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Note about the Annotations

These Annotations contain the full text of Marx’s *Contribution to the Critique of Political Economy* in English and German by side. The page numbers at the beginning of each paragraph refer to [Mar87b] in English and [Mar71] in German. In both of these collections, certain long quotes are printed as separate paragraphs in a smaller typeface, which makes it difficult to see where Marx’s original paragraphs started and ended. Therefore the edition in [Mar80] was consulted to decide where a new paragraph begins.

These Annotations have a finer subdivision of the two chapters into sections than the original; the additional subtitles are given in square brackets.

In the original, Marx had marked his footnotes on each page separately, here they are numbered consecutively through the whole work. Some background information about this
Note about the Annotations

work can be found in [Mar87b, note 57, pp. 540–542].

At the present time, the Annotations to Contribution to the Critique of Political Economy are still in an unfinished state, use with care! I am publishing them already now because they may be helpful as a subsidiary text to the Annotations to Capital akmc.pdf.

Hans G. Ehrbar
Preface

261:1 I examine the system of bourgeois economy in the following order: capital, landed property, wage-labor; the state, foreign trade, world market. The economic conditions of existence of the three great classes into which modern bourgeois society is divided are analysed under the first three headings; the interconnection of the other three headings is self-evident.

7:1 Ich betrachte das System der bürgerlichen Ökonomie in dieser Reihenfolge: Kapital, Grundeigentum, Lohnarbeit; Staat, auswärtiger Handel, Weltmarkt. Unter den drei ersten Rubriken untersuche ich die ökonomischen Lebensbedingungen der drei großen Klassen, worin die moderne bürgerliche Gesellschaft zerfällt; der Zusammenhang der drei andern Rubriken springt in die
Preface

Question 1 What is the interconnection between the state, foreign trade, and the world market?

The first part of the first book, dealing with capital, comprises the following chapters: 1. the commodity; 2. money or simple circulation; 3. capital in general. The present part consists of the first two chapters. The entire material lies before me in the form of monographs, which were written not for publication but for self-clarification at widely separated periods; their remoulding into an integrated whole according to the plan I have indicated will depend upon circumstances.

Die erste Abteilung des ersten Buchs, das vom Kapital handelt, besteht aus folgenden Kapiteln: 1. die Ware; 2. das Geld oder die einfache Zirkulation; 3. das Kapital im allgemeinen. Die zwei ersten Kapitel bilden den Inhalt des vorliegenden Heftes. Das Gesamtmaterial liegt vor mir in Form von Monographien, die in weit auseinanderliegenden Perioden zu eigner Selbstverständigung, nicht für den Druck niedergeschrieben wurden, und deren zusammenhängende Verarbeitung nach dem angegebenen Plan von äußern Umständen abhängen wird.
A general introduction, which I had drafted, is omitted, since on further consideration it seems to me out of place to anticipate results which still have to be substantiated, and the reader who really wishes to follow me will have to decide to advance from the individual to the general. A few brief remarks regarding the course of my study of political-economic studies may however seem appropriate here.

Question 2 Why “seem”? This “general Introduction” was published posthumously; it is known as the “Introduction” as distinct from the “Preface” here, and is supplied in the separate file introduc.pdf.

Question 3 If Marx considered it out of place to anticipate results which still have to be substantiated, why did he then write the preface?
261:3/o Although I studied jurisprudence, I pursued it as a subject subordinated to philosophy and history. In the year 1842–43, as editor of the *Rheinische Zeitung*, I first found myself in the embarrassing position of having to discuss what is known as material interests. The deliberations of the Rhenish Landtag on forest thefts and the division of landed property; the officials polemic started by Herr von Schaper, then Oberpräsident of the Rhine Province, against the *Rheinische Zeitung* about the condition of the Moselle peasantry, and finally the debates on free trade and protective tariffs caused me in the first instance to turn my attention to economic questions. On the other hand, at that time when good inten-

tions “to push forward” often took the place of factual knowledge, an echo of French socialism and communism, slightly tinged by philosophy, was noticeable in the *Rheinische Zeitung*. I objected to this dilettantism, but at the same time frankly admitted in a controversy with the *Allgemeine Augsburger Zeitung* that my previous studies did not allow me to express any opinion on the content of the French theories. When the publishers of the *Rheinische Zeitung* conceived the illusion that by a more compliant policy on the part of the paper it might be possible to secure the abrogation of the death sentence passed upon it, I eagerly grasped the opportunity to withdraw from the public stage to my study.

The first work which I undertook to dispel the doubts assailing me was a critical re-examination of the Hegelian philosophy of law; the introduction to this work being published in the *Deutsch-Französische Jahrbücher* issued in Paris in 1844. My inquiry led me to the conclusion that neither legal relations nor political forms could be comprehended whether by themselves or on the basis of a so-called general development of the human mind, but that on the contrary they originate in the material conditions of life, the totality of which Hegel, following the example of English and French thinkers...
of the eighteenth century, embraces within the term “civil society”; that the anatomy of this civil society, however, has to be sought in political economy. The study of this, which I began in Paris, I continued in Brussels, where I moved owing to an expulsion order issued by M. Guizot. The general conclusion at which I arrived and which, once reached, became the guiding principle of my studies can be summarized as follows.

Marx’s Preface to *A Contribution to the Critique of Political Economy* contains a famous passage formulating the basic principles of *historical materialism*. The following sentence-by-sentence discussion draws on the most diligent and most widely accepted scrutiny and interpretation of the Preface available, that in G. A. Cohen’s book [Coh80].

In the social production of their lives, people enter into determinate relations that are

In der gesellschaftlichen Produktion ihres Lebens gehen die Menschen bestimmte,
necessary and independent of their wills—relations of production, which correspond to a determinate stage of development of their material productive powers.

Instead of “productive forces” we translate “Produktivkräfte” as “productive powers,” following a recommendation in [Coh80, p. 37:3]. [The76, p. 355] says that the German “Produktivkräfte” was originally Marx’s translations of Smith’s and Ricardo’s “productive powers.”

The two concepts introduced in this sentence, “productive powers” and “relations of production,” are basic tools for a scientific understanding of history. Their short definition is: the productive powers are the state of technology, while the relations of production denote the interpersonal relations of the producers in the production process (sometimes called the “relations in production”) as well as the wider web of social relations and institutions determining who produces what and who gets to consume it.

The main *productive powers* are the means of production and labor-power. Cohen gives the following useful elaboration of these two concepts (I am writing “productive [power]”)
where Cohen uses the more common expression “productive force”):

Means of production are physical productive resources: tools, machinery, raw materials, premises and so forth. Labor-power includes not only the strength of producers, but also their skills, and the technical knowledge (which they need not understand) they apply when laboring. Marx says, and I agree, that this subjective dimension of the productive [powers] is more important than the objective or means of production dimension. [Coh83, p. 12:1]

Note that labor power, not labor itself, is a productive power.

The relations of production are the system of social relations and institutions which determine the following questions (a)–(h) (which are inspired by [GS87, pp. 5–6]):

(a) Is the labor necessary to society’s physical survival distributed equally, or are some individuals required to work more and consume less than others, and if so, who are those?

(b) Which incentives or necessities induce people to work? Do they produce for themselves the goods they need in order to survive? Are they coerced on pain of death or punishment to produce things consumed by someone else? Are they ordered by their masters
to work? Do they work for someone who owns the means of production they work with because they need money to satisfy their survival needs? Do they work because they like to? Do they co-operate with others because they enjoy the synergy and want to have an impact in improving the lives for themselves and others?

(c) How is their work organized? Do they themselves decide, individually or in groups, their speed and methods of work? Is this imposed on them by a master or manager?

(d) If the workers do not own and control the means of production (the land, tools, equipment machines and buildings) with the aid of which work is carried out, who does, and which rights do these owners have?

(e) What is the determining force—the purpose—underlying production? Do the individual workers decide to produce in order to survive? Does society have institutions which direct the production processes necessary for collective survival? Or do some people establish a production process with the objective of enriching themselves?

(f) If some people in the society do not work, who are they and how do they receive enough food and other goods to survive? This incorporates many other questions. Are there
particular castes into which people are born which do not require them to work? Is there a sexual division of labor which requires one sex to work more than the other? Is there a class of people who manage to receive an income without working?

(g) How much variation is there between different groups’ and individuals’ standards of living and levels of income? And how are these differences determined?

(h) What is the mechanism by which society’s product is transferred from those who produce it to those who are entitled to receive it?

**Question 4** Is the determining force—or purpose—of capitalist production the market demand, or is it the profit motive?

**Question 5** Answer the above Questions (a)–(h) for capitalist society.

Cohen, by contrast, has a more simplistic view of relations of production: He considers the relations of production to be relations of ownership and (effective) control: who owns whom or what. He constructs table 0.1, which characterizes different relations of production by different patterns of the ownership of labor-power and the means of production.
Preface

<table>
<thead>
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<th>What the producer owns</th>
<th>his labor power</th>
<th>means of production he uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>slave</td>
<td>none</td>
<td>none</td>
</tr>
<tr>
<td>serf</td>
<td>some</td>
<td>some</td>
</tr>
<tr>
<td>wage laborer</td>
<td>all</td>
<td>none</td>
</tr>
<tr>
<td>independent producer</td>
<td>all</td>
<td>all</td>
</tr>
</tbody>
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Table 0.1.: Cohen’s Schema of Relations of Production

Question 6 Show that all other possible patterns not listed in in Table 0.1 are either mixtures of those listed or are inconsistent.

Table 0.1 gives a basic and also exhaustive (see Question 6) classification. But it takes a too narrow view of relations of production. Relations of production cannot be adequately described by: “I own this and you own that.” For instance, the equality of labor cannot be captured this way, although it lies at the root of commodity relations. Cohen’s perspective is severely hampered by his identification of social with interpersonal relations and, related
with this, his failure to distinguish surface and core of the economy. He only looks at the surface relations and not at the economic deep structure underneath. By identifying the relations of production with property relations, he depicts them as something which can be legislated—and consequently he cannot crisply define the difference between relations of production and legal relations.

Exam Question 7  Define productive powers and relations of production.

After these clarifications of the concepts productive powers and relations of production, let us discuss the first sentence word for word. The beginning of the sentence notes that life has to be produced socially.

In this social production of their lives, people must take part in relations of production. The English text says here “enter” into relations of production, but the German “eingehen” connotes being in the relationship as much as the act of entering it.

Marx gives three attributes to these relations of production: they are determinate, necessary, and independent of people’s wills.
In the German, the three attributes: (1) determinate, (2) necessary, (3) independent of their will are given in parallel. In English, such a parallel construction cannot be given in front of “relations,” but one would have to say: relations which are determinate, necessary, and independent of their will. This sounds awkward. The translation given above is a compromise.

**Question 9** Carefully explain to what extent the relations of production are determinate, necessary, and independent of people’s wills.

**Question 10** Marx says that the relations of production are independent of people’s wills. Does he mean by this, they are independent of the will of anyone is society, or does he mean, they are independent of the wills of the majority of the people, for instance capitalism being determined by a small minority of capitalists?

The word “determinate” means that the relations of production are not invented arbitrarily or the result of historic accidents, but have a specific character, which can be explained independently of the details of history. How is this character determined if not through history? A prime candidate, the wills and preferences of the members of society, is ruled out: we do not have capitalism because the capitalists want us to have capitalism. Of course, most capitalists like it that we have capitalism and they promote capitalism, but they did
not invent it; it so-to-say fell into their lap. What determines that we have capitalism now and not for instance feudalism or a slave society? The third attribute, the necessity of the relations of production (namely, their necessity for the production of people’s lives), is a hint where this answer must be found: in material production.

Historical materialism holds that there is a strong link between relations of production and productive powers. However, this link is not very direct. Marx writes that the relations of production “correspond” to a determinate stage of development of the productive powers. First of all, this implies that the productive powers develop. What does this mean? It is a tendency, i.e., Marx would not deny that there are historical phases in which productive powers regress. Marx would probably also not deny that skills can in certain cases be lost, but over time, mankind acquires the ability to produce more and more and better and better.

Now what is meant by the word “correspond”? In English, this word has at least two different meanings. Sometimes it denotes a symmetric relationship. Cohen [Coh80, p. 137] gives as example: “goals in soccer correspond to runs in baseball.” But often it is also used in an unidirectional way. Cohen’s example here is “nervous breakdowns correspond to an increase in the pressures of life.” Cohen [Coh80, p. 136] argues convincingly that the meaning of “corresponds” in the above passage is unidirectional.
Question 11  Marx writes in the Preface that the relations of production “correspond” to the stage of development of the material productive powers. Try to bring as many arguments as possible in favor of the thesis that the word “correspond” is used here in a unidirectional sense. (Some such arguments are given in \([\text{Coh80, p. 137:3}]\).)

Unfortunately, Cohen does not know of any unidirectional relationship which might apply here other than a *functional* one. He interprets the above passage to mean that production relations are “appropriate” to the productive powers, “and we may impute to [Marx] the further thought that the relations are as they are *because* they are appropriate to productive development” \([\text{Coh80, p. 136}]\).

I favor a different interpretation, according to which economic relations have their own dynamic, but they thrive better in one technological environment than in another, and they may be entirely incompatible with still other technologies. This does not mean that they can be explained by or derived from the technology. Just as the ecological characteristics of mountain streams are not sufficient to derive the trouts living in them.

Now let us go on:
The totality of these relations of production constitutes the economic structure of society, the real basis, on which rises a legal and political superstructure, . . .

Die Gesamtheit dieser Produktionsverhältnisse bildet die ökonomische Struktur der Gesellschaft, die reale Basis, worauf sich ein juristischer und politischer Überbau erhobt, . . .

**Question 12** Are the productive powers part of the “economic structure” as defined here?

According to this definition, the productive powers are not part of the economic basis, since they are not relations of production. This contradicts many Marxist interpretations; in [Coh80, fn. 2 on p. 29], Cohen gives an impressive list of 11 citations, with page numbers, from 9 different authors, who all “take for granted that productive [powers] belong to the economic structure” (sic in [Coh83, fn. 9 on p. 14]). How could a patently wrong assertion become so common?

Cohen’s meticulous work is helpful here. Cohen shows that the same word “basis” is commonly used in two related yet subtly different meanings, which he distinguishes as basis\(_1\) and basis\(_2\): \(x\) is basis\(_1\) of \(y\) if \(x\) is that part of \(y\) on which (the rest of) \(y\) rests. \(x\) is basis\(_2\) of \(y\) if \(x\) is external to \(y\) and is that on which (the whole of) \(y\) rests. [Coh80, p. 30]
People confuse the two types of basis, and since they see that productive powers have explanatory primacy for the economic structure, they infer that they must be part of the economic basis.

Marx uses the metaphor that the legal and political superstructure is "built" or "rests" on this basis. The forms of consciousness however are merely said to "correspond" to the basis: … and to which correspond determinate social forms of consciousness.

I translated it as "social forms of consciousness," since the alternative "forms of social consciousness" seems less likely.

Not only do the relations in which people find themselves preexist the individuals and leave the individuals little choice, but in addition the individuals may never even experience that they have no choice, because their consciousness is shaped by the social relations in which they find themselves. This point will be made once more, more emphatically, in the second sentence after this.

The next two sentences summarize and clarify what has been said so far. From what was said so far one might get the impression that there is a continuous flow of determination in
which those social structures closer to material production determine those that are further away from production. Instead of a continuous measure of closeness to production, Marx separates the social relations into discrete categories. He introduces here the concept of “mode of production,” which combines both productive powers and relations of production. It is an identifiable subset of natural and social mechanisms which “conditions” other social relations, which are classified as “social,” “political,” and “intellectual.”

The mode of the material production of life conditions the social, political and intellectual life process in general.

Die Produktionsweise des materiellen Lebens bedingt den sozialen, politischen und geistigen Lebensprozeß überhaupt.

With the translation “the mode of the material production of life” (instead of the more literal “mode of production of material life”) I am leaning on the First Edition of Capital, 46:2/o: Es ist dies eine naturwüchsige und daher bewußtlos instinktive Operation ihres Hirns, die aus der besonderen Weise ihrer materiellen Produktion und den Verhältnissen, worin diese Produktion sie versetzt, notwendig herauswächst. Also, the wording “the mode of production of material life conditions the social, …” makes one think that the life conditions are produced.

The word “conditions” implies both restraining and enabling functions.
The next sentence is a clarification as well. It elaborates once more, a little more forcefully, on the theme “independent of their wills”:

It is not the consciousness of men that determines their being, but, on the contrary, it is their social being that determines their consciousness.

“Being” is a better translation than “existence.” Existence is their immediate material existence; their social being (i.e., it is a Dasein) is emergent from it.

This concludes Marx’s description of the structure of society. Marx distinguishes between the “economic base” (i.e., the totality of the social relations of production), the legal and political “superstructure,” and the “social forms of consciousness.” This social structure is not determined by people’s wills. It is “conditioned” (which is different from “determined” and leaves room for relative autonomy) by the mode of production, by the way people produce the material things they need to live.
Question 15 Are there social relations which neither belong to the basis nor to the superstructure?

Next, Marx traces the historical development of the ensemble whose structure he just laid out. Marx assumes that productive powers (especially science useful for production) inexorably develop, and that relations of production are in the long run unable to constrain this development. At a certain stage of their development, the material productive powers of society come into contradiction with the existing relations of production or—which is merely a legal expression for it—with the property relations within the framework of which they had operated hitherto.

The property relations are the legal formalization of the relations of production, and therefore they are the arena in which the material productive powers can come to a clash with the social relations of production. First, the mutually beneficial relationship between productive
powers and relations of production ceases and reverses itself. This is already a contradiction, but the contradiction does not yet exist as a contradiction. Later, this contradiction breaks out in an open conflict:

**Question 16** *Give an example of a situation in which productive powers and relations of production are in contradiction.*

From forms of development of the productive powers these relations turn into their fetters. Then begins an era of social revolution.

