The *Grundrisse* (The 1857-58 Manuscript)

The Chapter on Money: Part 3

Money and Exchange Value (pp. 144-156)

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We have seen that conceiving the commodity as exchange value means positing the expression of its exchangeability in relation to all commodities. (Marx 1973, p. 144) This exchange relation, between one commodity and all, requires mediation, and this mediation is achieved through "the symbol of the commodity as commodity." (Marx 1973, p, 144) This "symbol" is *money*, and is itself the result of the social process of exchange. In turn, the commodity that serves as money, itself a symbol of the commodity's general exchangeability, can itself be replaced by a symbol—a symbol of a symbol, as it were: "the commodity which is required as medium of exchange [...][,] [which] becomes transformed into money, [...] can in turn be replaced by a symbol of itself. It then becomes the conscious sign of exchange value." (Marx 1973, p. 144)

What is set out here is (in Marx's description) a *process*, in which the product "becomes" a commodity and the commodity "becomes" exchange value, a process in which the commodity becomes, by being exchanged "for a symbol which represents it as exchange value as such", "*a mere moment of exchange*". (Marx 1973, p. 145) Through this process, the commodity acquires a "double existence", "as a natural product on one side, as exchange value on the other." (Marx 1973, p. 145)

Money is the form of existence of the exchange value of a commodity that has separated off from the commodity's existence as a commodity.[1] (In a swipe at the "time-chitters", Marx notes that "just as it is impossible to suspend the complications and contradictions which arise from the existence of money alongside the particular commodities merely by altering the form of money [...], so also is it impossible to abolish money itself as long as exchange value remains the social form of products." (Marx 1973, p. 145))

Marx sets out the "properties" of money:

- "measure of commodity exchange" (i.e. standard of price);

[1] Marx notes that the material in which this symbol—money—expresses itself is not "a matter of indifference", and draws here the analogy with the "symbols for words, for example the alphabet". (Marx 1973, p. 145)

- "means of exchange";
- "representative of commodities";
- "general [*allgemeine*: perhaps "universal"] commodity alongside the particular commodities".[2]

To the extent that "production is shaped in such a way that every producer becomes dependent on the exchange value of his commodity", that is, to the extent that production becomes production for *exchange*, "*money relations* develop, together with the contradictions immanent in the *money relation*"; and to the same extent "the exchange relation establishes itself as a power external to and independent of the producers." (Marx 1973, p. 146) But, Marx reminds us, this antithesis—between the external power of the exchange relation and the producer of the product—is not created by money; money is rather the *result* of the antithesis.

Marx sets out to elucidate "the contradictions, inherent in this relation itself, [...] wrapped up in the existence of money alongside commodities". (Marx 1973, p. 147) He identifies four.

- First, there is the commodity's "double existence" referenced earlier: the contradiction between the commodity's "*particular* nature [...] as product and its *general* nature as exchange value" (Marx 1973, p. 147, italicisation added).[3] One consequence of this is the following: once the commodity's exchangeability becomes expressed in the form of money, externally to it, then at the same time the possibility of the negation of this exchangeability is simultaneously posed. "As soon as money has become an external thing alongside the commodity, the exchangeability of the commodity for money becomes bound up with external conditions which may or may not be present [...]. The commodity is demanded in exchange because of its natural properties, because of the needs for which it is the desired object. Money, by contrast, is demanded only because of its exchange value, as exchange value. Hence, whether or not the commodity is transposable into money [...]—this depends on circumstances which initially have nothing to do with it as exchange value and are independent of that." (Marx 1973, p. 147) The contradiction is thus a double one: first, in the form of the commodity's exchange value expressed as money as being separate from the physical commodity; second in that actual exchange may not, in fact, take place.
- Second. Not only is the commodity forced to lead a double existence, torn between product and money, but so too is exchange split into two mutually independent acts: sale, then purchase; or purchase, then sale.[4]

[2] In parentheses, Marx adds: "By virtue of its property as the general commodity in relation to all others, as the embodiment of the exchange value of the other commodities, money at the same time becomes the realised and always realizable form of capital; the form of capital's appearance which is always valid—a property which emerges in bullion drains; hence capital appears in history initially only in the money form; this explains, finally, the link between money and the rate of interest, and its influence on the latter." (Marx 1973, p, 146)

[3] Is Marx coquetting with the figure of the syllogism again? Is the contradiction between the general (exchange value) and particular ("product"—use value as Marx will put it later) bridged ("mediated") by the singular commodity itself? (Cf. Marx 1973, p. 89)

[4] It is also the case that each act of the two that make up the exchange can also be broken into two: that *A* sells to *B* is not identical to *B* buying from *A*. Each—*A* and *B*—realises a different action. One changes their commodity into money. The other their money into a commodity. (Marx does not make this point.)

