p. 121) The former is "limited", says Marx; the latter "can be increased only within very positive limits and in certain amounts of time." "The printing press," on the other hand, "is inexhaustible and works like a stroke of magic." (Marx 1973, p. 121) At the same time, the failure of the grain and silk harvests would have diminished one part the nation's exchangeable wealth while the foreign investments would have immobilised another part. This conjunction of circumstances would result in a general rise in prices of manufactured goods, of raw materials and of labour, coupled with an expansion of the paper money issue of the bank, and a depreciation in its value.[8] "The bank would not have increased the wealth of the nation through a stroke of magic, but would merely have undertaken a very ordinary operation to devalue its own paper."[9] (Marx 1973, p. 122)

But Beneath Darimon's argument lies a more fundamental issue.

> We have here reached the fundamental question, which is no longer related to the point of departure [i.e. to Darimon's theories]. The general question would be this: Can the existing relations of production and the relations of distribution which correspond to them be revolutionised by a change in the instrument of circulation, in the organisation of circulation? Further question: Can such a transformation of circulation be undertaken without touching the existing relations of production and the social relations which rest on them? (Marx 1973, p. 122)

A positive answer to this question, Marx argues, would reveal that a "misunderstanding has occurred in relation to the inner connections between the relations of production, of distribution and of circulation." (Marx 1973, p. 122)

Marx asks as to "whether the different civilised forms of money—metallic, paper, credit money, labour money (the last-named as the socialist form)—can accomplish what is demanded of them without suspending the very relation of production which is expressed in the category money, and whether it is not a self-contradictory demand to wish to get around essential determinants of a relation by means of formal modifications". (Marx 1973, p. 123) His answer is no.

> Various forms of money may correspond better to social production in various stages; one form may remedy evils against which another is powerless; but none of them, as long as they remain forms of money, and as long as money remains an essential relation of production, is capable of overcoming the contradictions inherent in the money relation, and can instead only hope to reproduce these contradictions in one or another form.[10] (Marx 1973, p. 123)

[8] This being how I interpret Marx's remark that there would be "an unlimited increase in bank drafts. Direct consequence: increase in the price of products, raw materials and labour. On the other side, decrease in price of bank drafts ["*Bankanweisungen*" (Marx 2006, p. 57)]." (Marx 1975, pp. 121-2)

[9] In other words, a an overissue of paper money relative to what backs it up, whether this be metallic or not, will devalue the currency concerned and, all else remaining equal, generate a general rise in the price level.

[10] "One form of wage labour may correct the abuses of another, but no form of wage labour can correct the abuse of wage labour itself." (Marx 1973, p. 123)

Marx returns to Darimon.

One of his errors is that he confuses the circulation of money ("*Geldumlauf*" (Marx 2006, p. 58), rendered by Marx 1973 (p. 123) as "monetary turnover") with *credit*. All that he in fact establishes is that "banks, which deal in credit, like merchants who deal in commodities or workers who deal in labour, sell at a higher price when demand rises in relation to supply, i.e. they make their services more difficult for the public to obtain at the very moment the public has the greatest need for them." (Marx 1973, p. 123) That this is the case (as we have seen) has nothing to do with whether or not the notes issued by the Bank are convertible or not.

In addition, Darimon errs when he seems to imagine that the Bank acts as "the dispenser and regulator of credit" in virtue of its "monopoly". (Marx 1975, p. 124) The bank does not have a monopoly over credit: in actual fact, "the power of the bank begins only where the private 'discounters' stop, hence at a moment when its power is already extraordinarily limited." (Marx 1975, p. 124) The Bank can set a discount rate, but if the private discounters set a lower one then "the discounters will discount all its business away before its very eyes."[11] (Marx 1973, p. 124)

Darimon goes on to propose (in his own words) the ending of "the privilege held by gold and silver, that of being the only authentic instrument of circulation and exchange [...]. [...] [I]t would be enough that gold and silver were made commodities like any other, or, precisely expressed, that all commodities were made instruments of exchange on an equal footing [...] with gold and silver; that products were truly exchanged for products." (Marx 1973, p. 124) "A currency is in its most perfect state when it consists wholly of paper money," says Darimon, misquoting Ricardo.[12] "Let the pope remain, but make everybody pope," says Marx. "Abolish money by making every commodity money and by equipping it with the specific attributes of money." (Marx 1973, p. 126)

This leads Marx to ask:

> does not the bourgeois system of exchange itself necessitate a specific instrument of exchange? Does it not necessarily create a specific equivalent for all values? One form of this instrument of exchange or of this equivalent may be handier, more fitting, may entail fewer inconveniences than another. But the inconveniences which arise from the existence of every specific instrument of exchange, of any specific but general equivalent, must necessarily reproduce themselves in every form, however differently. (Marx 1973, p. 127)