**Question 17** *Are there signs nowadays that the capitalist social relations are fetters for the development of productivity? If so, give examples.*

The sentence which follows next implies that this conflict is resolved in favor of the productive powers. Why not in favor of the relations of production, which often generate strong conservative forces? Because of the *class struggle*, which undermines the mechanisms by

xxx
which the relations of production reproduce themselves. Marx does not use the word “class struggle” here, instead he speaks of an “epoch of social revolution.” Robert Brenner, the main antagonist of Cohen’s technological determinism, makes a convincing point in [Bre89, p. 287/8] that in feudalism people were very reluctant to give up their production for subsistence. Class struggles were necessary to hurl them into the larger and much less controllable social context of having to produce for the market.

**Question 18** How does the passage from the Preface which we just discussed relate to the famous assertion in the Communist Manifesto that “the history of all hitherto existing society is the history of class struggles”?

With the change of the economic foundation, the entire immense superstructure transforms itself more or less rapidly. Mit der Veränderung der ökonomischen Grundlage wälzt sich der ganze ungeheure Überbau langsamer oder rascher um.

What is here translated with “transform” is in German “umwälzen,” a gradual but thorough rolling over. This word can also be used as a euphemism for “revolution.” This same word will be used three more times in the following passage. It has a very special connotation: first the relations in production are changed, then the superstructure which rests on
it is overturned piece by piece, presumably because it not longer finds its prerequisites and reinforcement in the altered base.

In studying such transformations, a distinction should always be made between the material transformation of the economic conditions of production, which can be ascertained with the precision of natural science, and the legal, political, religious, artistic or philosophic—in short, ideological forms in which people become conscious of this conflict and fight it out.

The transformation of the material conditions of production is slow but inexorable and irreversible. It is the result of countless technological innovations. Once the productive powers are no longer in synch with the relations of production, struggles erupt which may be wildly gyrating and have reversals.

The next passage is a critique of Hegel’s theory of history, which sees history as driven by
growing human self-awareness. Marx argues that in such times of turmoil, self-consciousness is less reliable than usual:

Just as one does not judge individuals by what they fancy themselves to be, so one cannot judge such a period of transformation by its own consciousness; one must rather explain this consciousness from the contradictions of material life, from the conflict between the present social productive powers and relations of production.

After discussing the process of change, Marx now briefly characterizes the results of such change.

No social formation ever perishes before all the productive powers have developed.
which it can accommodate; . . .  

Cohen says a lot about the meaning of this sentence in [Coh80, pp. 26, 138:4–140:3], which I agree with. It is helpful for understanding this sentence to think “relation of production” instead of “social formation.” Cohen also points to the similarity between this sentence and Hegel’s

The world spirit has had the patience to pass through these [cultural] forms in the long expanse of time, taking upon itself the tremendous labor of world history in which it imparted as much of its content to every form as that form was capable of holding. (Preface to Phenomenology, in [Kau65, p. 404])

Marx likewise seems to have thought that a change in relations of production must come at the latest possible time, only after there is no room left for the productive forces to develop further.
Marx must have derived this thesis about the result of the process from his foregoing characterization of the process itself. Perhaps along the following lines: only when the productive powers have developed beyond the point for which there is room in the social formation for non-confrontational development will they start to crack open the social relations. But this destruction of the old may not lead to the formation of something new if not another condition is met:

... and new, higher relations of production never replace older ones before the material conditions of their existence have hatched in the womb of the old society itself.

This last sentence is again similar to another sentence in the Preface to the *Phenomenology*:

Truth appears only when its time has come—and therefore never appears too early, nor ever finds that the public is not ready for it (in [Kau65, p. 456])

Social relations cannot be changed by decree; they must have grown, in which case the
Preface

public will be ready for them.

**Question 19** Which conditions must be met for a given set of social relations of production to perish and new relations to evolve?

Therefore mankind always sets itself only such tasks that it is able to solve; closer examination will not fail to show that the problem itself arises only when the material conditions for its solution are already present or are at least in the course of formation.

**Question 20** Why does mankind always set itself only such tasks as it is able to solve?

This is a very optimistic conclusion of Marx’s, stemming from his Hegelian predilection for immanent contradictions. Nowadays we are faced with a different scenario: If capitalism stumbles over the ecology—which is not an *immanent* contradiction—then, unlike in the
case in which it stumbles over its own development of the productive powers, it has not necessarily created the means of solution along with the problem.

After these generalities about the result of the process, Marx locates the present situation in the historical process:

In broad outline, the Asiatic, ancient, feudal, and modern bourgeois modes of production may be designated as progressive epochs in the economic formation of society. The bourgeois relations of production are the last antagonistic form of the social process of production—antagonistic not in the sense of individual antagonism, but of an antagonism that emanates from the social conditions of individual lives. The productive powers developing in the womb of bourgeois society also create the material condi-
The development of the productive powers fostered by capitalism has far-reaching consequences. It not only ushers in a new social order but it is about to change the rules of the game:

This social formation brings, therefore, the prehistory of human society to a close.

In the previous passage, Marx said that capitalism was the last social formation in which antagonisms emanated from the social conditions of individual lives. Now he says that it is the last social formation of the “prehistory” of human society. Apparently he calls it “prehistory” because it was riddled with antagonisms blindly emanating from the structure of the social production process. What will the “history” of human society be like? Can we expect that in the future the structure of society will no longer be dictated by the economic base, and individuals will be able to consciously transform the quality of their social relations?
Question 22 Why does Marx call capitalism the last social formation of the pre-history of mankind?

This is the end of the famous passage which is commonly known as the “Preface.” However the preface itself continues:

264:1 Frederick Engels, with whom I maintained a constant exchange of ideas by correspondence since the publication of his brilliant essay on the critique of economic categories (printed in the Deutsch-Französische Jahrbücher, arrived by another road (compare his Lage der arbeitenden Klasse in England) at the same result as I, and when in the spring of 1845 he too came to live in Brussels, we decided to set forth together our conception as opposed to the ideological one of German philosophy, in fact to settle accounts with our former

10:1 Friedrich Engels, mit dem ich seit dem Erscheinen seiner genialen Skizze zur Kritik der ökonomischen Kategorien (in den „Deutsch-Französischen Jahrbüchern“) einen steten schriftlichen Ideenaustausch unterhielt, war auf andern Wege (vergleiche seine „Lage der arbeitenden Klasse in England“) mit mir zu demselben Resultat gelangt, und als er sich im Frühling 1845 ebenfalls in Brüssel niederließ, beschlossen wir, den Gegensatz unserer Ansicht gegen die ideologische der deutschen Philosophie gemeinschaftlich auszuarbeiten, in der Tat mit
philosophical conscience. The intention was carried out in the form of a critique of post-Hegelian philosophy. The manuscript [The German Ideology], two large octavo volumes, had long ago reached the publishers in Westphalia when we were informed that owing to changed circumstances it could not be printed. We abandoned the manuscript to the gnawing criticism of the mice all the more willingly since we had achieved our main purpose—self-clarification. Of the scattered works in which at that time we presented one or another aspect of our views to the public, I shall mention only the Manifesto of the Communist Party, jointly written by Engels and myself, and a Discours sur le libre echange, which I myself unserm ehemaligen philosophischen Gewissen abzurechnen. Der Vorsatz ward ausgeführt in der Form einer Kritik der nachhegelschen Philosophie. Das Manuskript, zwei starke Oktavbände, war längst an seinem Verlagsort in Westphalen angelangt, als wir die Nachricht erhielten, daß veränderte Umstände den Druck nicht erlaubten. Wir überließen das Manuskript der nagen- den Kritik der Mäuse um so williger, als wir unsern Hauptzweck erreicht hatten—Selbstverständigung. Von den zerstreuten Arbeiten, worin wir damals nach der einen oder andern Seite hin unsre Ansichten dem Publikum vorlegten, erwähne ich nur das von Engels und mir gemeinschaftlich verfaßte „Manifest der Kommunistischen
The salient points of our conception were first outlined in an academic, although polemical, form in my *Misère de la philosophie* . . ., this book which was aimed at Proudhon appeared in 1847. The publication of an essay on *Wage-Labor* [Wage-Labor and Capital] written in German in which I combined the lectures I had held on this subject at the German Workers’ Association in Brussels, was interrupted by the February Revolution and my forcible removal from Belgium in consequence.

264:2/o The publication of the *Neue Rheinische Zeitung* in 1848 and 1849 and

10:2/o Die Herausgabe der „Neuen Rheinischen Zeitung“ 1848 und 1849 und die
subsequent events cut short my economic studies, which I could only resume in London in 1850. The enormous amount of material relating to the history of political economy assembled in the British Museum, the fact that London is a convenient vantage point for the observation of bourgeois society, and finally the new stage of development which this society seemed to have entered with the discovery of gold in California and Australia, induced me to start again from the very beginning and to work carefully through the new material. These studies led partly of their own accord to apparently quite remote subjects on which I had to spend a certain amount of time. But it was in particular the imperative necessity später erfolgten Ereignisse unterbrachen meine ökonomischen Studien, die erst im Jahr 1850 in London wiederaufgenommen werden konnten. Das ungeheure Material für Geschichte der politischen Ökonomie, das im British Museum aufgehäuft ist, der günstige Standpunkt, den London für die Beobachtung der bürgerlichen Gesellschaft gewährt, endlich das neue Entwicklungsstadium, worin letztere mit der Entdeckung des kalifornischen und australischen Goldes einzutreten schien, bestimmten mich, ganz von vorn wieder anzufangen und mich durch das neue Material kritisch durchzuarbeiten. Diese Studien führten teils von selbst in scheinbar ganz abliegende Disziplinen, in denen ich kürzer
of earning my living which reduced the time at my disposal. My collaboration, continued now for eight years, with the *New York Tribune*, the leading Anglo-American newspaper, necessitated an excessive fragmentation of my studies, for I wrote only exceptionally newspaper correspondence in the strict sense. Since a considerable part of my contributions consisted of articles dealing with important economic events in Britain and on the continent, I was compelled to become conversant with practical detail which, strictly speaking, lie outside the sphere of political economy.
265:1 This sketch of the course of my studies in the domain of political economy is intended merely to show that my views—no matter how they may be judged and how little they conform to the interested prejudices of the ruling classes—are the outcome of conscientious research carried on over many years. At the entrance to science, as at the entrance to hell, the demand must be made:

Here must all distrust be left;
All cowardice must here be dead.

265:3 London, January 1859
265:2 Karl Marx

11:1 Diese Skizze über den Gang meiner Studien im Gebiet der politischen Ökonomie soll nur beweisen, daß meine Ansichten, wie man sie immer beurteilen mag, und wie wenig sie mit den interessierten Vorurteilen der herrschenden Klassen übereinstimmen, das Ergebnis gewissenhafter und langjähriger Forschung sind. Bei dem Eingang in die Wissenschaft aber, wie beim Eingang in die Hölle, muß die Forderung gestellt werden:

Qui si convien lasciare ogni sospetto
Ogni vilta convien che qui sia morta.

11:2 London, im Januar 1859
11:3 Karl Marx
Book One: About Capital
Part One: Capital in General
1. The Commodity

269:1 At first sight, the wealth of bourgeois society appears as an immense heap of commodities, and the individual commodity as its elementary determinate being.

“Appears as,” for Marx, always has the meaning “on the surface takes the social form of.” “At first sight” indicates that the commodity form of wealth is an immediately obvious surface relation in capitalist society, but it is not yet an exhaustive characterization of capitalist social relations.

It is a stylistic peculiarity that Marx often writes the word “appears” (erscheint) where a naïve reader might expect the word “is.” The first half of the above sentence can be
paraphrased as: “Capitalist wealth is a big heap of commodities.” This paraphrase however is less precise than Marx’s formulation, because the word “is” in the sentence “A is B” can have a number of different meanings. The formulation “appears as” specifies this meaning explicitly: “Commodity” is the social form through which the social wealth can be accessed on the surface of the economy.

What does it mean to say that the commodity is the social form of wealth? It does not mean that a person’s wealth is measured by, or displayed by, the number of things they have. Wealth is intrinsically social; it should be thought of as the amount of resources available to society. The social form of wealth are then those social relations which govern who in society produces and who has access to how much of this social resource. In capitalism, this social form is the form of a commodity. A commodity is something produced for the market. In other words, the many things which a capitalist society produces are available to those who have the money to buy them on the market.

The first sentence, leading from bourgeois wealth to the individual commodity, is similar to the first sentence in Capital I. Besides a differently worded reference to capitalism (Contribution: bourgeois wealth—Capital: wealth of those societies in which the capitalist mode of production reigns) there is only the following difference: Contribution has “At first sight,
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wealth appears” while *Capital* only has “wealth appears”—but the French and English translations have “presents itself.” *Contribution* brings therefore the two meanings side by side which *Capital* collapsed into one (see my notes about the first sentence of *Capital*, 125:1).

Here is another interesting difference in the wording. *Contribution*: elementary determinate being (*elementarisches Dasein*)—*Capital*: elementary form (*Elementarform*). The word *Dasein* is often used in *Contribution*. It means determinate being, i.e., it is a form of existence in which certain inner traits (determinations) of the thing are turned on. Since such inner traits can manifest themselves only in relation with other things, one can also consider *Dasein* to be a form of existence which allows the thing to have certain relationships. As commodities, things enter social relationships in which the fact that they are part of society’s wealth finds social recognition.

Then *Capital I* continues with the sentence: “The analysis of the individual commodity will therefore be the starting point of our investigation,” while *Contribution* closes in on the commodity without further comment.

Arrived at the commodity, *Contribution* plunges in with the double aspect of use-value and exchange-value:

Each commodity, however, represents itself | Jede Ware aber stellt sich dar unter dem dop-
under the twofold aspect of use-value and exchange-value. The word “represents itself” means here: this is the first thing the commodities say to those practically handling them. See Notes on Wagner, [mecw24]544:6/o. No digging is necessary to find this out; all you have to do is listen to the commodity.

The beginning of Capital proceeds more systematically. It does not start right away with the twofold nature of the commodity, but it first looks at the commodity as a use-value only. In Capital, exchange-value will not even be mentioned until the end of 126:1.

The transition from wealth to the two-fold character of the commodity might have been driven by the reasoning that commodities, since they are a form of wealth, must be something which is of value to people. The wording “represents itself” (stellt sich dar) indicates that this is what the commodity is for the individuals handling the commodities. Looking closer one discovers that this “value” stems from two different uses of the commodity, so that Marx makes the distiction between two kinds of value: use-value and exchange-value.

According to footnote 1, Aristotele was the first to write down this distinction (as well as the observation that one kind of value, the use-value, is tied to the natural existence of a commodity).
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1 Aristoteles, De Republica, l. I, c. 9 (edit. I. Bekkeri, Oxonii, 1837). Of every article there are two uses: ... one is proper to the thing as such, the other is not. For example, a shoe is used for wear, and is used for exchange. Both are use-values of the shoe, for he who gives the shoe in exchange for something which he lacks, e.g. food, does indeed use the shoe as a shoe. But that is not its natural use, for a shoe does not exist to be an object of barter. The same may be said of all articles.

The use-value will be defined (and the discussion of the use-value as such will be dispensed with) in the next two paragraphs. Afterwards, the discussion will focus on the exchange-value.

269:2 A commodity is at first, as the English economists formulated it, “any thing necessary, useful or pleasant in life,” an ob-

object of human wants, a means of consumption in the widest sense of the term.

“Lebensmittel” is translated with “means of consumption,” not “means of subsistence.” “Means of subsistence” usually means only the very basic means of consumption.

Marx does not give a source for this quote, which presumably refers to McCulloch’s note in [Smi28, p. 9 of vol. 1]

In Contribution, Marx calls every use-value a “means of consumption in the widest sense of the term,” while in Capital I, 125:2, the distinction is made between means of consumption and means of production. This is not a contradiction. Marx subsumes the means of production under a broad definition of means of consumption.

This determinate being of the commodity as use-value coincides with its physical palpable existence.

This sentence illustrates the difference between determinate being and existence. “Determinate being as use-value” is a mode of existence in which the commodity’s useful prop-
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Properties are accessible. Achieving a determinate being usually requires work, but here is the big exception: All one needs is to have possession of the commodity as a thing, in order to benefit from its properties. Although this may seem obvious, Marx sets out to derive it by a dialectical negation of a negation.

Wheat, for example, is a distinct use-value differing from the use values cotton, glass, paper, etc.

Imagine you are holding some wheat kernels in your hand. This wheat (now you think of it as a tangible thing—existence) is a distinct use-value (now you think of its usefulness as a means of living, i.e., how this wheat relates to your well-being—determinate being), differing from the use-values cotton, glass, paper, etc. (if you were holding a different object in your hands you would have access to different use-values). The point of this little thought experiment is: when we think of the things in our possession, we usually think of them in terms of their use-values. This is the first step in the dialectic, the position.

For a proper understanding of the next sentence, the following remark may be useful. Starting with the second edition of *Capital*, Marx reserves the word *value* for that what gives a commodity its exchange-value, i.e., the labor content. In *Contribution*, Marx has
not yet made this terminological decision. Here he uses the word “exchange-value” often in situations where in *Capital* he would have said “value.” And the word “value” itself is used in a broader meaning, as in the following sentence:

A use-value has value only in use, and is realized only in the process of consumption. Der Gebrauchswert hat nur Wert für den Gebrauch und verwirklicht sich nur im Prozeß der Konsumtion.

Marx says something similar in *Capital*, 126:1. Why does he mention this here? Because this is a negation of the previous sentence. Although we tend to think of our possessions in terms of their use-values, these use-values do not really exist until the moment we use the thing. At all other times they are only a potential.

Use-values are also elusive in a different way:

One and the same use-value can be used in various ways. Derselbe Gebrauchswert kann verschieden vernutzt werden.