- Third. If exchange itself consists of two—spatially and temporally—separate and separable acts, then exchange for the sake of sale becomes separated from sale for the sake of exchange. (In Marx's later, nomenclature if C–M is not the same as M–C then neither is C–M– C equal to M–C–M.[5]

- Fourth. Not only is it that money, as a general commodity, is contrasted with a particular commodity, but money itself, which is a commodity, is contrasted with itself as general (exchange value) and particular (the commodity).

At this point (Marx 1973, p. 151) Marx pulls himself up short to criticise his "idealist" presentation, "which makes it seem as if it were merely a matter of conceptual determinations and of the dialectic of these concepts."

(Marx now (Marx 1973, pp. 152-3) notes a number of newspaper articles. One, from *The Economist*, seems to reference the interpenetration of merchant and banking capital. Another (from the *Morning Star*) refers to the effect on the profits of the Bank of France of its high rate of discount (adopted, as we saw earlier in the Manuscript) to stem a drain of bullion from the Bank's reserves). Marx also notes of the reporting of the phenomenon of the circulation of English silver coins at a mint price higher than the market price of the silver they contain; and also (again in *The Economist*) of the circulation of silver tokens of below their intrinsic value. Marx draws no conclusions from any of this.)

Marx returns to the issue of time-chits. He notes that the very existence of the time-chit supposes a set of conditions—a public bank, public credit—which he says he will for the moment leave to one side. If, he says next, "the preconditions under which the price of commodities = their exchange value are fulfilled and given", which means that there will be a balance of demand and supply and a balance of production and consumption, which in turn means, "in the last analysis, *proportionate production*"; then (and *only* then) "the money question becomes entirely secondary, in particular the question whether the tickets should be blue or green, paper or tin, or whatever other form social accounting should take." However, under these conditions "it is totally meaningless to keep up the pretence that an investigation is being made of the real relations of money." (Marx 1973, p. 153)

Marx dedicates several pages to a critique of a time-chit scheme set out by John Gray in ch. 5 of his book *The Social System* (Gray 1831) Imagine a bank were to issue time-chits, says Marx, and that a given commodity A has an exchange value of x hours of labour-time, and is exchanged against a sum of money representing x labour-time. To convert the commodity into money (i.e. for its producer to sell it) it would have to be sold to the bank (this is how the time-chits produced by the bank would enter into circulation). The bank would be the general buyer of society, and would buy all commodities. Then, of course, the bank would also become society's general seller. In order to do all this effectively, the bank would have to ascertain the labour-time materialised in the commodities that it buys—not the actual labour-time, but the socially necessary labour time, on average, required for the production of these goods; it would also have to take responsibility for the allocation of labour, and its recompense: the bank would, in short become the "despotic ruler of production and trustee of distribution". (Marx 1973, p. 156) In other words, the introduction of a time-chit scheme of this sort would require the *revolutionary transformation of society*.

[5] It could even be said that the non-identity of C–M–C and M–C–M is *premised on* the non-identity of C–M and M–C.

The alternative to this set-up would be for the bank to issue time-chits as money and then allow them to circulate freely. But for this money to really circulate, and not function "as a meal ticket good for a dozen meals which I obtain from a restaurant, or a theatre pass good for a dozen evenings, both of which represent money, but only in this particular restaurant or this particular theatre" (Marx 1973, p. 155), the time-chits would actually need to *become* money.

The lesson here is the following. Either time-chits replace money, or they *become* money. The first case requires the transformation of society's relations of production; the second represents the negation of the time-chit project. What is not possible is the replacement of money by time-chits *without* the transformation of society.

References

Gray, John. 1831. *The Social System: A Treatise on the Principle of Exchange*. Edinburgh: William Tait. https://archive.org/details/socialsystematr00graygoog/page/n6/mode/2up.

Marx, Karl. 1973. *Grundrisse: Foundations of the Critique of Political Economy (Rough Draft)*. Translated by Martin Nicolaus. London: Pelican Books.