The *Grundrisse* (The 1857-58 Manuscript)

The Chapter on Money: Part 5

Money as Commodity (pp. 165-186)

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Ostensibly, we are discussing money. Marx summarises where we are in that discussion.

> The product becomes a commodity. The commodity becomes exchange value. The exchange value of the commodity acquires an existence of its own alongside the commodity; i.e. the commodity in the form in which (1) it is exchangeable with all other commodities, (2) it has hence become a commodity in general, and its natural specificity is extinguished, and (3) the measure of its exchangeability (i.e. the given relation within which it is equivalent to other commodities) has been determined—this commodity is the commodity as money, and, to be precise, not as money in general, but as a *certain definite sum of money*, for, in order to represent exchange value in all its variety, money has to be countable, quantitatively divisible. (Marx 1975, p. 165)

Money, the *universal* commodity, must exist as a *particular* commodity.[1] "Money does not arise by convention, any more than the state does. It arises out of exchange, and arises naturally out of exchange [...]." (Marx 1973, p. 165) At first, the commodity that serves as money is that "which is most frequently exchanged and circulated as an object of consumption, and which is therefore most certain to be exchangeable again for other commodities" (Marx 1975, p. 165) (Marx cites salt, hides, cattle, and slaves). Later, of course, such commodities will be superseded as money by commodities who have the least utility as items of consumption; at first, what it is money is so in virtue of its particular use value; later, what is money acquires its use value in virtue of being money. The former applies, Marx notes (Marx 1973, p. 166) to that period in which money serves more as measure; the latter to that in which money functions more as medium of exchange.

It is out of the fact that the commodity develops into what Marx calls "general exchange value" (Marx 1973, p. 167), i.e. when the exchange of goods becomes regular and normal rather then episodic and secondary, that to one particular commodity there attaches itself the function of representing the exchange value of *all* commodities (except itself).

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[1] "The contradiction which thereby enters, to be developed elsewhere." (Marx 1973, p. 165)

The quantitative relationship between a given commodity and money ("the specificity of its exchange value", that is, its price) "is *presupposed* before its transposition into money" (Marx 1973, p. 167); in other words, commodities can have prices before being exchanged, or even without being exchanged.

> The commodity is an exchange value because it is the realisation of a *specific* amount of labour-time; money not only measures the amount of labour-time which the commodity represents, but also contains its general, conceptually adequate, exchangeable form. Money is the physical medium into which exchange values are dipped, and in which they obtain the form corresponding to their general character. (Marx 1973, p. 167)

It is money that is the measure of labour-time and not labour-time itself because the labour-time represented by a given commodity must be translateable into a form against which all commodities can measure themselves. "Labour-time cannot directly be money (a demand which is the same, in other words, as demanding that every commodity should simply be its own money), precisely because in fact labour-time always exists only in the form of particular commodities (as an object): being a general object, it can exist only symbolically, and hence only as a particular commodity which plays the role of money." (Marx 1973, p. 168) This is what money is: labour-time itself in the form of a "general object"; or "the objectification of labour-time."[2] (Marx 1973, p. 169)

(Several more parenthetical remarks appear here, in which Marx notes that "the contrast between gold and silver, as eternal commodities, and the others, is not only to be found in William Petty but is also present in Xenophon"; and that he will need to develop the relation between the quantity of gold and silver and the price level. With respect to the last point, Marx notes that "merely measured in gold or silver, the quantity of these metals has no influence on the prices of commodities; the difficulty enters with actual exchange, where the metals actually serve as instruments of exchange" (Marx 1973, p. 170), i.e. he notes the difference between the amount of precious metals *in existence* in a country, and the amount *in circulation.*)

Labour-time has three different forms of existence, Marx seems to say next. It exists *subjectively*, as activity; it exists in the *exchangeable* but particular form of the product; and exists in *general* form, as money.(Marx, 1973, p. 171)

Then Marx makes the following observation. The labour of the individual producer as it appears in the act of production is the "money" with which he "buys" the product of that production. But that "money" is *particular* money, which buys only one, particular, product. "In order to be *general money* directly, it would have to be not a *particular*, but *general* labour from the outset; i.e. it would have to be *posited* from the outset as a link in *general production*." (Marx 1971, p. 171) (To my mind, what Marx is *grasping towards* here is the distinction between concrete and abstract labour that he will develop with more clarity subsequently.)