Use-values are not well defined; the thing which we have in our hand can be used in many different ways. Wheat can be used for baking or for seed corn. But we thought we had something firm in our hand. What is it? This leads to the negation of the negation:

But the total range of its possible applica-
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tions is summarized by its determinate being as an object with distinct properties.
	dungen jedoch ist zusammengefäßt in seinem Dasein als Ding mit bestimmten Eigenschaften.

This determinate being as a thing with specific properties is at the same time the natural existence of the thing. Marx has therefore made the transition from the use-value of the thing to its natural existence by an immanent negation of negation, not through an extraneous reflection.

The last two sentences in this paragraph discuss how use-values are determined quantitatively. This is needed because the exchange-value at first appears as a quantitative proportion of use-values, see 270:2.

It is, moreover, determined not only qualitatively but also quantitatively. Different use-values have different measures appropriate to their physical characteristics; for example, a bushel of wheat, a quire of paper, a yard of linen, etc.

The next paragraph discusses wealth as it relates to use-values and social forms, instead
of dealing with use-values outside of social forms.

270:1 Whatever the social form of wealth may be, use-values always constitute its content, which is, at first, not affected by this form.

This sentence establishes an interesting connection between wealth, the point we started with at the beginning of the chapter, and use-value: Use-value is the content of wealth (wealth obviously used here only in the sense of material wealth). The sentence also makes a negative statement that is repeated and illustrated throughout the paragraph: this content is a first indifferent toward the social form of wealth. That is why the investigation of the use-value as such will be dispensed with.

From the taste of wheat it is not possible to tell who produced it, a Russian serf, a French peasant or an English capitalist.

In other words, wheat produced under these different conditions has the same use-value.
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**Question 23** Is it correct that wheat has the same use-value regardless of the social relations of production under which it is produced? Is it not true that in capitalism, wheat varieties tend to be developed which have different properties than one would need in a different kind of society? Give examples and discuss whether Marx made a mistake here.

The next sentence is extremely interesting, and it is not contained in *Capital!*

Although use-values serve social needs and therefore exist within a social context, they are not an expression of a social relation of production.

Next, the same argument which Marx made two sentences ago with wheat is now repeated with a diamond, but here it is an elaboration of the claim that the use-value does not express an economic relation of production.

For instance, this commodity here, as a use-value, is a diamond. We cannot tell from the physical properties of the diamond that it is a commodity. Wherever it serves as a use-value, it is a diamond. Am Diamant ist nicht wahrzunehmen, daß er Ware ist. Wo er als Gebrauchswert dient, ästhetisch oder mechanisch, am
value, aesthetically on the neck of a courtesan or mechanically in the hand of a glass-cutter, it is diamond and not commodity. To be a use-value seems a necessary prerequisite for the commodity, while it seems of no consequence for a use-value whether it is a commodity or not.

Why “seems”? Because it is a conclusion drawn from the appearances (whether or not it is the right conclusion).

Use-value in this indifference towards economic form determinations, i.e. use-value as such, lies outside the sphere of investigation of political economy.  

This is a very qualified statement. Marx does not say here that use-values are beyond the realm of economics. He says: as long as use-value does not affect economic relations (and the above simple argument suggests that this is indeed the case most of the time), it does not

Busen der Lorette oder in der Hand des Glasschleifers, ist er Diamant und nicht Ware. Gebrauchswert zu sein scheint notwendige Voraussetzung für die Ware, aber Ware zu sein gleichgültige Bestimmung für den Gebrauchswert.

Der Gebrauchswert in dieser Gleichgültigkeit gegen die ökonomische Formbestimmung, d.h. der Gebrauchswert als Gebrauchswert, liegt jenseits des Betrachtungskreises der politischen Ökonomie.  

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fall into the realm of economics. Then, in a footnote, Marx takes a sarcastic snide at German professors: they love talking about use-values because this allows them not to talk about the economy:

2 That is why German compilers write con amore about use-values, calling them “goods.” See for example the section on “goods” in L. Stein, System der Staatswissenschaft, Bd. I. Useful insights on “goods” may be found in “commercial product manuals.”

This outburst transformed itself into a much more toned-down remark in the main text of Capital, 18:2 in the first edition, and unchanged 126:1 in the fourth. But apparently the German professors did not forget it; they hit back by spreading the rumor that Marx does not talk about use-value at all.

The following remark in Notes on Wagner, [mecw24]545:1, seems to refer to this footnote 2 here in Contribution rather than to one in Capital:

Only a vir obscurus who has not understood a word of Capital can conclude:
Because Marx in a note in the first edition of *Capital* rejects all the German professorial twaddle about “use-value” in general, and refers readers who want to know something about real use-values to “manuals dealing with merchandise”—for this reason *use-value* plays no part in his work.”

Marx takes such strong exception to this distortion of his views because there are indeed many cases when use-value does play a role. He says this right here, in *Contribution*, right after the hard-hitting footnote:

*It belongs in this sphere only when it itself determines the economic form.*

In *Grundrisse*, 881:2a, Marx says it more explicitly: “Use-value falls into [the area of political economy] whenever it is modified by the modern production relations or itself exerts a modifying influence on them.” This could also be true for wheat, see Question 23 above.

**Question 24** *Give examples where use-value is an economic form determination. (Difficult!)*

At the end of this second paragraph about use-values, the transition to exchange-value:
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Use-value as such is the material substratum in which a determinate economic relationship—exchange value—represents itself. “Unmittelbar” means: not as Formbestimmung. Note that the exchange-value is linked to the use-value, not to the body of the commodity itself.

Term Paper Topic 25 *Comparison of Chapters One and Two in Capital with Chapter One in Marx’s 1859 Contribution to the Critique of Political Economy.*

1.1. [Exchange-Value]

270:2 Exchange-value appears at first as the *quantitative relation* in which use-values can be exchanged for one another. ↑ Marx starts with the immediate experience on the surface of the economy, i.e., in the *sphere of circulation*. ↓ Next Marx goes one step behind these empirical facts, while still staying on

16:1 Tauschwert erscheint zunächst als *quantitatives Verhältnis*, worin Gebrauchswerte gegeneinander austauschbar.
the surface. Since different use-value can be exchanged against each other, Marx concludes that as exchange-values things do not have qualitative differences, they are qualitatively equal.

In *Capital*, starting with the second edition, Marx makes a clear distinction between *exchange-value*, which denotes the exchange relations of the commodities on the surface, and *value* (congealed abstract labor), which is the core mechanism giving the commodities their exchangeability. (About this see the introduction to the MEGA edition, [Mar87a, p. 27]). Exchange-value is the form of value, but it is just as invisible as value, it is not an *Erscheinungsform*.

In *Contribution*, this terminological distinction between value and exchange-value is not made; Marx often uses the word “exchange-value” where in *Capital* he would have used the word “value.”

**Question 26** *Find corresponding sentences in Contribution and Capital in which Marx used “exchange-value” in Contribution and “value” in Capital.*

In the next paragraph 270:3/o we will find the first example where Marx would later have written “value” instead of “exchange-value.” But in the present sentence, Marx would have
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used the word “exchange-value” also in the new terminology. Here he means the surface category, not the core category.

In this relation they constitute equal magnitudes, as far as the exchange is concerned. Thus one volume of Propertius and eight ounces of snuff may be the same exchange-value, despite the dissimilar use-values of snuff and elegies. Considered as exchange-value, one use-value is worth just as much as another, provided the two are available in the right proportion. The exchange-value of a palace can be expressed in a definite number of tins of boot polish. London manufacturers of boot polish, on the other hand, have expressed the exchange-value of their numerous tins of polish in terms of palaces. In solchem Verhältnis bilden sie dieselbe Tauschgröße. So mögen 1 Band Properz und 8 Unzen Schnupftabak derselbe Tauschwert sein, trotz der disparaten Gebrauchswerte von Tabak und Elegie. Als Tauschwert ist ein Gebrauchswert grade so viel wert wie der andere, wenn nur in richtiger Portion vorhanden. Der Tauschwert eines Palastes kann in bestimmter Anzahl von Stiefelwischbüchsen ausgedrückt werden. Londoner Stiefelwischsfabrikanten haben umgekehrt den Tauschwert ihrer multiplizierten Büchsen in Palästen ausgedrückt.

† The palaces built from the profits obtained by selling numerous tins of polish are called
here an *expression* of the combined exchange-value of these tins. Through these palaces the manufacturers show how many mundane products they have sold.

Quite irrespective, therefore, of their natural form of existence, and without regard to the specific character of the needs they satisfy as use-values, commodities in definite quantities are congruent, they take one another’s place in the exchange process, are regarded as equivalents, and despite their motley appearance represent the same denominator.

Ganz gleichgültig also gegen ihre natürliche Existenzweise, und ohne Rücksicht auf die spezifische Natur des Bedürfnisses, wofür sie Gebrauchswerte, decken sich Waren in bestimmten Quantitäten, ersetzen einander im Austausch, gelten als Äquivalente, und stellen so trotz ihres buntscheckigen Scheins dieselbe Einheit dar.

“Have a common denominator” (MECW) is not the right translation in this last sentence. The main thing Marx wants to say here is that as exchange values these things do not act as themselves but they represent something different from themselves. The point is that they do exactly not have a common denominator, as use values they are all over the place, this is why Marx comes to the conclusion that they must *represent* something.

When I just said above that this discussion stays on the surface, this was not quite correct.
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The very last sentence “represent the same denominator” still stays on the surface but also points beyond it. On the surface the commodities are not equal as objects, they have a “motley appearance,” yet on the surface they are treated as equal. From this Marx draws the conclusion that they represent something equal. This is on the one hand still a surface category: the people who treat these commodities as equal do so because in their minds these commodities stand for something equal. But on the other hand this surface category points towards the core, because that what the commodities stand for can no longer be a surface category.

1.2. [Value-Creating Labor]

This behavior on the surface must be congruent with something going on in the core itself—otherwise their exchange relations could not be as regular and ubiquitous as they are. Marx develops now what this commonality in the core is.

270:3/o Use-values serve directly as means of consumption.

16:2/o Die Gebrauchswerte sind unmittelbar Lebensmittel.
Question 27 Marx says that use-values serve directly as means of consumption. Does this mean that means of production are not use-values?

Use-values are “means of consumption in the widest sense of the term,” see 269:2. A more accurate translation of Lebensmittel would be “means of life.” The emphasis in the above sentence is on “directly.” “Directly” (unmittelbar) because no social mediation is necessary. Now Marx makes an elegant transition from the use-values to the labor which created these use-values: use-values serve as a means of life but they are also the products of this life process:

But, on the other hand, these means of consumption are themselves the products of social life, the result of expended human life-power, objectified labor. Umgekehrt aber sind diese Lebensmittel selbst Produkte des gesellschaftlichen Lebens, Resultat verausgabter menschlicher Lebenskraft, vergegenständlichte Arbeit.

Marx formulates this very carefully: whereas consumption is individual, the production process is social. In this transition from use-value to labor, therefore, labor is introduced from the beginning as social labor. Later in Capital, the fact that abstract labor is social labor is “discovered” only later, with the dilemma of the lazy worker; initially this labor is introduced as “human” labor without emphasis that it is social.
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As objectification of social labor, all commodities are crystallizations of the same substance. The specific character of this substance, i.e. of labor which represents itself in exchange-value, has now to be examined.

⇑ Instead of “labor which represents itself in exchange-value” Marx would have written in the second and later editions of Capital “labor which represents itself in value.”

⇓ Also “tauschwertsetzende Arbeit” would become “value-creating labor.”

271:1 Let us suppose that one ounce of gold, one ton of iron, one quarter of wheat and twenty yards of silk are exchange-values of equal magnitude. As equivalents, in which the qualitative difference between their use-values is eliminated, they represent equal amounts of the same kind of labor. The labor which is uniformly objectified in them must itself be uniform, homogeneous,
simple labor, to which it matters as little whether it is embodied in gold, iron, wheat or silk, as it matters to oxygen whether it is found in rusty iron, in the atmosphere, in the juice of grapes or in human blood.

But the labor actually contained in the goods does not have the character of uniformity which we expect from our second-order inference starting with the exchange-value:

But digging gold, mining iron, cultivating wheat and weaving silk are qualitatively different kinds of labor. In fact, what appears in the form of a thing as diversity of the use-values, appears in the form of a process as diversity of the activities that produce these use values.

Arbeit sein, der es ebenso gleichgültig, ob sie in Gold, Eisen, Weizen, Seide erscheint, wie es dem Sauerstoff ist, ob er vorkommt im Rost des Eisens, der Atmosphäre, dem Saft der Traube oder dem Blut des Menschen.

Aber Gold graben, Eisen aus dem Bergwerk fördern, Weizen bauen und Seide weben sind qualitativ voneinander verschiedene Arbeitsarten. In der Tat, was sachlich als Verschiedenheit der Gebrauchswerte, erscheint prozessierend als Verschiedenheit der die Gebrauchswerte hervorbringenden Tätigkeit.
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The difference between the use-values and the difference between the labors producing them are just two aspects of the same thing. Since the labor that creates exchange-value is indifferent towards the particular material of which the use-values consist, it is indifferent toward the particular form of the labor itself.

This last sentence contains a definition of the term “abstract labor”: it is labor indifferent towards the particular form of labor.

So far Marx has come to the conclusion that the common denominator is abstract labor. Now he will also argue that it is general labor. This argument is not given in Capital.

Different use-values are, moreover, products of the activity of different individuals and therefore the result of labors with individual differences. But as exchange-values they represent the same homogeneous labor, i.e. labor in which the individual characteristics...
of the workers are obliterated. Labor which creates exchange-value is thus abstract general labor.

The term *abstrakt allgemeine Arbeit* (adverb + adjective) is apparently an older grammatical form of what nowadays would be called *abstrakte, allgemeine Arbeit*.

**Question 28** Why is the common denominator abstract labor? Why is it general labor?

271:2/o If 1 ounce of gold, 1 ton of iron, 1 quarter of wheat and 20 yards of silk are exchange-values of equal magnitude or equivalents, then 1 ounce of gold, 1/2 a ton of iron, 3 bushels of wheat and 5 yards of silk are exchange-values which have very different magnitudes, and this quantitative difference is the only difference which they are at all capable of as exchange-values.

17:2/o Wenn 1 Unze Gold, 1 Tonne Eisen, 1 Quarter Weizen und 20 Ellen Seide gleich große Tauschwerte oder Äquivalente sind, sind 1 Unze Gold, 1/2 Tonne Eisen, 3 Bushel Weizen und 5 Ellen Seide Tauschwer te von durchaus verschiedener Größe, und dieser quantitative Unterschied ist der einzige Unterschied, dessen sie als Tauschwerte überhaupt fähig sind. Als Tauschwerte von
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As exchange-values of different magnitudes they represent larger or smaller portions, larger or smaller amounts of simple, uniform, abstract general labor, which is the substance of exchange-value.

Now comes a much more abstract argument of what in my numbering is section 1.1.3 in Capital, compare 129:1. The question now arises, how can these amounts be measured? I.e., how to measure the quantity of exchange-value. (In Capital, Marx uses here the word “value” instead of “exchange-value.”) From the problem of measuring the quantities of exchange-value, Marx immediately goes over to that of measuring the quantities of general abstract labor. Or rather the question arises, what is the quantitative determinate being of that labor itself, since the quantitative differences of the commodities as exchange-values are merely the quantitative differences of the labor itself, da die Größenunterschiede der Waren als Tauschwerte nur Größenunterschiede der in ihnen vergegenständlichten Arbeit sind.
bor objectified in them.

To answer this, Marx gives first a very general argument: Just as the quantitative determinate being of motion is time, so is that of labor *labor time*. 

Wie das quantitative Dasein der Bewegung die Zeit ist, so ist das quantitative Dasein der Arbeit die *Arbeitszeit*.

**Question 29** Marx says that the quantitative determinate being of motion is time. If one wanted to measure motion quantitatively, would one not think of speed first, rather than its duration?

The above general argument is not given in *Capital*. Variations in the duration of labor are the only possible difference that can occur if the quality of labor is assumed to be given. Labor-time is measured in terms of the natural units of time, *i.e.*, hours, days, weeks, etc.

After deriving the quantitative measure of labor Marx argues now that this quantity determines the proportions in which the exchange-values are equivalents in the exchange.
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Labor-time is the living determinate being of labor, irrespective of its form, its content and its individuality; it is its living determinate being as something quantitative as well as its inherent measure. The labor-time materialized in the use-values of commodities is both the substance that turns them into exchange-values and therefore into commodities, and the standard by which the precise magnitude of their value is measured. The corresponding quantities of different use-values containing the same amount of labor-time are equivalents; that is, all use-values are equivalents when taken in proportions which contain the same amount of expended, materialized labor-time.
↑ Note the double role of *Arbeitszeit*: (1) Substance which makes the use-value into exchange-values (2) it measures their magnitude of value. In *Capital I*, Arbeitszeit no longer plays the first role. It is replaced by: expenditure of human labor-power.

**Question 30** What is the difference between “living determinate being as something quantitative” and “inherent measure”? What does the word “living” mean in here?

↓ Marx sums it up in the memorable sentence:
As exchange-values all commodities are merely definite quantities of *congealed labor-time*.

1.3. [Three Basic Propositions]

Since Marx has not yet properly introduced labor in the abstract, he has to insert the following three points for clarification:

272:1 The following main aspects are essential for an understanding of the determination of exchange-value by labor-time: the

18:1 Zum Verständnis der Bestimmung des Tauschwerths durch Arbeitszeit sind folgende Hauptgesichtspunkte festzuhalten:
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Reduction of labor to simple labor, labor, so to speak, without any qualitative attributes; the specific manner in which the labor creating exchange-value, and therefore commodities, is social labor; finally, the difference between labor in so far as its results are use-values and labor in so far as its results are exchange-values.

These three points of view correspond to the three particularities of the equivalent form, but not in the same order.