This is one of the questions that Darimon, according to Marx, ignores; for when there *is* a drain of bullion, and "modern economics is horrified to see itself suddenly and temporarily thrown

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[11] "Nowhere is this more vividly demonstrated than in the history of the Bank of England since the law of 1844 (see note 17 below), which made it into a real rival of the private bankers in the business of discounting, etc. In order to secure for itself a share, and a growing share, of the discount business during the periods of easiness on the money market, the Bank of England was constantly forced to reduce its rates not only to the level adopted by the private bankers but often below it. Its 'regulation of credit' is thus to be taken with a grain of salt; Darimon, however, makes his superstitious faith in its absolute control of the money market and of credit into his point of departure." (Marx 1973, pp. 124-5)

[12] Darimon (1856, p. 23) misattributes the phrase to Ricardo's 1811 pamphlet *The High Price of Bullion* (as does Marx 1986 (p. 64nb)); Marx 1975 (p. 126n6) misattributes it to to Ricardo's *Proposals for an Economical and Secure Currency* of 1816. In fact the line occurs in the *Principles*, but Darimon omits the dependent clause, for what Ricardo actually says is: "A currency is in its most perfect state when it consists wholly of paper money, *but of paper money of an equal value with the gold which it professes to represent*." (Ricardo 2004, p. 361, italicisation added)

back again and again to the prejudices of the Mercantile System," (Marx 1973, p. 127) that is precisely when the real contradiction that the precious metals are not merely commodities like all the others comes to the fore.

What might occasion a drain of bullion, Marx asks? A bad harvest at home of some food staple, or a bad harvest abroad of a mass consumption good (tea, say) and a consequent rise in price; a failure of in the harvest of an industrial raw material (cotton, wool, silk, flax);[13] excessive imports caused by speculation or war.[14]

A shortage that arise from domestic crop failures "deprives the nation doubly". On the one hand, a part of the invested capital is not reproduced, on the other and a part of the already reproduced capital has to be moved to fill the gap. But if the price of the good affected by the shortage rises (because of the fall in its supply), then the capital required is not arithmetically equal to the gap it has to fill.

To illustrate his point, Marx sets up a numerical example (in which he abstracts from the role of money and from trade with other countries).[15]

Imagine a fall in the grain harvest in a country from 30 million quarters to one quarter, he says, and imagine that the value[16] of the a quarter of wheat were equal to a. Previously, the total output of wheat would exchange with a non-agricultural product of the same value: 30 million a would exchange with 30 million a. After the fall in the harvest, 30 million a will now exchange with $1 \times a$. Relative to the price of the non-agricultural product, the price of wheat has increased by a factor to 30 million; relative to the price of wheat, the price of the non-agricultural product as decreased by a factor of 30 million. The total price of the product of the country will not have changed, since the inflation in the price of wheat will compensate the deflation of the price of everything else. However, relative to grain, the price of everything else has indeed collapsed; if the productivity of its capital is taken as the average productivity, this will have fallen, and the country concerned will enter into crisis, a crisis that is not dependent on monetary factors. "Quite apart from the role of money the nation would thus find itself in a general crisis. [...] A crisis caused by a failure in the grain crop is therefore not at all created by the drain of bullion, although it can be aggravated by obstacles set up to impede this drain." (Marx 1973, p. 129)

Proudhon would claim (says Marx) that the crisis has occurred because it is only precious metals which possess value. But all the rise in the price of grain means is that more gold and silver are required for a given quantity of grain (the price of grain has risen relative to gold; gold falls in price relative to grain). "[G]old and silver participate with all other commodities in the depreciation relative to grain, and no privilege protects them from this." (Marx 1973, 130)

Neither is it the case that the fact that gold is coined gives it any particular privilege. "One thaler (silver) remains under all circumstances one thaler. But a bushel of wheat is also always

[13] "The replacement of a sudden or chronic shortage (grain, tea, cotton, flax, etc.) in the case of a domestic crop failure deprives the nation doubly. A part of its invested capital or labour is not reproduced—real loss of production. A part of that capital which has been reproduced has to be shifted to fill this gap; and this part, moreover, does not stand in a simple arithmetical relation to the loss, because the deficient product rises and must rise on the world market as a result of the decreased supply and the increased demand." (Marx 1973, p. 128)

[14] "*Grain crop failures* and *excess imports* the most important cases. The impact of war is self-evident, since economically it is exactly the same as if the nation were to drop a part of its capital into the ocean." (Marx 1973, p. 128)

[15] I have to confess that I find this numerical example of Marx's confusing in the extreme.