He goes on. When production is organised *communally*, labour is from the *beginning* general labour. The "exchange" that takes place in production is not now an exchange of exchange

[2] Marx makes the following interesting if tangential point here. If the supply of precious metals (gold) increases while their cost of production does not, given that they represent "wealth in general", and are therefore consumed more in function of the growth of wealth in general, they find avenues of non-monetary consumption, which retards their depreciation. "A number of problems which appear inexplicable to the economists—who generally make consumption of gold and silver dependent solely on the decrease in their costs of production—in regard to the California-Australia case [...], are thereby clarified. This is precisely linked with their property as money, as representation of wealth." (Marx 1973, pp. 169-70)

values but an exchange of *activities*. In bourgeois production, by contrast, "labour is *posited* as general only through *exchange*." (Marx 1973, p. 171) Under conditions of bourgeois production, the exchange of products requires, for this very reason, a *medium* of exchange (money): "no matter how much these independent productions determine and modify each other *post festum* through their interrelations—mediation takes place through the exchange of commodities, through exchange value and through money; all these are expressions of one and the same relation." (Marx 1973, pp. 171-2) Under conditions of communal production, by contrast, production acts *as its own mediation*. No money is therefore necessary.

> In the first case the social character of production is *posited* only *post festum* with the elevation of products to exchange values and the exchange of these exchange values. In the second case the *social character of production* is presupposed, and participation in the world of products, in consumption, is not mediated by the exchange of mutually independent labours or products of labour. It is mediated, rather, by the social conditions of production within which the individual is active. (Marx, 1973, p. 172)

This is, ultimately, the central charge against the time-chitters. To make money into labour money requires the transformation of production into that form in which no money is necessary.

> Those who want to make the labour of the individual directly into *money* (i.e. his product as well), into *realised exchange value*, want therefore to determine that labour *directly* as general labour, i.e. to negate precisely the conditions under which it must be made into money and exchange values, and under which it depends on private exchange. (Marx, 1973, p. 172)

None of this is to say of course that under conditions of communal production what Marx calls "the determination of time" becomes unimportant. Far from it. "The less time the society requires to produce wheat, cattle etc., the more time it wins for other production, material or mental. Just as in the case of an individual, the multiplicity of its development, its enjoyment and its activity depends on economization of time. Economy of time, to this all economy ultimately reduces itself." (Marx 1973, pp. 172-3) It is just that the "economy of time" under conditions of communal production does not take the form of the "measurement of *exchange values* (labour or products) by labour-time." (Marx 1973, p. 173, italicisation added)

(Several more parenthetical remarks follow, referencing classical writers.)

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There now follows a discussion of the materials which find themselves called up for uses as the money commodity. This is not an irrelevant discussion, Marx charges.

> The subject in which this symbol is represented is not a matter of indifference, since the demands placed on the representing subject are contained in the conditions—conceptual determinations, characteristic relations—of that which is to be represented. The study of the precious metals as subjects of the money relations, as incarnations of the latter, is therefore by no means a matter lying outside the realm of political economy, as Proudhon believes, any more than the physical composition of paint, and of marble, lie outside the realm of painting and sculpture" (Marx 1973, pp. 173-4)

To begin, Marx asks: why metals? In the first place, they are "uniform in their physical qualities, so that equal quantities of them should be so far identical as to present no ground for preferring this one to the others. [This is n]ot the case, for example, with equal numbers of cattle and equal quantities of grain." (Marx 1973, p. 174)

"Precious" metals (Marx lists mercury, silver, gold and platinum) are to be preferred over other metals since they do not oxidise. (Marx lists the physical, chemical and geological properties of gold and silver, and notes several properties of platinum and mercury that mark them as unsuitable as money.)

Pebbles (for example) would not be a suitable "object of exchange" since they have no value: "[f]or something to become an object of exchange, to have exchange value, it must not be available to everyone without the mediation of exchange." (Marx 1973, p. 176)

(Marx now (Marx 1973, pp. 177-180) inserts a series of extracts from and notes on a textbook on geology, where where gold is to be found is discussed.)

Marx—still engaging with money in its *historical* aspect—turns his attention to the fluctuations in their [precious metals'] relative value." (Marx 1973, p. 180, italicisation suppressed) (Marx announces that he will, for the moment, leave to one side "question of the mass of circulating metals as such, and its relation to prices." (Marx 1973, p. 180)

The successive fluctuations between gold, silver and copper are first to be explained by *practical* questions: where they are found, purity, etc.; and then by *political* questions (who conquered whom, and where and when these conquests took place, for example).

To analyse what Marx calls the "value relation" between the different metals it is sufficient to compare their relative prices in terms of each other, and that, over broad historical time, Marx proceeds to do (Marx 1973, pp. 181-6). He draws no definite conclusions from the excursus, other than to note that the relative prices of gold and silver in terms of each other have varies from the times of antiquity to the late middle ages. The following observations, made *inter alia*, stand out:

- that the (need for) accumulation succeeds and does not precede the use of metals as money;
- that precious metals were used as means of production before they were used as money (i.e. before the use of iron);
- and, most importantly, that underlying the value relation is the relative difficulty (i.e. cost of production) of the metals concerned.

References

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