Reduction of labor to abstract labor

272:2 To measure the exchange-value of commodities by the labor-time they contain, the different kinds of labor have to be reduced to uniform, homogeneous, simple labor, the specific manner in which the labor creating exchange-value, and therefore commodities, is social labor; finally, the difference between labor in so far as its results are use-values and labor in so far as its results are exchange-values.

18:2 Um die Tauschwerte der Waren ander in ihnen enthaltenen Arbeitszeit zu messen, müssen die verschiedenen Arbeiten selbst reduziert sein auf unterschiedslose,
bor, in short to labor of uniform quality, whose only difference, therefore, is quantity.

This is a surprising retreat from what was said in 271:2/o: first Marx declares that as values, commodities are nothing but congealed labor-time, and now he says that one cannot directly measure the value of an individual commodity through the labor-time used up to produce this commodity. On this place in the argument in *Capital I*, Marx makes his famous remark about the lazy and unskillful laborer, see 129:2, in order to explain the connection between actual labor time and the magnitude of value.

¶ Important remarks about the process of abstraction.

272:3/o This reduction takes the form of an abstraction, but it is an abstraction that is made every day in the social process of production. The conversion of all commodities into labor-time is no greater an abstraction, and is no less real, than the resolution of all organic bodies into air.

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We are looking for something which the different commodities have in common and which, since it has real effects, is itself real. It might seem that we have not yet found this, because the reduction of different labors to uniform labor postulated in the previous paragraph is an abstraction from the actual labor processes, i.e., we are mentally treating different labor processes as equal because of certain commonalities between them. Marx writes, at the beginning of the current paragraph, that this reduction “appears” as an abstraction because our derivation is a mental activity, therefore this reduction looks like any mental abstraction which treats things as equal which are in reality different. In other words, it looks as if we had not yet found something that is really equal, we only have constructed it in our minds. But, continues Marx, this abstraction is a real abstraction: we not only make it in our heads but this abstraction is made every day in the production process itself. The same person uses his labor-power in one minute one way, and in the next minute in a completely different way. Or the same person has one job today and a quite different job tomorrow. The many different labors are therefore reduced to the same thing not only in our heads but also in reality. As illustration what a real abstraction means Marx uses the reduction of all organic compounds into air. A chemist knows that all organic compounds are composed of C and H and the occasional other element. This knowledge is an abstraction, it reduces
the many different organic compounds to one and the same simple characteristic. But this abstraction is also real; nature itself makes this abstraction when these organic materials burn and therefore are reduced to $H_2O$ and $CO_2$ or, as Marx writes somewhat inaccurately, into air.

See also [2005fa:1954].

Labor, thus measured by time, does not appear, indeed, as the labor of different persons, but on the contrary the different working individuals appear as mere organs of this labor. In other words the labor embodied in exchange-values could be called human labor in general. This abstraction, human labor in general, exists in the form of average labor which, in a given society, the average person can perform, productive expenditure of a certain amount of human muscles, nerves, brain, etc. It is simple la-
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...bor, which any average individual can be trained to do and which in one way or another he has to perform. The characteristics of this average labor are different in different countries and different historical epochs, but in any particular society it appears as something given. The greater part of the labor performed in bourgeois society is simple labor as statistical data show. Whether A works 6 hours producing iron and 6 hours producing linen, and B likewise works 6 hours producing iron and 6 hours producing linen, or A works 12 hours producing iron and B 12 hours producing linen is quite evidently merely a different application of the same labor-time. But what is the position with regard to more complicated labor
which, being labor of greater intensity and greater specific gravity, rises above the general level? This kind of labor resolves itself into simple labor; it is simple labor raised to a higher power, so that for example one day of skilled labor may equal three days of simple labor. The laws governing this reduction do not concern us here. It is, however, clear that the reduction is made, for, as exchange-value, the product of highly skilled labor is equivalent, in definite proportions, to the product of simple average labor; thus being equated to a certain amount of this simple labor.

oder ob $A$ während 12 Stunden Eisen und $B$ während 12 Stunden Leinwand produziert, erscheint augenfällig als bloß verschiedene Anwendung derselben Arbeitszeit. Aber wie mit der komplizierten Arbeit, die sich über das Durchschnittsniveau erhebt als Arbeit von höherer Lebendigkeit, größerem spezifischen Gewicht? Diese Art Arbeit löst sich auf in zusammengesetzte einfache Arbeit, einfache Arbeit auf höherer Potenz, so daß z.B. ein komplizierter Arbeitstag gleich drei einfachen Arbeitstagen. Die Gesetze, die diese Reduktion regeln, gehören noch nicht hierher. Daß die Reduktion aber stattfindet, ist klar: denn als Tauschwert ist das Produkt der kompliziertesten Arbeit in bestimmter Proportion Äquivalent für das Pro-
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3 English economists call it “unskilled labor.”

"Unskilled labor“ nennen es die englischen Ökonomen.

[Specific manner in which exchange-value creating labor is social labor]

Individual difference, i.e., reduction to socially necessary labor. This is point of view of individual, whereas in the last paragraph it was point of view of the particular. The term necessary labor also implies that it is the time necessary to reproduce the commodity!

273:1 The determination of exchange-value by labor-time, moreover, presupposes that the same amount of labor is materialized in a particular commodity, say a ton of iron, irrespective of whether it is the work of A or of B, that is to say, different individuals expend equal amounts of labor-time to

19:1 Die Bestimmung des Tauschwertes durch die Arbeitszeit unterstellt ferner daß in einer bestimmten Ware, einer Tonne Eisen z.B., gleich viel Arbeit vergegenständlicht ist, gleichgültig, ob sie Arbeit von A oder B, oder daß verschiedene Individuen gleich große Arbeitszeit zur Produktion des-
produce use-values which are qualitatively and quantitatively equal. In other words, it is assumed that the labor-time contained in a commodity is the labor-time necessary for its production, namely the labor-time required, under the generally prevailing conditions of production, to produce another unit of the same commodity.

Our analysis showed that labor which creates exchange-value must be such and such, it must satisfy certain conditions. Now Marx shows that these conditions imply a very specific social relation between the labors.

273:2 From the analysis of exchange-value it follows that the conditions of labor which creates exchange-value are social categories of labor or categories of social labor, social however not in the general

19:2 Die Bedingungen der Tauschwert setzenden Arbeit, wie sie sich aus der Analyse des Tauschwerts ergeben, sind gesellschaftliche Bestimmungen der Arbeit oder Bestimmungen gesellschaftlicher Arbeit,
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sense but in the particular sense, denoting a specific type of society.

⇓ One of the conditions was that the labor producing exchange-value must be equal, even if it is performed by different individuals.

To begin with, uniform simple labor implies that the labors of different individuals are equal and that their labors are treated as *equal*, which must be accomplished by all labors in fact being reduced to homogeneous labor.

⇑ I.e., although the equalization of labors through the exchange is an equality after the fact, production for the exchange leads to it that the labor processes are indeed equalized as they occur. First the producers relate their labors to each other as equal labors (by the exchange of the products of labor) and then, in a second step, they must make their labor processes in fact equal, if they want to maintain themselves in competition.

⇓ The same transition can be formulated as the transition from the first to the second...
element of an if-and-only-if condition between labor manifesting itself in exchange-value and labor being placed in relation with other labors as equal labor.

The labor of every individual in so far as it manifests itself in exchange-values possesses this social character of equality, and it manifests itself in exchange-value only in so far as it is equated with the labor of all other individuals.

Marx likes to formulate his transitions as the transition of something to its symmetric counterpart. The most famous is that from the Philosophy of Misery to the Misery of Philosophy,

Not only are different labors equalized but also, in the general equivalent, individual labor immediately takes the form of general labor.

General labor: it does not matter whose labor it is. Therefore represents itself in a general product, general equivalent. He has here two general equivalents, how is this possible? Is social as this general labor, pre-supposes that it is labor of the individualized individual (vereinzelten Einzelnen); for contrast examples of directly social production. In Capital,
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this argument is no longer given at the beginning, where he discusses the quantity of value, but in the value form section, as one of the peculiarities of the equivalent form.

Furthermore, in exchange-value the labor-time of a particular individual is directly represented as labor-time in general, and this general character of individual labor appears as the social character of this labor. The labor-time expressed in exchange-value is the labor-time of an individual, but of an individual in no way differing from the next individual and from all other individuals in so far as they perform equal labor; the labor-time, therefore, which one person requires for the production of a given commodity is the necessary labor-time which any other person would require to produce the same commodity. It
is the labor-time of an individual, *his* labor-time, but only as labor-time common to all; consequently it is quite immaterial *whose* individual labor-time this is. This universal labor-time finds its expression in a universal product, a *universal equivalent*, a definite amount of materialized labor-time, for which the distinct form of the use-value in which it is manifested as the direct product of one person is a matter of complete indifference, and it can be converted at will into any other form of use-value, in which it appears as the product of any other person. Only as such a *universal* magnitude does it represent a *social magnitude*. The labor of an individual can produce exchange-value only if it produces universal equivalents, *ne* Arbeitszeit, aber nur als allen gemeine Arbeitszeit, für die es daher gleichgültig, die Arbeitszeit *wessen* einzelnen sie ist. Als allgemeine Arbeitszeit *stellt* sie sich dar in einem allgemeinen Produkt, einem allgemeinen Äquivalent, einem bestimmten Quantum vergegenständlichter Arbeitszeit, das gleichgültig gegen die bestimmte Form des Gebrauchswerts, worin es unmittelbar als Produkt des einen erscheint, beliebig übersetzbar ist in jede andere Form von Gebrauchswert, worin es sich als Produkt jedes anderen darstellt. *Gesellschaftliche* Größe ist es nur als solche allgemeine Größe. Die Arbeit des einzelnen, um in Tauschwert zu resultieren, muß resultieren in ein allgemeines Äquivalent, d.h. in
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that is to say, if the individual’s labor-time represents universal labor-time or if universal labor-time represents individual labor-time. The effect is the same as if the different individuals had amalgamated their labor-time and allocated different portions of the labor-time at their joint disposal to the various use-values. The labor-time of the individual is thus, in fact, the labor-time required by society to produce a particular use-value, that is to satisfy a particular want.

Darstellung der Arbeitszeit des einzelnen als allgemeiner Arbeitszeit oder Darstellung der allgemeinen Arbeitszeit als der des einzelnen. Es ist, als ob die verschiedenen Individuen ihre Arbeitszeit zusammengeworfen und verschiedene Quanta der ihnen gemeinschaftlich zu Gebote stehenden Arbeitszeit in verschiedenen Gebrauchswerten dargestellt hätten. Die Arbeitszeit des einzelnen ist so in der Tat die Arbeitszeit, deren die Gesellschaft zur Darstellung eines bestimmten Gebrauchswertes, d.h. zur Befriedigung eines bestimmten Bedürfnisses bedarf.

Question 31  In Contribution, 273:3/oo Marx writes “It is as if the different individuals had thrown their labor-time together and allocated different portions of the labor-time at their joint disposal to the various use-values.” Why the formulation “It is as if?” Have they done
it or haven’t they?

This last sentence sounds as if the individual labor-time was “indeed” immediately social. It is not; in the then following sentences Marx says that the “indeed” (*in der Tat*) must be confronted with the social form.

But what matters here is only the specific manner in which the social character of labor is established. A certain amount of a spinner’s labor-time is materialized, say, in 100 lbs. of linen yarn. The same amount of labor-time is assumed to be represented in 100 yards of linen, the product of a weaver. Since these two products represent equal amounts of universal labor-time, and are therefore equivalents of any use-value which contains the same amount of labor-time, they are equal to each other.

The next passage describes in great detail the labor that goes into the *Dasein* of labor as
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social labor:
Only by the representation of the labor-time of the spinner and the labor-time of the weaver as general labor-time, therefore the representation of their products as general equivalents, the labor of our weaver becomes [labor] for the spinner and that of the spinner becomes [labor] for the weaver, the labor of the one [is established] for the labor of the other, i.e., the social determinate being of their labors [is established] for both.

The following steps are involved here:

• The labor-times of spinner and weaver are represented as general labor-time (by production planning which listens to the market and produces something that can be sold)

• The actual sale of the products of the market

• (assuming that spinner and weaver buy each other’s products): the labor of the spin-
ner becomes useful labor for the weaver (because the weaver can use the spinner’s product) and vice versa

- This mutual benefit in the products establishes a connection between the labors
- This establishes the social determinate being of the labor for both producers.

Marx begins with the social connection, shows how it benefits the individuals, and how these individual benefits re-establish the social connection.

On the other hand, under the rural patriarchal system of production, when spinner and weaver lived under the same roof—the women of the family spinning and the men weaving, say for the requirements of the family—yarn and linen were social products, and spinning and weaving social labor within the framework of the family. But their social character did not appear in the form of yarn becoming a universal

In der ländlich-patriarchalischen Industrie dagegen, wo Spinner und Weber unter demselben Dach hausten, der weibliche Teil der Familie spann, der männliche webte, sage zum Selbstbedarf der Familie, waren Garn und Leinwand gesellschaftliche Produkte, Spinnen und Weben gesellschaftliche Arbeiten innerhalb der Grenzen der Familie. Ihr gesellschaftlicher Charakter bestand aber nicht darin, daß Garn als allgemeines
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equivalent exchanged for linen as a universal equivalent, i.e., of the two products exchanging for each other as equal and equally valid expressions of the same universal labor-time. On the contrary, the product of labor bore the specific social imprint of the family relationship with its naturally evolved division of labor. Or let us take the services and dues in kind of the Middle Ages. It was the distinct labor of the individual in its original form, the particular features of his labor and not its universal aspect that formed the social ties at that time. Or finally let us take communal labor in its spontaneously evolved form as we find it among all civilized nations at the dawn of their history. In this case the social char- Äquivalent gegen Leinwand als allgemeines Äquivalent oder beide sich gegeneinander austauschten als gleich gültige und gleich geltende Ausdrücke derselben allgemeinen Arbeitszeit. Der Familienzusammenhang vielmehr mit seiner naturwüchsigen Teilung der Arbeit drückte dem Produkt der Arbeit seinen eigentümlichen gesellschaftlichen Stempel auf. Oder nehmen wir die Naturaldienste und Naturallieferungen des Mittelalters. Die bestimmten Arbeiten der einzelnen in ihrer Naturalform, die Besonderheit, nicht die Allgemeinheit der Arbeit bildet hier das gesellschaftliche Band. Oder nehmen wir endlich die gemeinschaftliche Arbeit in ihrer naturwüchsigen Form, wie wir sie an der Schwelle der Geschichte al-
acter of labor is evidently not effected by the labor of the individual assuming the abstract form of universal labor or his product assuming the form of a universal equivalent. The communal system on which this mode of production is based prevents the labor of an individual from becoming private labor and his product the private product of a separate individual; it causes individual labor to appear rather as the direct function of a member of the social organization. Labor which manifests itself in exchange-value appears to be the labor of an isolated individual. It becomes social labor by assuming the form of its direct opposite, of abstract universal labor.

ler Kulturvölker finden. Hier ist der gesellschaftliche Charakter der Arbeit offenbar nicht dadurch vermittelt, daß die Arbeit des einzelnen die abstrakte Form der Allgemeinheit, oder sein Produkt die Form eines allgemeinen Äquivalents annimmt. Es ist das der Produktion vorausgesetzte Gemeinwesen, das die Arbeit des einzelnen verhindert, Privatarbeit und sein Produkt Privatprodukt zu sein, die einzelne Arbeit vielmehr unmittelbar als Funktion eines Gliedes des Gesellschaftsorganismus erscheinen läßt. Die Arbeit, die sich im Tauschwert darstellt, ist vorausgesetzt als Arbeit des vereinzelten Einzelnen. Gesellschaftlich wird sie dadurch, daß sie die Form ihres unmittelbaren Gegenteils, die Form der abstrakten
At present an absurdly biased view is widely held, namely that *primitive* communal property is a specifically Slavonic, or even an exclusively Russian, phenomenon. It is an early form which can be found among Romans, Teutons and Celts, and of which a whole collection of diverse patterns (though sometimes only remnants survive) is still in existence in India. A careful study of Asiatic, particularly Indian, forms of communal property would indicate that the disintegration of different forms of primitive communal ownership gives rise to diverse forms of property. For instance, various prototypes of Roman and Germanic private property can be traced back to certain forms of Indian communal property.

**Allgemeinheit annimmt.**

Es ist ein lächerliches Vorurteil, in neuester Zeit verbreitet, daß die Form des *naturwüchsigen* Gemeineigentums spezifisch slawisch oder gar ausschließlich russische Form sei. Sie ist die Urform, die wir bei Römern, Germanen, Kelten nachweisen können, von der aber eine ganze Musterkarte mit mannigfaltigen Proben sich noch immer, wenn auch zum Teil ruinenweise, bei den Indiern vorfindet. Ein genaueres Studium der asiatischen, speziell der indischen, Gemeineigentumsformen würde nachweisen wie aus den verschiedenen Formen des naturwüchsigen Gemeineigentums sich verschiedene Formen seiner Auflösung ergeben. So lassen sich z.B. die verschiedenen Originaltypen von römischem und germanischem Privateigentum aus verschiedenen Formen von indischem Gemeineigentum ableiten.
Long paragraph about fetish-like character of commodity:

Lastly, it is a characteristic feature of labor which posits exchange-value that it causes the social relations between individuals to appear in the perverted form of a social relation of things.

This first sentence shows nicely how Marx uses the words “Beziehung” versus “Verhältnis”. A “Beziehung” is a social relation which involves the interaction between different individuals. This interaction takes the form of a relation between things. The relation between things is called Verhältnis here, not Beziehung, because things cannot interact socially. (The many places where Marx writes about Beziehungen between things are always meant metaphorically). Commodities are exchangeable for each other. This is a social relation in which they are placed, not an interaction which they establish.