[16] Marx uses the term *Produktionskosten* (Marx 2006, p. 63): "production costs".

a bushel, and a yard of linen a yard." (Marx 1973, p. 130)

Marx draws the following conclusions from what he has just argued. The depreciation of commodities and the ensuing crisis in the case of a failure of a grain harvest cannot be ascribed to the export of gold, since the depreciation and the crisis would occur even if no domestic gold were exported and no foreign grain imported. The crisis reduces itself simply to the law of supply and demand, which, as is well-known, operates more sharply in the sphere of primary necessities—at the national level—than in all other spheres. The export of gold is not the *cause* of the grain crisis, but its *result*.

Nevertheless, it is true that gold and silver play a role in *aggravating* the crisis; they do this in two ways. First, to the extent that the export of gold is inhibited by the actions of the banks (and the prevailing conditions under which they have to operate), and this impacts negatively on domestic monetary circulation; and, second, insofar as the export of gold becomes necessary because it is the only means of international payment in practice acceptable.

The second of these difficulties, Marx remarks (Marx 1973, p. 130), may still operate even if the second does not. During the period that the Bank of England was legally authorised to issue inconvertible notes (during the operation of the Bank Restriction Act over 1797 to 1821[17]), not only did the value of the Bank's notes fall against bullion but the mint price[18] of gold fell against bullion as well. Under these circumstances, "[i]n relation to [...] note[s], gold had become a special kind of commodity." (Marx 1973, p. 131) But it is of course the case that banknotes are always "convertible" to gold even under conditions of the suspension of *legal* convertibility, because gold can always be bought and sold. "It can be said that the note still remained dependent on gold only to the extent that it nominally represented a certain quantity of gold for which it could not in fact be exchanged. Gold remained its denomination, although it was no longer legally exchangeable for this quantity of gold at the bank."[19] (Marx 1973, p. 131) The debates in Britain between the "Bullionists" and "non-Bullionists"[20] are therefore not really about convertibility as such but about *how* convertibility should work.[21] "Convertibility

[17] The Act was brought in to reduce the drain on the Bank of England's gold reserves brought about by the overissue of banknotes following the British declaration of war on revolutionary France in 1793. During the period of the Act's operation, convertability with gold—the "gold standard"—was effectively suspended.

[18] The "mint price" of gold is the official rate at which gold is coined, contrasted with the "market price", the price of gold on the open market. If the mint price falls below the market price, then it will be rational to melt down gold coins and sell the resulting gold on the open market. This will cause a drain on the gold reserves held by banks.

[19] "There can be hardly a doubt [...] that as long as paper money retains its denomination in gold (so long as a £5 note for example is the paper representative of 5 sovereigns), the convertibility of the note into gold remains its economic law, whether this law also exists politically or not. The Bank of England's notes continued during the years 1799-1819 [better: 1797-1821] to state that they represented the value of a given quantity of gold. How can this assertion be put to the test other than by the fact that the note indeed commands so-and-so-much bullion? From the moment when bullion to the value of 5 sovereigns could no longer be had for a £5 note, the note was depreciated even though it was inconvertible. The equivalence of the note with an amount of gold equal to its face-value immediately entered into contradiction with the factual non-equivalence between banknotes and gold." (Marx 1973, p. 131)

[20] The "Bullionists" were that faction (prominent among whom was Ricardo) who argued for a strict operation of the gold standard and for corresponding restrictions on the issue of banknotes by the Bank of England. The "anti-Bullionists" (with whose positions Marx had some sympathy) argued that the amount of money in circulation was determined not by the issuance policy of the bank but the requirements of the circulation of commodities. The two sides in the debate would subsequently evolve into the "Currency School" and "Banking School" respectively.

[21] "Prussia has paper money of forced currency. (A reflux [return of notes to the bank] is secured by the obligation

into gold and silver is therefore the practical measure of the value of every paper currency denominated in gold or silver, whether this paper is legally convertible or not. Nominal value runs alongside its body as a mere shadow; whether the two balance can be shown only by actual convertibility (exchangeability)." (Marx 1973, p. 132)

Marx notes that in rural Scotland paper money is preferred over metal. Until the 1844 Bank Act was imposed on Scotland (in 1845), Scotland suffered the same social crises as England did (and perhaps more sharply), yet there were no *monetary* crises of note: there was "no depreciation of notes, no complaints and no inquiries into the sufficiency or insufficiency of the currency in circulation, etc. Scotland [...] shows [...] how the monetary system can be completely regulated on the present basis—all the evils Darimon bewails can be abolished—without departing from the present social basis [...]."[22] (Marx 1973, p. 133)

Nominally (i.e. as money) gold and silver cannot depreciate when their value falls with regard to other commodities because, as money, they are their own denominator; they are not valued in terms of a "third commodity",[23] "but merely express fractional pacts of their own substance." (Marx 1973, p. 133) Darimon cannot see this—he can as a consequence only see the appreciation of gold and silver against other commodities during a crisis; he cannot see the depreciation of gold and silver against other commodities in periods of "prosperity".