The labor of different persons is equated and treated as universal labor only by bringing one use-value into relation with another one in the guise of exchange-value. Although

Nur insofern der eine Gebrauchswert sich auf den andern als Tauschwert bezieht, ist die Arbeit der verschiedenen Personen aufeinander als gleiche und allgemeine bezo-
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it is thus correct to say that exchange-value is a relation between persons, it is however necessary to add that it is a relation hidden by a material veil. Just as a pound of iron and a pound of gold have the same weight despite their different physical and chemical properties, so two commodities which have different use-values but contain the same amount of labor-time have the same exchange-value. Exchange-value thus appears to be a social determination of use-values, a determination which is proper to them as things and in consequence of which they are able in definite proportions to take one another’s place in the exchange process, i.e., they are equivalents, just as simple chemical elements combined in certain gen. Wenn es daher richtig ist zu sagen, daß der Tauschwert ein Verhältnis zwischen Personen ist, so muß aber hinzugesetzt werden: unter dinglicher Hülle verstecktes Verhältnis. Wie ein Pfund Eisen und ein Pfund Gold trotz ihrer verschiedenen physischen und chemischen Eigenschaften daselbe Quantum Schwere darstellen, so zwei Gebrauchswerte von Waren, worin dieselbe Arbeitszeit enthalten ist, denselben Tauschwert. Der Tauschwert erscheint so als gesellschaftliche Naturbestimmtheit der Gebrauchswerte, als eine Bestimmtheit, die ihnen als Dingen zukommt, und infolge deren sie sich im Austauschprozeß ebenso in bestimmten quantitativen Verhältnissen ersetzen, Äquivalente bilden, wie einfache
proportions form chemical equivalents.

5 “La ricchezza è una ragione tra due persone.”

↑ Marx plays here on the pun that chemistry uses the same word “equivalent” which is used in economics.

Only the familiarity of everyday life makes it appear commonplace and ordinary that social relations of production should assume the shape of things, so that the relations into which people enter in the course of their work appear as the relation of things to one another and of things to people. This mysti-

chemische Stoffe in bestimmten quantitativa-
tiven Verhältnissen sich verbinden, chemi-
sche Äquivalente bilden.

5 „La ricchezza è una ragione tra due persone.“

Es ist nur die Gewohnheit des täglichen Le-
bens, die es als trivial, als selbstverständlich erscheinen läßt, daß ein gesellschaftliches Produktionsverhältnis die Form eines Ge-
genstandes annimmt, so daß das Verhältnis der Personen in ihrer Arbeit sich vielmehr als ein Verhältnis darstellt, worin Dinge sich
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ification is still a very simple one in the case of a commodity. Everybody understands more or less clearly that the relations of commodities as exchange-values are rather the relations of the persons to the productive activities of one another. The semblance of simplicity disappears in more advanced relations of production. All the illusions of the Monetary System arise from the failure to perceive that money, though a physical object with distinct properties, represents a social relation of production. As soon as the modern economists, who sneer at the illusions of the Monetary System, deal with the more complex economic categories, such as capital, they display the same illusions. This emerges clearly in their confession of zu einander und zu den Personen verhalten. In der Ware ist diese Mystifikation noch sehr einfach. Es schwebt allen mehr oder minder vor, daß das Verhältnis der Waren als Tauschwerte vielmehr Verhältnis der Personen zu ihrer wechselseitigen produktiven Tätigkeit ist. In höheren Produktionsverhältnissen verschwindet dieser Schein der Einfachheit. Alle Illusionen des Monetarsystems stammen daher, daß dem Geld nicht angesehen wird, daß es ein gesellschaftliches Produktionsverhältnis darstellt, aber in der Form eines Naturdings von bestimmten Eigenschaften. Bei den modernen Ökonomen, die auf die Illusionen des Monetarsystems herabgrinsen, verrät sich dieselbe Illusion, sobald sie höhere öko-
naive astonishment when the phenomenon that they have just ponderously described as a thing reappears as a social relation and, a moment later, having been defined as a social relation, teases them once more as a thing.

On the core level, money is both: a social relation of production incorporated in a thing. On the surface, it sometimes appears as a social relation of production, and sometimes as a thing.

There is another passage about this subject in 286:3/000, and the word “Fetisch” is used in 387:1.

The following points are present:

(1) A social relation of people represents itself “verkehrt” (incongruously?), as a social relation of things, as a property which things have as physical objects.

(2) In the second quote also the remark that this is not an illusion but “prosaically real
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mystification.”

(3) The question is also addressed to what extent the agents see through this “Verkehrung”: it is still easy to see through with the commodity, and becomes progressively harder with money and capital.

What is missing?

(a) It is an unconnected point which is not tied into the previous argument. This tying-in will be done in *Capital I* in what I call the first part of section 4 of chapter One.

(b) Marx does not ask the question what is the specific source of the apparent self-activity of the commodities.

(c) The basic character of fetishism as a prosupposition of the whole commodity form is not emphasized here; it is still treated as an additional peculiarity of the commodity form. This will be developed further in the appendix to the first edition of *Capital I*, where it is the 4th peculiarity.

Significantly, Marx does not maintain this connection in the later editions. This about-face, together with reserving a separate section for this subject, seems to indicate that Marx came to consider it to be a much more basic subject.
276:1–277 Since the exchange-value of commodities is indeed nothing but a mutual relation between various kinds of labor of individuals regarded as equal and universal labor, i.e., nothing but a material expression of a specific social form of labor, it is a tautology to say that labor is the only source of exchange-value and accordingly of wealth in so far as this consists of exchange-value.

⇑ If our analysis of exchange-value is true, then this decides the often-discussed question whether labor is the only source of exchange-value: yes it is. ⇩ Since material in a natural state does not contain labor, this also decides the question whether such material contains exchange-value: no it does not. Also the related question whether the material of which something consists contributes to its exchange-value can be decided: no it does not.
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It is the same tautology to say that material in its natural state does not have exchange-value\(^6\) since it contains no labor, and that exchange-value as such includes no material in a natural state.

⇓ McCulloch got it right and the German thinkers got it wrong:

\(^6\) “In its natural state, matter ... is always destitute of value.” McCulloch, A Discourse on the Rise, Progress, Peculiar Objects, and Importance of Political Economy, Second Edition, Edinburgh, 1825, p. 48. This shows how high even a McCulloch stands above the fetishism of German “thinkers” who assert that “material” and half a dozen similar irrelevancies are elements of value. See, inter alia, L. Stein, op. cit., Bd. 1, p. 170.

⇓ Next Marx brings several quotes which seem to contradict what he just said—but they do not really contradict it because they talk about use-value, not exchange-value:

It is true that William Petty calls “labor...
the father and earth the mother of wealth,”
Bishop Berkeley asks

“whether the four elements, and man’s labor
therein, be not the true source of wealth,”

and the American Thomas Cooper explains
in popular form:

“Take away from a piece of bread the labor bestowed by the baker on the flour, by the miller on the grain brought to him, by the farmer in ploughing, sowing, tending, gathering, threshing, cleaning and transporting the seed, and what will remain? A few grains of grass, growing wild in the woods, and unfit for any human purpose.”

But all these observations are concerned not with abstract labor, which is the source of
1. The Commodity

exchange-value, but with concrete labor as the source of material wealth, in short with labor in so far as it produces use-values. Since the use-value of the commodity is postulated, the specific utility and the definite usefulness of the labor expended on it is also postulated; but this is the only aspect of labor as useful labor which is relevant to the study of commodities. In considering bread as a use-value, we are concerned with its properties as an article of food and by no means with the labor of the farmer, miller, baker, etc. Even if the labor required were reduced by 95 per cent as a result of some invention, the usefulness of a loaf of bread would remain quite unaffected. It would lose not a single parti-
icle of its use-value even if it dropped ready-made from the sky. Whereas labor positing exchange-value manifests itself in the equality of commodities as universal equivalents, labor as useful productive activity manifests itself in the infinite variety of use-values. Whereas labor positing exchange-value is abstract universal and uniform labor, labor positing use-value is concrete and distinctive labor, comprising infinitely varying kinds of labor as regards its form and the material to which it is applied.


8 Thomas Cooper, *Lectures on the Elements of

mel fiele, würde es kein Atom seines Ge-
brauchswerts verlieren. Während sich die
Tauschwert setzende Arbeit in der Gleich-
heit der Waren als allgemeiner Äquivalen-
te verwirklicht, verwirklicht sich die Arbeit
als zweckmäßige produktive Tätigkeit in
der unendlichen Mannigfaltigkeit ihrer Ge-
brauchswerte. Während die Tauschwert set-
zende Arbeit *abstrakt allgemeine* und *glei-
che* Arbeit, ist die Gebrauchswert setzende
Arbeit konkrete und besondere Arbeit, die
sich der Form und dem Stoff nach in unend-
lich verschiedene Arbeitsweisen zerspaltet.

„Whether the four elements, and man’s labor the-
rein, be not the true source of wealth?“

8 Th. Cooper, „Lectures on the Elements of
Concrete labor not the only source of use-value.

278:1 It would be wrong to say that labor which produces use-values is the only source of the wealth produced by it, that is of material wealth. Since labor is an activity which adapts material for some purpose or other, it needs material as a prerequisite. Different use-values contain very different proportions of labor and natural products, but use-value always comprises a natural element. As useful activity directed to the appropriation of natural factors in one form or another, labor is a natural condition of human existence, a condition of material inter-change between man and nature, quite inde-

23:1/o Von der Arbeit, soweit sie Gebrauchswerte hervorbringt, ist es falsch zu sagen, daß sie einzige Quelle des von ihr hervorgebrachten, nämlich des stofflichen Reichtums sei. Da sie die Tätigkeit ist, das Stoffliche für diesen oder jenen Zweck anzueignen, bedarf sie des Stoffes als Voraussetzung. In verschiedenen Gebrauchswerten ist die Proportion zwischen Arbeit und Naturstoff sehr verschieden, aber stets enthält der Gebrauchswert ein natürliches Substrat. Als zweckmäßige Tätigkeit zur Aneignung des Natürlichen in einer oder der anderen Form ist die Arbeit Naturbedingung der
dependent of the form of society. On the other hand, the labor which posits exchange-value is a specific social form of labor.

\[\text{menschlichen Existenz, eine von allen sozialen Formen unabhängige Bedingung des Stoffwechsels zwischen Mensch und Natur. Tauschwert setzende Arbeit ist dagegen eine spezifisch gesellschaftliche Form der Arbeit.}\]

\[\text{And then something very clear about concrete labor not producing the value of the things:}\]

For example tailoring, so far as it is a physical, particular productive activity, produces the coat but not the exchange-value of the coat. The latter is produced by it not as tailoring labor, but as abstract universal labor, and this belongs into a social connection which is not being held together by the tailor’s threads.

\[\text{The metaphor “nicht eingefädelt hat” indicates that this social connection is independent}\]
of the concrete labor of the tailor, also of the will and intentions of the tailor.

Women in ancient domestic industry, for instance, produced coats without producing the exchange-value of coats. Labor as source of material wealth was well known both to Moses, the law-giver, and to Adam Smith, the customs official.⁹

Friedrich List has never been able to grasp the difference between labor as a producer of something useful, a use-value, and labor as a producer of exchange-value, a specific social form of wealth (since his mind being occupied with practical matters was not concerned with understanding); he therefore regarded the modern English economists as mere plagiarists of Moses of Egypt.

In *Capital*, 133:1, Marx goes one step further: the tailor as tailor not only does not produce the exchange-value, but he also would not be a tailor without the rigid compartmentalization

So produzierten in der antiken häuslichen Industrie Weiber den Rock, ohne den Tauschwert des Rockes zu produzieren. Arbeit als eine Quelle von stofflichem Reichtum war dem Gesetzgeber Moses sowohl bekannt wie dem Zollbeamten Adam Smith.⁹

of society into different professions fostered by commodity production.

1.4. [A Few Closer Determinations]

Next, Marx brings some loosely arranged points called “a few closer determinations”:

278:2 Let us now examine a few closer determinations which result from the reduction of exchange-value to labor-time.

24:1 Betrachten wir nun einige nähere Bestimmungen, die sich aus der Zurückführung des Tauschwerts auf Arbeitszeit ergeben.

↑ In Capital, most of these points are embedded in a more systematic connection, although some of them are not taken over.

↓ As use-value, commodity acts as cause, as exchange-value, it acts as effect. Interesting application to exchange-value of machinery!

278:3 A commodity as a use-value has a causal effect. Wheat for example serves as a means of nourishment. A machine replaces a certain amount of labor. This func-

24:2 Als Gebrauchswert wirkt die Ware ursachlich. Weizen z.B. wirkt als Nahrungsmittel. Eine Maschine ersetzt Arbeit in bestimmten Verhältnissen. Diese Wirkung
1. The Commodity

tion, which is what makes the commodity a use-value, an article of consumption, may be called its service, the service it renders as a use-value. But the commodity as an exchange-value is always considered solely from the standpoint of the result. What matters is not the service it renders, but the service rendered to it in the course of its production. Thus the exchange-value of a machine, for instance, is determined not by the amount of labor-time which it can replace, but by the amount of labor-time expended in its production and therefore required for the production of a new machine of the same type.

10 It can easily be seen what “service” the cat-
egory “service” must render certain economists such as J. B. Say and F. Bastiat, whose sagacity, as already Malthus aptly remarked, always abstracts from the specific form of economic conditions.

Productivity as relation between quantity of labor and quantity of exchange-value. Connection with scarcity. Compare with 281:2/o, where he talks about two commodities in the value relation.

279:1 Thus, if the amount of labor required for the production of commodities remained constant, their exchange-value would also remain unchanged. But the facility or difficulty of production varies continually. If the productivity of labor grows, the same use-value will be produced in less time. If the productivity of labor declines, more time will be needed to produce the

24:3/o Bliebe daher das zur Produktion von Waren erheischte Arbeitsquantum konstant, so wäre ihr Tauschwert unveränderlich. Aber die Leichtigkeit und Schwierigkeit der Produktion wechseln beständig. Wächst die Produktivkraft der Arbeit, so produziert sie denselben Gebrauchswert in kürzerer Zeit. Fällt die Produktivkraft der Arbeit, so wird mehr Zeit erheischt zur Pro-
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same use-value. The amount of labor-time contained in a commodity, and therefore its exchange-value, is consequently a variable quantity, rising or falling in inverse proportion to the rise or fall of the productivity of labor. The level of the productivity of labor, which is predetermined in manufacturing industry, depends in agriculture and extractive industry also upon unpredictable natural conditions. The same quantity of labor will result in a larger or smaller output of various metals—depending on the relative abundance of the deposits of these metals in the earth’s crust. The same amount of labor may yield two bushels of wheat in a favourable season, and perhaps only one bushel in an unfavourable season. Scarcity production desselben Gebrauchswerts. Die Größe der in einer Ware enthaltenen Arbeitszeit, also ihr Tauschwert, ist daher ein wechselnder, steigt oder fällt in umgekehrtem Verhältnis zum Steigen oder Fallen der Produktivkraft der Arbeit. Die Produktivkraft der Arbeit, die in der Manufakturindustrie in vorausbestimmtem Grade ange- wandt wird, ist in der Agrikultur und der extraktiven Industrie zugleich bedingt durch unkontrollierbare Naturverhältnisse. Dieselbe Arbeit wird eine größere oder mindere Ausbeute verschiedener Metalle ergeben, je nach dem relativ seltenen und häufigeren Vorkommen dieser Metalle in der Erdrinde. Dieselbe Arbeit mag sich mit Gunst der Jahreszeit in 2 Bushel Weizen, mit Ungunst
or abundance brought about by natural circumstances seems in this case to determine the exchange-value of commodities, because it determines the productivity of the specific concrete labor which is bound up with the natural conditions.

Now some general considerations, comparing the relation exchange-value—use-value across different use-values. I guess this is the space-wise aspect of productivity. Not in CI.

279:2 Equal amounts of labor-time, or equal amounts of exchange-value, are contained in unequal volumes of different use-values. The smaller the volume of a use-value which contains a given amount of labor-time as compared with other use-values of commodities, the greater is the specific exchange-value of that commodity.

25:1 Verschiedene Gebrauchswerte enthalten in ungleichen Volumen dieselbe Arbeitszeit oder denselben Tauschwert. In je kleinerem Volumen ihres Gebrauchswertes, verglichen mit den andern Gebrauchswerten, eine Ware, ein bestimmtes Quantum Arbeitszeit enthält, um so größer ist ihr spezifischer Tauschwert. Finden wir, daß
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If we find that in different epochs of civilization separated by long periods of time, various use-values—for example gold, silver, copper and iron, or wheat, rye, barley and oats—form a series of specific exchange-values which on the whole retain their relative order in relation to one another, though not their exact numerical proportions, it follows that the progressive development of the social productive forces has exerted a uniform or nearly uniform effect on the labor-time required for the production of these commodities.

_exchange-value of a commodity does not appear in its own use-value. This leads to a discussion of forms of value, apparent precursor of CI, chapter 1, section 3._


25:2/oo Der Tauschwert einer Ware kommt...
commodity is not expressed in its own use-value. But as materialization of universal social labor-time, the use-value of one commodity is brought into relation with the use-values of other commodities. The exchange-value of one commodity thus manifests itself in the use-values of other commodities. In fact the exchange-value of one commodity expressed in the use-value of another commodity represents equivalence. If one says, for instance, one yard of linen is worth two pounds of coffee, then the exchange-value of linen is expressed in the use-value of coffee, and it is moreover expressed in a definite quantity of this use-value. Once the proportion is given, the value of any quantity of linen can be expressed in terms of not in ihrem eignen Gebrauchswert zur Erscheinung. Als Vergegenständlichung der allgemeinen gesellschaftlichen Arbeitszeit jedoch ist der Gebrauchswert einer Ware in Verhältnisse gesetzt zu den Gebrauchswerten anderer Waren. Der Tauschwert der einen Ware manifestiert sich so in den Gebrauchswerten der anderen Waren. Äquivalent ist in der Tat der Tauschwert einer Ware ausgedrückt im Gebrauchswert einer andern Ware. Sage ich z.B. eine Elle Leinwand ist wert zwei Pfund Kaffee, so ist der Tauschwert der Leinwand in dem Gebrauchswert Kaffee, und zwar in einem bestimmten Quantum dieses Gebrauchswerts ausgedrückt. Diese Proportion gegeben, kann ich den Wert jedes Quantums Lein-
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coffee.

↑ The above was a brief discussion of the Simple form of value, ↓ but Marx immediately goes over to the Expanded form of value:

It is evident that the exchange-value of a commodity, e.g., linen, is not exhaustively expressed by the proportion in which a particular commodity, e.g., coffee, forms its equivalent. The quantity of universal labor-time represented by a yard of linen exists simultaneously in infinitely varied amounts of the use-values of all other commodities. The use-value of any other commodity taken in the proportion which represents the same quantity of labor-time constitutes an equivalent for the yard of linen. The exchange-value of this particular commodity can therefore be exhaustively expressed in Kaffee ausdrücken.

Es ist klar, daß der Tauschwert einer Ware, z.B. der Leinwand, nicht erschöpft ist in der Proportion worin eine andere besondere Ware, z.B. Kaffee, ihr Äquivalent bildet. Das Quantum allgemeiner Arbeitszeit, dessen Darstellung die Elle Leinwand ist, ist gleichzeitig in unendlich verschiedenen Volumen von Gebrauchswerten aller andern Waren realisiert. In der Proportion, worin der Gebrauchswert jeder andern Ware gleich große Arbeitszeit darstellt, bildet er ein Äquivalent für die Elle Leinwand. Der Tauschwert *dieser einzelnen Ware* drückt sich daher nur erschöpfend aus in den un-
only by the infinite number of equations in which the use-values of all other commodities form its equivalent. The only exhaustive expression for a universal equivalent is the sum of these equations or the totality of the different proportions in which a commodity can be exchanged for any other commodity. For example the series of equations—

\[
\begin{align*}
1 \text{ yard of linen} & = 1/2 \text{ lb. of tea} \\
1 \text{ yard of linen} & = 2 \text{ lbs. of coffee} \\
1 \text{ yard of linen} & = 8 \text{ lbs. of bread} \\
1 \text{ yard of linen} & = 6 \text{ yards of calico}
\end{align*}
\]

may be put in the following form —

\[
1 \text{ yard of linen} = 1/8 \text{ lb. of tea} + 1/2 \text{ lb. of coffee} + 2 \text{ lbs. of bread} + 1 1/2 \text{ yards of calico.}
\]

endlich vielen Gleichungen, worin die Gebrauchswerte aller andern Waren ihr Äquivalent bilden. Nur in der Summe dieser Gleichungen oder in der Gesamtheit der verschiedenen Proportionen, worin eine Ware mit jeder andern Ware austauschbar ist, ist sie erschöpfend ausgedrückt als allgemeines Äquivalent. Z.B. die Reihe der Gleichungen

\[
\begin{align*}
1 \text{ Elle Leinwand} & = 1/2 \text{ Pfund Tee,} \\
1 \text{ Elle Leinwand} & = 2 \text{ Pfund Kaffee,} \\
1 \text{ Elle Leinwand} & = 8 \text{ Pfund Brot,} \\
1 \text{ Elle Leinwand} & = 6 \text{ Ellen Kattun,}
\end{align*}
\]

kann dargestellt werden als

\[
1 \text{ Elle Leinwand} = 1/8 \text{ Pfund Tee} + 1/2 \text{ Pfund Kaffee} + 2 \text{ Pfund Brot} + 1 1/2 \text{ Ellen Kattun.}
\]
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Thus if we had all the equations in which the value of a yard of linen is exhaustively expressed, we could denote its exchange-value in the form of a series. This is in fact an infinite series, for the range of commodities can never be finally circumscribed but expands continuously.

Now the transition to the General form of value:

Since the exchange-value of one commodity is measured by the use-values of all other commodities, the exchange-values of all other commodities are on the contrary measured in terms of the use-value of the one commodity measured by them. If the exchange-value of one yard of linen is expressed in 1/2 lb. of tea, or 2 lbs. of coffee, the equation:

\[ 1 \text{ yard of linen} = \frac{1}{2} \text{ lb. of tea} \]

or

\[ 1 \text{ yard of linen} = 2 \text{ lbs. of coffee} \]

represents the exchange-value of one yard of linen in terms of the use-values of these two commodities. Similarly, the equation:

\[ 1 \text{ lb. of tea} = \frac{1}{2} \text{ yards of linen} \]

or

\[ 2 \text{ lbs. of coffee} = \text{ yards of linen} \]

represents the exchange-value of these two commodities in terms of the use-value of one yard of linen.
or 6 yards of calico, or 8 lbs. of bread, etc., it follows that coffee, tea, calico, bread, etc., must be equal to one another in the proportion in which they are equal to linen, a third magnitude, linen thus serves as a common measure of their exchange-value. The exchange-value of any commodity considered as materialized universal labor-time, i.e., as a definite quantity of universal labor-time, is measured successively in terms of definite quantities of the use-values of all other commodities; and on the other hand the exchange-values of all other commodities are measured in the use-value of this one exclusive commodity. But any commodity considered as exchange-value is both the exclusive commodity which serves as the
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common measure of the exchange-values of all other commodities and on the other hand it is merely one commodity of the many commodities in the series in which the exchange-value of any other commodity is directly expressed.

↑ This last sentence is interesting, Marx says here that every commodity is already money.

11 “It is another peculiarity of measures to enter into such a relation with the thing measured, that in a certain way the thing measured becomes the measure of the measuring unit.” Montanari, *Della Moneta*, p. 41 in Custodi’s collection, Vol. III, *Parte Antica*.

↓ Apart from the magnitude of value, another, unrelated question is: against how many other commodities can this commodity be exchanged? Also not taken over into CI, but it may be relevant for the analysis of tradable and nontradable goods in international economics!

281:1 The existing number of different

27:1 Die *Wertgröße* einer Ware wird nicht
types of commodities does not affect the value of a commodity. But whether the series of equations in which its exchange-value can be realized is longer or shorter depends on the greater or smaller variety of different commodities. The series of equations which express, say, the value of coffee shows the range of its exchangeability, the limits within which it functions as an exchange-value. The exchange-value of a commodity as the objective expression of universal social labor-time finds its appropriate expression of equivalence in the infinite variety of use-values.

How changes in productivity are expressed in relation of commodities to each other.

281:2/o We have seen that the exchange-

27:2/o Wir haben gesehen, daß der Tausch-
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value of a commodity varies with the quantity of labor-time directly contained in it. Its realized exchange-value, that is its exchange-value expressed in the use-values of other commodities, must also depend on the degree to which the labor-time expended on the production of all other commodities varies. For example, if the labor-time necessary for the production of a bushel of wheat remained unchanged, while the labor-time needed for the production of all other commodities doubled, the exchange-value of a bushel of wheat in terms of its equivalents would have been halved. The result would actually be the same as if the labor-time required to produce a bushel of wheat had been halved and the labor-time required wert einer Ware wechselt mit der Quantität der unmittelbar in ihr selbst enthaltenen Arbeitszeit. Ihr realisierter, d.h. in den Gebrauchswerten anderer Waren ausgedrückter Tauschwert muß ebenso abhängen von dem Verhältnis, worin die auf die Produktion aller andern Waren verwandte Arbeitszeit wechselt. Bliebe z.B. die zur Produktion eines Scheffels Weizen erforderliche Arbeitszeit dieselbe, während die zur Produktion aller andern Waren erheischte Arbeitszeit sich verdoppelte, so wäre der Tauschwert des Scheffels Weizen, ausgedrückt in seinen Äquivalenten, um die Hälfte gesunken. Das Resultat wäre praktisch dasselbe, als ob die zur Herstellung des Scheffels Weizen erforderliche Arbeitszeit
to produce all other commodities had remained unchanged. The value of commodities is determined by the amount of them which can be produced in a given labor-time. In order to examine what changes are liable to affect this proportion, let us take two commodities, A and B. First The labor-time required for the production of B is assumed to remain unchanged. In this case the exchange-value of A expressed in terms of B falls or rises in direct proportion to the decrease or increase in the labor-time necessary for the production of A. Secondly. The labor-time necessary for the production of commodity A is assumed to remain unchanged. The exchange-value of commodity A in terms of B falls or rises in inverse
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proportion to the decrease or increase in the labor-time required to produce \( B \). Thirdly. The labor-time required for the production of \( A \) and of \( B \) is assumed to decrease or increase at the same rate. The equation expressing the value of commodity \( A \) in terms of \( B \) remains unchanged in this case. If some factor were to cause the productivity of all types of labor to fall in equal degree, thus requiring the same proportion of additional labor for the production of all commodities, then the value of all commodities would rise, the actual expression of their exchange-value remaining unchanged, and the real wealth of society would decrease, since the production of the same quantity of use-values would require a larger amount of labor.

gekehrtem Verhältnisse, wie die zur Produktion von \( B \) erheischte Arbeitszeit fällt oder steigt. Drittens: Die zur Produktion von \( A \) und \( B \) erheischte Arbeitszeit falle oder steige in gleicher Proportion. Der Ausdruck der Äquivalenz von \( A \) in \( B \) bleibt dann unverändert. Nähme durch irgendeinen Umstand die Produktivkraft aller Arbeiten in demselben Maße ab, so daß alle Waren in gleicher Proportion mehr Arbeitszeit zu ihrer Produktion erheischten, so wäre der Wert aller Waren gestiegen, der reale Ausdruck ihres Tauschswerts wäre unverändert geblieben, und der wirkliche Reichtum der Gesellschaft hätte abgenommen, da sie mehr Arbeitszeit brauchte, um dieselbe Masse von Gebrauchswerten zu schaffen. Viertens:
of labor-time. *Fourthly.* The labor-time required for the production of both $A$ and $B$ is assumed to increase or decrease but in unequal degree, or else the labor-time required for the production of $A$ is assumed to increase while that required for $B$ decreases, or vice versa. All these cases can be simply reduced to the position where the labor-time required for the production of one commodity remains unchanged, while that required for the production of the other either increases or decreases.

¶ This paragraph illustrates how a commodity as exchange-value differs from this same commodity as use-value. As exchange-value, every commodity is as divisibile as the labor-time materialized in it!

282:1 The exchange-value of any commodity is expressed in terms of the use-

28:1 Der Tauschwert jeder Ware drückt sich in dem Gebrauchswert jeder andern
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value of any other commodity, either in whole units or in fractions of that use-value. Every commodity as exchange-value can be just as easily divided as the labor-time contained in it. The equivalence of commodities is just as independent of the physical divisibility of their use-values as the summation of the exchange-values of commodities is unaffected by the changes which the use-values of the commodities may undergo in the course of their transformation into a single new commodity.

1.5. [The Exchange Process]

The discussion of the exchange process is introduced by a methodological interlude.
So far, the two aspects of the commodity—use value and exchange-value—have been examined, but every time one-sidedly. The commodity as commodity however is immediately unity of use-value and exchange-value; and at the same time it is commodity only in relation to other commodities. The actual relation between the commodities is their exchange process.

Marx distinguishes here the commodity as use-value and the commodity as exchange-value from the commodity as commodity. A parallel distinction is made in Capital, between the bodily form, value form, and form of commodities. (This is similar to chapter Three of Capital where he distinguishes money as measure of value and money as means of circulation from money as money, see 227:1.)

**Question 32** What is the difference between commodity as exchange-value and commodity as commodity?

After this methodological remark, Marx adds a passage which “lifts the veil” and ex-
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Explicitly addresses the hiatus between personal goals and social constraints or possibilities. The exchange process is a process entered into by individuals who act here only as the commodity owners.

This is a social process entered into by the mutually independent individuals, but they enter into it only as commodity owners. What they are for each other is given by their commodities, and thus they appear in fact only as the conscious carriers of the exchange process.

MECW, in characteristic insensitivity, translates *Dasein* with existence and erscheint als with appears to be.

The “indeed” here is significant: through their deeds in the exchange process the individuals appear only as the conscious *Träger* (representatives, executors) acting out the various aspects of the exchange-process itself. Compare *Capital*, 178:1/o.
Question 33  In Contribution, Marx says that the individuals are for each other nothing but the representatives of their commodities, while in Capital, chapter Two, Marx describes a tension or conflict between commodity and commodity owner. Is this a contradiction?

283:1/o The commodity is a use-value, wheat, linen, a diamond, machinery, etc., but as a commodity it is simultaneously not a use-value.

28:3/o Die Ware ist Gebrauchswert, Weizen, Leinwand, Diamant, Maschine etc., aber als Ware ist sie zugleich nicht Gebrauchswert.

“İst” is cursive in MEW, but not in MEGA.

↑ Using 269:2, and 138:1 in Capital, this sentence can be paraphrased as follows: “The physical palpable existence of the commodity coincides with its determinate being as use-value, but a commodity is not only use-value but also value, and in its determinate being as value the commodity is not a use-value for its owner.” When someone treats his or her commodity as a value, the use-value which it has for its ultimate consumer is irrelevant. The use-value of the commodity is therefore not helpful to guide the actions of the commodity owners; instead, the commodities must gain a second existence, which is not dependent on
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their use-value. This second existence, the commodities’ *Dasein* as a value, will be derived next.

⇓ The next sentence argues why the commodity cannot be use-value for its owner in its determinate being as value.

If it were a use-value for its owner, that is a direct means for the satisfaction of his own needs, then it would not be a commodity.

⇑ In other words, if it were a use-value for its owner then he or she would use it to satisfy his or her needs instead of exchanging it, i.e., he would not treat it as a value but as use-value. From this we can see what Marx means by “determinate being (*Dasein*) of the commodity as a value”: it is a form of existence which enables and induces the economic agents to treat it as a value.

⇓ The next sentence describes how the owner sees the commodity, what the commodity is for him or her when (s)he does commodity-like things with it, e.g., exchanges it.

For its owner it is on the contrary a *non-use-value*, namely, a mere bodily carrier
of exchange-value, or a mere means of exchange.

The transition from carrier of exchange-value to means of exchange is explained as follows:

Use-value as an active carrier of exchange-value becomes a means of exchange.

As an active carrier of value it wants to express its value in other commodities, therefore it offers itself in exchange for other commodities. For its owner, this expression of value is useful; although the owner does not have use for the bodily use-value of the commodity, he can take advantage of it as a means of exchange:

The only use-value the commodity has left for its owner is that of being an exchange-value.  

Aristotle conceptualizes exchange-value as a second use-value (while Marx treats exchange-value as something completely other than use-value).

It is in this sense that Aristotle speaks of exchange-value (see the passage quoted at the be-
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The beginning of this chapter).

Aristotle’s passage is given in footnote 1 to paragraph 269:1.

Since the commodity is use-value and is not use-value, it must become use-value. (According to Hegel, becoming is the unity of being and not-being.)

As a use-value the commodity is therefore still in the process of becoming.

Now Marx describes the different stages in this process:

First it must become a use-value for others. Since it is not a use-value for its owner, it must be a use-value for owners of other commodities. Were this not the case, then the labor expended on it would have been useless labor and the result would accordingly not be a commodity.

This was an elimination argument. The commodity is produced as a commodity, therefore it is not a use-value for its producer. But the commodity must be use-value for someone in society, otherwise the labor spent to produce it would be wasted and would not count as
labor. Ergo the commodity must be use-value for someone who is not its producer. (Here I am assuming, for simplicity, that all commodities are directly traded or sold from their producers to their consumers. I.e., those owners who treat their commodities as commodities are their producers. The essence of the argument is not changed if we assume intermediate owners of commodities which are neither their producers nor their consumers.)

But this is only one of two requirements the commodity has to satisfy:

Secondly, the commodity must become a use-value *for its owner*, since his means of existence exist outside it, in the use-values of other people’s commodities.

Somehow the commodity must become use-value for its producer as well, otherwise he would not have produced it. This is the second requirement. These two requirements are derived separately in a very abstract argument. But now Marx shows how they are related. The first requirement is the mediation through which the second requirement, the ultimate goal, is achieved.

To *become* as use-value, the commodity must encounter the particular need which...
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it can satisfy. Thus the use-values of commodities become as use-values by an all-sided change of places: by passing from the hands of those for whom they are means of exchange into the hands of those for whom they serve as consumer goods. Only as a result of this universal alienation of commodities does the labor contained in them become useful labor.

⇑ In this last sentence, use-value is not considered as a property of the object, but as a property of the labor. This short peek at the core aspect of these circulation acts concludes this part of the argument. And speaking of the relationship between core and surface, Marx adds the following comments about the process he just described:

Commodities do not acquire a new economic form determination in their processing mutual relationship as use-values.

In dieser prozessierenden Beziehung der Waren aufeinander als Gebrauchswerte erhalten sie keine neue ökonomische Formbestimmtheit.
I.e., in this process the commodities are treated by their owners only as use-values, and they already are use-values, i.e., this treatment does not generate new surface relations in which their core status as commodities can be either expressed or accessed. On the contrary, this process even takes away those core relations which marked them as commodities: On the contrary, the form determination which distinguished them as commodities disappears.

It is wrong to translate this as “it loses its form.” It cannot lose its form as exchange-value because it did not have a form as exchange-value to begin with. It loses its form determination, i.e., those core relations which need a form so that they can be acted out. Bread, for instance, in passing from the baker to the consumer does not change its character as bread. Marx could also have written that bread does not alter its existence, because its bodily existence and its *Dasein* as a use-value (here bread) coincide. This is why the translation “character as bread” is acceptable. Marx continues: on the contrary, instead of losing its *Dasein* as bread it enters into a phase where this *Dasein* is fully realized, because the con-
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sumer who received the bread in the exchange uses it as bread and not just as a means of exchange:

It is rather that the consumer treats it as a use-value, as a particular foodstuff, whereas so long as it was in the hands of the baker it was simply representative of an economic relation, a tangible and at the same time a social thing. The only transformation therefore that commodities experience in the course of becoming use-values is the cessation of the formal constellation in which they were non-use-values for their owner, and use-values for their non-owner.