Convertibility (into silver or gold)—*de facto* or *de jure*—is a requirement for money, i.e. for what is to function as a token of value: convertibility equates the token (the paper money) to a "third commodity".[24] Let us imagine that a "sovereign"[25], which is in reality a given quantity of gold, let us say one yth of an ounce, is the name taken by x hours of labour time. Thus we have $\frac{1}{y}$ ounces of gold = x hours of labour time.[26] But the gold is *past* labour-time, labour-time that has already been expended. For it to be "convertible" it would have to be exchangeable for—be able to purchase—x hours of labour time, but this latter is not *past* labour time but *current*

to pay a portion of taxes in paper.) These paper thalers are not drafts on silver; no bank will legally convert them. They are not issued by a commercial bank against bills of exchange but by the government to meet its expenses. But their denomination is that of silver. A paper thaler proclaims that it represents the same value as a silver thaler. If confidence in the government were to be thoroughly shaken, or if this paper money were issued in greater proportions than required by circulation, then the paper thaler would in practice cease to be equal to the silver thaler and would be depreciated because it had fallen beneath the value proclaimed on its face. It would even depreciate if neither of the above conditions obtained but if a special need for silver, e.g. for exports, gave silver a privileged position vis-ii-vis the paper thaler." (Marx 1973, p. 132)

[22] In *Capital* III Marx quotes from *The Economist*.

"'The Scotch banks keep unemployed amounts of cash with their London agents; these keep them in the Bank of England. This gives to the Scotch banks, within the limits of these amounts, command over the metal reserve of the Bank, and here it is always in the place where it is needed, when foreign payments are to be made.'

"This system was upset by the 1845 Act. In consequence of the Act of 1845 for Scotland 'of late a large drain of the coin of the Bank has taken place, to supply a mere contingent demand in Scotland, which may never occur ... Since that period there has been a large sum uniformly locked up in Scotland, and another considerable sum constantly travelling back and forward between London and Scotland. If a period arrives when a Scotch bank expects an increased demand for its notes, a box of gold is brought down from London; when this period is past, the same box, generally unopened, is sent back to London' (*The Economist*, 23 October 1847)." (Marx 1981, p. 697)

[23] They already *are* the "third commodity".

[24] Although as Marx points out (Marx 1973, p. 134) equivalence suggests non-equivalence just as convertibility suggests non-convertibility, "potentially" (Marx uses the Greek term), as Aristotle would say.

[25] A sovereign was a coin of monetary value £1 which, in its "modern" form, contained 123.274 grains of gold (about 8 grams). Use of sovereigns in Britain was phased out over the course of the First World War.

[26] I have changed Marx's letters, to make his example easier to follow.

labour time: "not the amount of labour time incorporated in [already-produced] products, but rather the amount of labour time necessary at a given moment," says Marx. (Marx 1973, p. 135) If a pound of gold is the product of (say) 20 hours' labour time, and then—for whatever reason—it becomes possible to produce a pound of gold in 10 hours' labour time, the pound of gold, denominated equal to 20 hours' labour time, is now really equal only to 10 hours' labour time.

> Gold money with the plebeian title *x hours of labour* would be exposed to greater fluctuations than any other sort of money and particularly more than the present gold money, because gold cannot rise or fall in relation to gold (it is equal to itself), while the labour time accumulated in a given quantity of gold, in contrast, must constantly rise or fall in relation to present, living labour time. In order to maintain its convertibility, the productivity of labour time would have to be kept stationary. (Marx 1973, p. 135)

(Given that we would expect labour productivity to rise secularly, "the inevitable fate of this golden labour money would be constant depreciation." (Marx 1973, p. 135))

What if, to avoid this problem, "the title of labour time should go not to gold but [...] to paper money, to a mere symbol of value"?[27] (Marx 1973, p. 135) Now, a rise in the productivity of labour would mean a rise in the money's purchasing power. "According to the same law which would subject golden labour money to a constant depreciation, paper labour money would enjoy a constant appreciation." (Marx 1973, 135) And the (Proudhonite and Owenite) socialists would say that that is its advantage: "the worker would reap the joys of the rising productivity of his labour, instead of creating proportionately more alien wealth and devaluing himself as at present." (Marx 1973, pp. 135-6)

But there is a problem here, which Marx will turn his attention to in the next section of the Manuscript.

[27] "[A]s [Wilhelm] Weitling [an early theorist of communism] proposed, with Englishmen [a refernce to Robert Owen (who was, in fact, Welsh)] ahead of him and French after, Proudhon & Co. among them."

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