Umgekehrt, erst der Konsument bezieht sich auf es als Gebrauchswert, als dies bestimmte Nahrungsmittel, während es in der Hand des Bäckers Träger eines ökonomischen Verhältnisses, ein sinnlich übersinnliches Ding war. Der einzige Formwechsel, welche die Waren in ihrem Werden als Gebrauchswerte eingehen, ist also die Aufhebung ihres formellen Daseins, worin sie Nicht-Gebrauchswert für ihren Besitzer, Gebrauchswert für ihren Nichtbesitzer waren.
I went out on a limb translating *Dasein* with “constellation.” The usual translation here is “existence,” which is exactly wrong. The commodity is *not* changing its existence. If it were turned from a use-value into money or vice versa, this would be a change in its existence. The problem is exactly that the commodity, in the hands of its owner who wants to exchange it, has to perform a money-like function for its owner (this is its *Dasein*), but it does not have the existence as money which would enable it to do this. Its existence as a particular use-value is inappropriate and contradicts the role which it has to play at this stage of its life.

The commodity as it is produced already has the right form for the end consumer. But this form cannot come into its own directly, but only by the commodity first shedding, stripping off, its use-value form. Marx uses the word “*Entäußerung*,” which literally means the “stripping off of their externality,” in order to characterize this contradictory development: although there is nothing more external than a use-value, in order to become use-values, the commodities first have to get rid of their externality. *Entäußerung* is usually translated with alienation. It is true that the commodity strips off its externality, i.e., is turned into money, by being alienated, i.e., by being sold to someone. Nevertheless, the meaning of “*Entäußerung*” and the meaning of “alienation” are not the same.

To become as use-values, all commodities must strip off their externality, they must
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enter into the exchange process. However the form they need for the exchange is their form as exchange-values.

\( \uparrow \text{Eingehn} \) has here almost the meaning of “ascension,” as in Christ’s ascension to heaven, since the exchange-process turns them into pure value-souls. Needless to say, their natural bodily existence, which is their \textit{Dasein} as use-values, is inappropriate for this holy task. In \textit{Capital}, Marx makes the same point much more abstractly, indeed he is so abstract that he almost sounds tautological, see 138:1.

Hence, in order to actualize themselves as use-values they must actualize themselves as exchange-values.

In order to complete its becoming as use-value we therefore have to look at the commodity’s \textit{Dasein} as exchange-value. This is a very different \textit{Dasein} than that as use-value. Unlike its \textit{Dasein} as use-value, its \textit{Dasein} as exchange-value must be a social relation:

\textit{284:1/o} While the individual commodity as a use-value originally presented itself to us as something independent, as
an exchange-value it was from the outset viewed in relation with all other commodities.

Next Marx derives how this relationship can be actualized (verwirklicht). Originally this relationship between the commodities exists only in the minds of the commodity owners:

But this was merely a theoretical, hypothetical, relation.

Although this relationship has at this point only a theoretical existence, it is not merely a mental figment. It is real because it is anchored in the relations of production. Commodities are not only considered as values by the commodity owners on the surface, they are in fact values, since their production has used up part of the human labor-power available to society, and society remembers this. Despite being real, this relationship is at this point not actual except in the brains of the commodity owners. The de facto actualization of this relationship is the exchange process:

It actualizes itself only in the process of exchange.

Now one might wonder why this is necessary. Why does the value of the commodities
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have to be actualized out of the surface relations of the commodity traders if it already exists very tangibly as the labor-time spent in production?

On the other hand, a commodity is an exchange-value in so far as a definite amount of labor-time has been expended on its production and it accordingly represents materialized labor-time.

Answer: the surface mediations are necessary because the labor producing these commodities was individual labor, which still needs social validation:

Yet the commodity as it comes into being is only materialized individual labor-time of a specific kind, and not general labor-time. The commodity is thus not immediately exchange-value, but has still to become exchange-value.

⇑ Remember that we started with the becoming of the commodity as use-value. Now we find that interwoven with its becoming as use-value is its becoming as exchange-value.
BTW, this last passage was a full Hegalian triad involving being, not being, and becoming: its *being* as exchange-value is its exchange-relation with other commodities; but this is only a theoretical, mental relation (i.e., it is *not*), which will be actuated only in the exchange-process (*becoming*).

Here is a different attempt: every commodity is the materialization of general labor-time, therefore it is exchange-value. On the other hand, in its immediate existence it is only the materialization of individual labor-time, i.e., it is *not* exchange-value. The process which Marx calls here “becoming” is the resolution of this simultaneous being and not-being. (It requires the creation of money so that every commodity can obtain a price.)

Next Marx goes through an analogous triad, but this time with respect to *value* instead of exchange-value. This is not as clear as it could be because Marx does not yet make the terminological distinction here, see Question 26. It *is* as value insofar as it is objectified labor; but as it is only particular labor, it is *not* immediately value, must become as such.

To begin with, it can be materialization of universal labor-time only to the extent that it is a particular useful application of labor-time, that is a use-value. This was the

Zunächst kann sie nur Vergegenständlichung der allgemeinen Arbeitszeit sein, soweit sie Arbeitszeit in bestimmter nützlicher Anwendung, also in einem Gebrauchswert
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material condition under which alone the labor-time contained in commodities was regarded as universal, social labor-time.

darstellt. Dies war die stoffliche Bedingung, unter der allein die in den Waren enthaltene Arbeitszeit als allgemeine, gesellschaftliche vorausgesetzt war.

Both triads come to the conclusion: the commodity must become. How? A precondition for this becoming is that it is a use-value! Marx uses the word “vorausgesetzt” here because this condition alone is not enough. But this condition sends us in a circle.

A commodity can only therefore become a use-value if it is actualized as an exchange-value, while it can only be actualized as an exchange-value if it is alienated and functions as a use-value.

Wenn die Ware daher nur als Gebrauchswert werden kann, indem sie sich als Tauschwert verwirklicht, kann sie sich anderseits nur als Tauschwert verwirklichen, indem sie sich in ihrer Entäußerung als Gebrauchswert bewährt.

⇑Entäußerung is here not the stripping off of their externality, but simply the process in which the use-value migrates away from its original owner to someone for which it is really a use-value.

This sums up the development from 283:1/o to here: In order to become as use-value, it
is necessary that it becomes as exchange-value, and in order to become as exchange-value, it is necessary that it becomes as use-value. So we are in something which Marx calls “fehlerhafter Zirkel,” i.e., we are in an impasse-situation in which it would be necessary to expand the field of vision. But before resolving the impasse, Marx looks at it more closely, and he comes to the conclusion that it is worse than just a circle. It is not just that $A$ presupposes $B$ and $B$ presupposes $A$ etc., but in addition $A$ and $B$ are *incompatible* with each other:

The alienation of a commodity as a use-value is only possible to the person for whom it is a use-value, *i.e.*, an object satisfying particular needs. On the other hand, it can only be alienated in exchange for another commodity, or if we regard the matter from the standpoint of the owner of the other commodity, he too can only alienate, *i.e.*, actualise, his commodity by bringing it into contact with the particular need of another commodity as a use-value.
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which it is the object. During the universal alienation of commodities as *use-values* they are brought into relation with one another as discrete things which are physically different and because of their specific properties satisfy particular needs. But as mere use-values they exist independently of one another or rather without any connection.

In their relations as use-values, i.e., in resolving what is known nowadays as the double coincidence of wants, commodities are related to each other as particular things. But as use-values they are indifferent, have no relation. If one only looks at the use-values, one omits the other purpose the exchangers necessarily have in their exchanges: they must realize the values of their commodities.

They can be exchanged as use-values only in connection with particular needs. They are, however, exchangeable only as equiva-
lents, and they are equivalents only as equal quantities of materialized labor-time, when their physical properties as use-values, and hence the relations of these commodities to specific needs, are entirely disregarded.

If the use-value is to govern the barter between these two commodities (and as long as the commodities enter the exchange process in the use value form in which they are produced, there is no other choice) then they must be related to the particular wants in order to be exchanged. But this contradicts the deeper reason why they are exchangeable. They are exchangeable because they all contain the same kind of human labor.

A commodity functions as an exchange-value only if it can freely take the place of a definite quantity of any other commodity, irrespective of whether or not it constitutes a use-value for the owner of the other commodity.
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commodity. But for the owner of the other commodity it becomes a commodity only in so far as it constitutes a use-value for him, and for the owner in whose hands it is it becomes an exchange-value only in so far as it is a commodity for the other owner.

Marx says here: a commodity is only then truly exchange-value if it serves as money for its owner, if its owner can buy everything he wants with it. This argument remains totally on the surface. In Capital, chapter Two, Marx takes a different point of view: there he says that the commodity is eager to exchange itself, even with the most disagreeable other commodity, but the owner restrains it. That is the point of view of the core, see my explanations to 179:1.

Therefore the conclusion:

One and the same relation must therefore be simultaneously a relation of essentially equal commodities which differ only in magnitude, i.e., a relation which expresses their equality as materializations of univer-

Dieselbe Beziehung also soll Beziehung der Waren als wesentlich gleicher, nur quantitativ verschiedener Größen, soll ihre Gleichsetzung als Materiatur der allgemeinen Arbeitszeit und soll gleichzeitig ihre Bezie-
sal labor-time, and at the same time it must be their relation as qualitatively different things, as distinct use-values for distinct needs, in short a relation which differentiates them as actual use-values. But equality and inequality thus posited are mutually exclusive. The result is not simply a defective circle of problems, in which the solution of one problem presupposes the solution of the other, but a whole complex of contradictory premises, since the fulfillment of one condition depends directly upon the fulfillment of its opposite.

The conclusion is that the becoming as use-values and the becoming as values are mutually exclusive.

285:1/o The exchange process must comprise both the evolution and the solution


30:1/o Der Austauschprozeß der Waren muß sowohl die Entfaltung wie die Lösung
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of these contradictions, which cannot however be demonstrated in the process in this simple form. We have merely observed how the commodities themselves are related to one another as use-values, i.e., how commodities as use-values function *within* the exchange process. On the other hand, exchange-value as we have considered it till now has merely existed as our abstraction, or, if one prefers, as the abstraction of the individual commodity-owner, who keeps the commodity as use-value in the ware-house, and has it on his conscience as exchange-value. In the exchange process, however, the commodities must exist for one another not only as use-values but also as exchange-values, and this aspect of their existence
must appear as their own mutual relation. The commodities must “be there for each other as exchange-values” because the interaction of the commodities must mediate their production as values, see first sentence in 292:2. I.e., here Marx talks about the channel from surface to core, about the “form.”

The difficulty which confronted us in the first place was that the commodity as a use-value has to be alienated, disposed of, before it can function as an exchange-value, as materialized labor, while on the contrary its alienation as a use-value presupposes its existence as exchange-value.

I.e., at this point it looks like a “defective (fehlerhafter) circle.” But Marx is apparently going to argue (no, he has already said this!) that it is not merely a false circle but something even more vicious. Even if we assume this circle resolved, something is amiss, namely, the commodities are not represented as values. This is the problem if one makes an exchange of
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use-value for use-value without going through the market: one may end up with a use-value one likes, but one has no idea whether one has paid too much or too little for it.

But let us suppose that this difficulty has been overcome, that the commodity has shed its particular use-value and has thereby fulfilled the material condition of being socially useful labor, instead of the particular labor of an individual by himself. In the exchange process, the commodity as exchange-value must then become a universal equivalent, materialized general labor-time for all other commodities; it has thus no longer the limited function of a particular use-value, but is capable of being directly represented in all use-values as its equivalents. Every commodity however is the commodity which, as a result of the
alienation of its particular use-value, must appear as the direct materialization of universal labor-time. But on the other hand, only particular commodities, particular use-values embodying the labor of private individuals, confront one another in the exchange process. Universal labor-time itself is an abstraction which, as such, does not exist for commodities.

If the labor in the commodity is a valid component of the social division of labor, then its owner should be able to pick whatever use-value he or she pleases in exchange for it. I.e., his or her commodity should be general equivalent. But this is not possible, since there can be only one general equivalent.

The discussion now is the topic of section 1.3 in Capital.

286:1–2 Let us consider the series of equations in which the exchange-value of a commodity is expressed in concrete terms,

so durch Entäußerung ihres besonderen Gebrauchswerts als direkte Materiatur der allgemeinen Arbeitszeit erscheinen muß. Andrerseits aber stehen sich im Austauschprozeß nur besondere Waren gegenüber, in besonderen Gebrauchswerten verkörperte Arbeiten von Privatindividuen. Die allgemeine Arbeitszeit selbst ist eine Abstraktion, die als solche für die Waren nicht existiert.

31:1/o Betrachten wir die Summe von Gleichungen, worin der Tauschwert einer Ware seinen realen Ausdruck findet, z.B.:
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for example—

1 yard of linen = 2 lbs. of coffee  
1 yard of linen = 1/2 lb. of tea  
1 yard of linen = 8 lbs. of bread, etc.,

1 Elle Leinwand = 2 Pfund Kaffee,  
1 Elle Leinwand = 1/2 Pfund Tee,  
1 Elle Leinwand = 8 Pfund Brot usw.,

To be sure, these equations merely denote that equal amounts of universal social labor-time are materialized in 1 yard of linen, 2 lbs. of coffee, 1/2 lb. of tea, etc. But the different kinds of individual labor represented in these particular use-values, in fact, become labor in general, and in this way social labor, only by actually being exchanged for one another in quantities which are proportional to the labor-time contained in them. Social labor-time exists in these commodi-

so besagen diese Gleichungen zwar nur, daß allgemeine, gesellschaftliche Arbeitszeit von gleicher Größe sich in 1 Elle Leinwand, 2 Pfund Kaffee 1/2 Pfund Tee usw. vergegenständlicht. Aber in der Tat werden die individuellen Arbeiten, die sich in diesen besonderen Gebrauchswerten darstellen, nur zu allgemeiner und in dieser Form zu gesellschaftlicher Arbeit, indem sie sich wirklich gegeneinander austauschen im Verhältnis der Zeitdauer der in ihnen enthalte-
ties in a latent state, so to speak, and becomes evident only in the course of their exchange. The point of departure is not the labor of individuals considered as social labor, but on the contrary the particular kinds of labor of private individuals, i.e., labor which proves that it is universal social labor only by the supersession of its original character in the exchange process. Universal social labor is consequently not a ready-made prerequisite but an emerging result. Thus a new difficulty arises: on the one hand, commodities must enter the exchange process as materialized universal labor-time, on the other hand, the labor-time of individuals becomes materialized universal labor-time only as the result of the exchange process.

nen Arbeit. Die gesellschaftliche Arbeitszeit existiert sozusagen nur latent in diesen Waren und offenbart sich erst in ihrem Austauschprozeß. Es wird nicht ausgegangen von der Arbeit der Individuen als gemeinschaftlicher, sondern umgekehrt von besonderen Arbeiten von Privatindividuen, Arbeiten, die sich erst im Austauschprozeß durch Aufhebung ihres ursprünglichen Charakters, als allgemeine gesellschaftliche Arbeit beweisen. Die allgemein gesellschaftliche Arbeit ist daher nicht fertige Voraussetzung, sondern werdendes Resultat. Und so ergibt sich die neue Schwierigkeit, daß die Waren einerseits als 

vergegenständlichte allgemeine Arbeitszeit in den Austauschprozeß eingehen müssen, andererseits die Vergegen-
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286:3/ooo It is through the alienation of its use-value, that is of its original form of existence, that every commodity has to acquire its corresponding existence as exchange-value. The commodity must therefore assume a double existence in the exchange process. On the other hand, its second existence as exchange-value itself can only be another commodity, because it is only commodities which confront one another in the exchange process.

32:1/ooo Jede Ware soll durch Entäußerung ihres Gebrauchswerts, also ihrer ursprünglichen Existenz, ihre entsprechende Existenz als Tauschwert erhalten. Die Ware muß daher im Austauschprozeß ihre Existenz verdoppeln. Andrerseits kann ihre zweite Existenz als Tauschwert selbst nur eine andre Ware sein, denn im Austauschprozeß stehen sich nur Waren gegenüber.

⇑ This motive of duplication also in *Capital*, first edition, p. 31:2/o, and fourth edition, 138:1.

By this double existence Marx means on the one hand the commodity itself as a use-value,
on the other hand the amount of money which is its price. In order to derive this double existence, Marx brings here what later, in 157:1, became the transition from the Expanded form of value to the General form of value:

How does one represent a particular commodity directly as materialized universal labor-time, or—which amounts to the same thing—how does one give the individual labor-time materialized in a particular commodity directly a general character? The concrete expression of the exchange-value of a commodity, i.e., of any commodity considered as universal equivalent, consists of an infinite series of equations such as—

Wie eine besondere Ware unmittelbar darstellen als vergegenständlichte allgemeine Arbeitszeit, oder, was dasselbe ist, wie der individuellen Arbeitszeit, die in einer besonderen Ware vergegenständlicht ist, unmittelbar den Charakter der Allgemeinheit geben? Der reale Ausdruck des Tauschwerts einer Ware, d.h. jeder Ware als allgemeinen Äquivalents, stellt sich dar in einer unendlichen Summe von Gleichungen wie:
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| 1 yard of linen = 2 lbs. of coffee | 1 Elle Leinwand = 2 Pfund Kaffee, |
| 1 yard of linen = 1/2 lb. of tea  | 1 Elle Leinwand = 1/2 Pfund Tee,  |
| 1 yard of linen = 8 lbs. of bread | 1 Elle Leinwand = 8 Pfund Brot,   |
| 1 yard of linen = 6 yards of calico| 1 Elle Leinwand = 6 Ellen Kattun, |
| 1 yard of linen = and so on.       | 1 Elle Leinwand = usw.             |

This is a theoretical statement since the commodity is merely regarded as a definite quantity of materialized universal labor-time. A particular commodity as a universal equivalent is transformed from a pure abstraction into a social result of the exchange process, if one simply reverses the above series of equations. For example—

Diese Darstellung war theoretisch, soweit die Ware als bestimmtes Quantum vergegenständlichter allgemeiner Arbeitszeit nur gedacht war. Das Dasein einer besonderen Ware als allgemeines Äquivalent wird aus bloßer Abstraktion gesellschaftliches Resultat des Austauschprozesses selbst durch einfache Umkehrung der obigen Reihe von Gleichungen. Also z.B.:
2 lbs. of coffee = 1 yard of linen
1/2 lb. of tea = 1 yard of linen
8 lbs. of bread = 1 yard of linen
6 yards of calico = 1 yard of linen.

Just as the labor-time contained in coffee, tea, bread, calico, in short in all commodities, is expressed in terms of linen, so conversely the exchange-value of linen is reflected in all other commodities which act as its equivalents, and the labor-time materialized in linen becomes direct universal labor-time, which is equally embodied in different volumes of all other commodities. Linen thus becomes the universal equivalent in consequence of the universal action of all other commodities in relation to it. Every commodity considered as exchange-

Indem Kaffee, Tee, Brot, Kattun, kurz alle Waren, die in ihnen selbst enthaltene Arbeitszeit in Leinwand ausdrücken, entfaltet sich der Tauschwert der Leinwand umgekehrt in allen andern Waren als ihren Äquivalenten und wird die in ihr selbst vergegenständlichte Arbeitszeit unmittelbar die allgemeine Arbeitszeit, die sich gleichmäßig in verschiedenen Volumen aller andern Waren darstellt. Die Leinwand wird hier allgemeines Äquivalent durch die allseitige Aktion aller andern Waren auf sie. Als Tauschwert wurde jede Ware zum Maß der Werte al-
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value became a measure of the value of all other commodities. In this case, on the contrary, because the exchange-value of all commodities is measured in terms of one particular commodity, the excluded commodity becomes the adequate representation of exchange-value as the universal equivalent. On the other hand, the infinite series or the infinite number of equations in which the exchange-value of each commodity was expressed is now reduced to a single equation consisting of two terms. The equation 2 lbs. of coffee = 1 yard of linen is now a comprehensive expression for the exchange-value of coffee, for in this expression it appears as the direct equivalent to a definite quantity of any other commodity.
Commodities within the exchange process accordingly exist for one another, or appear to one another, as exchange-values in the form of linen. The fact that all commodities are related to one another as exchange-values, i.e., simply as different quantities of materialized universal labor-time, now appears in the form that all exchange-values represent merely different quantities of one and the same article, linen. Universal labor-time thus appears as a specific thing, as a commodity in addition to and apart from all other commodities. At the same time, the equation in which one commodity represents the exchange-value of another commodity, e.g., 2 lbs. of coffee = 1 yard of linen, has still to be realized. Only by becoming einander als Tauschwerte in der Form Leinwand. Daß alle Waren als Tauschwerte aufeinander bezogen sind, als nur verschiedene Quanta *vergegenständlichter* allgemeiner Arbeitszeit, erscheint jetzt so, daß sie als Tauschwerte nur verschiedene Quanta *desselben* Gegenstandes, der Leinwand, darstellen. Die allgemeine Arbeitszeit stellt sich daher ihrerseits dar als ein besonderes Ding, eine Ware neben und außer allen andern Waren. Zugleich aber ist die Gleichung, worin sich Ware für Ware als Tauschwert darstellt, z.B. 2 Pfund Kaffee = 1 Elle Leinwand, noch zu verwirklichende Gleichsetzung. Nur durch ihre Veräußerung als Gebrauchswert, die davon abhängt, ob sie sich als Gegenstand eines Bedürfnisses im
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ing alienated as a use-value—an alienation which depends on whether it is able to prove in the exchange process that it is a needed object—is it really converted from the form of coffee into that of linen, thus becoming a universal equivalent and really representing exchange-value for all other commodities. On the other hand, because as a result of their alienation as use-values all commodities are converted into linen, linen becomes the converted form of all other commodities, and only as a result of this transformation of all other commodities into linen does it become the direct *reification of universal labor-time*, i.e., the product of universal alienation and of the supersession of all individual labor. While commodities thus Austauschprozeß bewährt, verwandelt sie sich wirklich aus ihrem Dasein Kaffee in ihr Dasein Leinwand, nimmt so die Form des allgemeinen Äquivalents an und wird wirklich Tauschwert für alle andern Waren. Umgekehrt dadurch, daß alle Waren durch ihre Entäußerung als Gebrauchswerte sich in Leinwand verwandeln, wird die Leinwand das verwandelte Dasein aller andern Waren und nur als Resultat dieser Verwandlung aller andern Waren in sie unmittelbar *Vergegenständlichung der allgemeinen Arbeitszeit*, d.h. Produkt der allseitigen Entäußerung, Aufhebung der individuellen Arbeiten. Verdoppeln die Waren so, um als Tauschwerte füreinander zu erscheinen, ihre Existenz, so verdoppelt die als allgemeines
assume a dual form in order to represent exchange-value for one another, the commodity which has been set apart as universal equivalent acquires a dual use-value. In addition to its particular use-value as an individual commodity it acquires a universal use-value. This latter use-value is itself a determinate form, i.e., it arises from the specific role which this commodity plays as a result of the universal action exerted on it by the other commodities in the exchange process.

Commodities duplicate their existence in order to appear for each other as exchange-values. The argument is here still instrumental; they do this in order to have a specific effect; in *Capital* Marx develop how this effect evolves out of the expression of their value. Also the last sentence is almost a definition of “form”: money is a form because it plays a specific role. Difference between Formbestimmung und Formbestimmtheit. It is Formbestimmtheit
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because it emanates, arises, from the form.

The next sentence is important. It is a step that one does not find in *Capital* (or is that the argument of the lack of homogeneity of the simple equivalent?)

The use-value of each commodity as an object which satisfies particular needs has a different value in different hands, e.g., it has one value for the person who disposes of it and a different value for the person who acquires it. The commodity which has been set apart as the universal equivalent is now an object which satisfies a universal need arising from the exchange process itself, and has the same use-value for everybody—that of being carrier of exchange-value or a universal medium of exchange.

"Value" is here something related to use-value. From this vantage point one can see now what the problem was with the individual use-value relations: If the value of $A$ is expressed
in apples and that of $B$ in pears, then apple lovers will value $A$ higher, and pear lovers will value $B$ higher.

Thus the contradiction inherent in the commodity as such, namely that of being a particular use-value and simultaneously universal equivalent, and hence a use-value for everybody or a universal use-value, has been solved in the case of this one commodity. Whereas now the exchange-value of all other commodities is in the first place presented in the form of an ideal equation with the commodity that has been set apart, an equation which has still to be realized; the use-value of this commodity, though real, seems in the exchange process to have merely a formal existence which has still to be realized by conversion into universal equivalent, and hence a use-value for everybody or a universal use-value, has been solved in the case of this one commodity. Whereas now the exchange-value of all other commodities is in the first place presented in the form of an ideal equation with the commodity that has been set apart, an equation which has still to be realized; the use-value of this commodity, though real, seems in the exchange process to have merely a formal existence which has still to be realized by conversion into
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actual use-values. The commodity originally appeared as commodity in general, as universal labor-time materialized in a particular use-value. All commodities are compared in the exchange process with the one excluded commodity which is regarded as commodity in general, the commodity, the embodiment of universal labor-time in a particular use-value. They are therefore as particular commodities opposed to one particular commodity considered as being the universal commodity. The fact that commodity-owners treat one another’s labor as universal social labor appears in the form of their treating their own commodities as exchange-values; and the interrelation of commodities as exchange-values in the exchange-process beziehen sich alle Waren auf die ausschließliche Ware als Ware überhaupt, die Ware, Dasein der allgemeinen Arbeitszeit in einem besonder Gebrauchswert. Als besondere Waren verhalten sie sich daher gegensätzlich zu einer besonderen Ware als der allgemeinen Ware. Daß also die Warenbesitzer wechselseitig sich auf ihre Arbeiten als allgemeine gesellschaftliche Arbeit beziehen, stellt sich so dar, daß sie sich auf ihre Waren als Tauschwerte beziehen, die wechselseitige Beziehung der Waren aufeinander als Tauschwerte im Austauschprozeß als ihre allseitige Beziehung auf eine besondere Ware als adäquaten Aus-

gemeine Arbeitszeit vergegenständlicht in einem besonder Gebrauchswert. Im Austauschprozeß beziehen sich alle Waren auf die ausschließliche Ware als Ware überhaupt, die Ware, Dasein der allgemeinen Arbeitszeit in einem besonder Gebrauchswert. Als besondere Waren verhalten sie sich daher gegensätzlich zu einer besonderen Ware als der allgemeinen Ware. Daß also die Warenbesitzer wechselseitig sich auf ihre Arbeiten als allgemeine gesellschaftliche Arbeit beziehen, stellt sich so dar, daß sie sich auf ihre Waren als Tauschwerte beziehen, die wechselseitige Beziehung der Waren aufeinander als Tauschwerte im Austauschprozeß als ihre allseitige Beziehung auf eine besondere Ware als adäquaten Aus-
change process appears as their universal relation to a particular commodity as the adequate expression of their exchange-value; this in turn appears as the specific relation of this particular commodity to all other commodities and hence as the distinctive, as it were naturally evolved, social character of a thing. The particular commodity which thus represents the exchange-value of all commodities, that is to say, the exchange-value of commodities regarded as a particular, exclusive commodity, constitutes money. It is a crystallization of the exchange-value of commodities and is formed in the exchange process. Thus, while in the exchange process commodities become use-values for one another by discarding all determinate druck ihres Tauschwerts, was umgekehrt wieder erscheint als spezifische Beziehung dieser besonders Ware zu allen andern Waren und darum als bestimmter gleichsam naturwüchsig gesellschaftlicher Charakter eines Dings. Die besondere Ware, die so das adäquate Dasein des Tauschwerts aller Waren darstellt, oder der Tauschwert der Waren als eine besondere, ausschließliche Ware, ist—Geld. Es ist eine Kristallisation des Tauschwerts der Waren, die sie im Austauschprozeß selbst bilden. Während daher die Waren innerhalb des Austauschprozesses als Gebrauchswerte füreinander werden, indem sie alle Formbestimmtheit abstreifen und sich aufeinander in ihrer unmittelbaren stofflichen Gestalt beziehen, müssen
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forms and confronting one another in their immediate physical aspect, they must assume a new determinate form they—must evolve money, so as to be able to confront one another as *exchange-values*. Money is not a symbol, just as the existence of a use-value in the form of a commodity is no symbol.

13 The same term is used by Genovesi. (Note in author’s copy.)

Although gold has a real use-value, it appears as a mere Formdasein which still has to be realized (because people do not accept money in their trades because of the use-value of gold, but because of the things they can buy with it). No wonder that gold can, in circulation, be replaced by paper. But the use-value of gold is important in the function of gold as measure of value!

A brief allusion to the fetish-like character of money (without using the word “fetish”) concludes this argument:
A social relation of production appears as something existing apart from individual human beings, and the distinctive relations into which they enter in the course of production in society appear as the specific properties of a thing—it is this perverted appearance, this prosaically real, and by no means imaginary, mystification that is characteristic of all social forms of labor positing exchange-value. This perverted appearance manifests itself merely in a more striking manner in money than it does in commodities.

I already discussed this passage about fetish-like character together with 275:1/o.

After this basic derivation of money, which in Capital is taking up the whole section 3 of chapter One, now additional points about money, namely, why the noble metals are good candidates for the money commodity.
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289:1/o The necessary physical properties of the particular commodity, in which the money form of all other commodities is to be crystallized—in so far as they directly follow from the nature of exchange-value—are: unlimited divisibility, homogeneity of its parts and uniform quality of all units of the commodity. As the materialization of universal labor-time it must be homogeneous and capable of expressing only quantitative differences. Another necessary property is durability of its use-value since it must endure through the exchange process. Precious metals possess these qualities in an exceptionally high degree.

Nevertheless, many other use-values have historically served as money as well:

35:1 Die notwendigen physischen Eigenschaften der besondern Ware, worin sich das Geldsein aller Waren kristallisieren soll, so weit sie aus der Natur des Tauschwerths unmittelbar hervorgehen, sind beliebige Teilbarkeit, Gleichförmigkeit der Teile und Unterschiedlosigkeit aller Exemplare dieser Ware. Als Materiatur der allgemeinen Arbeitszeit muß sie gleichartige Materiatur sein und fähig, bloß quantitative Unterschiede darzustellen. Die andre notwendige Eigenschaft ist Dauerbarkeit ihres Gebrauchswerts, da sie innerhalb des Austauschprozesses ausdauern muß. Die edeln Metalle besitzen diese Eigenschaften in vorzüglichem Grade.
Since money is not the result of deliberation or of agreement, but has come into being spontaneously in the course of exchange, many different, more or less unsuitable, commodities were at various times used as money.

Now Marx enumerates several possibilities. The first possibility is: the commodity which has the most general use-value becomes money:

When exchange reaches a certain stage of development, the need arises to polarise the functions of exchange-value and use-value among various commodities—so that one commodity, for example, shall act as means of exchange while another is disposed of as a use-value. The outcome is that one commodity or sometimes several commodities representing the most common use-value
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come occasionally to serve as money. Even when no immediate need for these use-values exists, the demand for them is bound to be more general than that for other use-values, since they constitute the most substantial physical element in wealth.

The next possibility Marx mentions is: those use-values which are traded with foreign communities become money. In order to explain why, Marx first gives a brief history of the commodity form:

290:1/291 Direct barter, the spontaneous form of exchange, signifies the beginning of the transformation of use-values into commodities rather than the transformation of commodities into money. Exchange-value does not acquire an independent form, but is still directly tied to use-value. This is zunächst zufällig die Rolle des Geldes spielen. Wenn nicht Gegenstand eines unmittelbar vorhandenen Bedürfnisses, sichert ihr Dasein als stofflich bedeutendster Bestandteil des Reichtums ihnen einen allgemeinern Charakter als den übrigen Gebrauchswerten.

The next possibility Marx mentions is: those use-values which are traded with foreign communities become money. In order to explain why, Marx first gives a brief history of the commodity form:

35:2/oo Der unmittelbare Tauschhandel, die naturwüchsig Form des Austauschprozesses, stellt vielmehr die beginnende Umwandlung der Gebrauchswerte in Waren als die der Waren in Geld dar. Der Tauschwert erhält keine freie Gestalt, sondern ist noch unmittelbar an den Gebrauchswert ge-
manifested in two ways. Use-value, not exchange-value, is the purpose of the whole system of production, and use-values accordingly cease to be use-values and become means of exchange, or commodities, only when a larger amount of them has been produced than is required for consumption. On the other hand, they become commodities only within the limits set by their immediate use-value, even when this function is polarized so that the commodities to be exchanged by their owners must be use-values for both of them, but each commodity must be a use-value for its non-owner. In fact, the exchange of commodities evolves originally not within primitive communities, but on their margins, on their borders, bunden. Es zeigt sich dies doppelt. Die Produktion selbst in ihrer ganzen Konstruktion ist gerichtet auf Gebrauchswert, nicht auf Tauschwert, und es ist daher nur durch ihren Überschuß über das Maß, worin sie für die Konsumtion erheischt sind, daß die Gebrauchswerte hier aufhören Gebrauchswerte zu sein und Mittel des Austausches werden, Ware. Andrerseits werden sie Waren selbst nur innerhalb der Grenzen des unmittelbaren Gebrauchswerts, wenn auch polarisch verteilt, so daß die von den Warenbesitzern auszutauschenden Waren für beide Gebrauchswerte sein müssen, aber jede Gebrauchswert für ihren Nichtbesitzer. In der Tat erscheint der Austauschprozeß von Waren ursprünglich nicht im Schoß
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the few points where they come into contact with other communities. This is where barter begins and moves thence into the interior of the community, exerting a disintegrating influence upon it. The particular use-values which, as a result of barter between different communities, become commodities, e.g., slaves, cattle, metals, usually serve also as the first money within these communities.

Next Marx argues that the mainstream theory according to which money arises from the difficulties of the barter are wrong:

We have seen that the degree to which the exchange-value of a commodity functions as exchange-value is the higher, the longer der naturwüchsigen Gemeinwesen\textsuperscript{14}, sondern da, wo sie aufhören, an ihren Grenzen, den wenigen Punkten, wo sie in Kontakt mit andern Gemeinwesen treten. Hier beginnt der Tauschhandel und schlägt von da ins Innere des Gemeinwesens zurück, auf das er zersetzend wirkt. Die besonderen Gebrauchswerte, die im Tauschhandel zwischen verschiedenen Gemeinwesen Waren werden, wie Sklave, Vieh, Metalle, bilden daher meist das erste Geld innerhalb der Gemeinwesen selbst.

Wir haben gesehen, wie sich der Tauschwert einer Ware in um so höherm Grade als Tauschwert darstellt, je länger die Rei-
the series of its equivalents or the larger sphere in which the commodity is exchanged. The gradual extension of barter, the growing number of exchange transactions, and the increasing variety of commodities bartered lead, therefore, to the further development of the commodity as exchange-value, stimulates the formation of money and consequently has a disintegrating effect on direct barter. Economists usually reason that the emergence of money is due to external difficulties which the expansion of barter encounters, but they forget that these difficulties arise from the evolution of exchange-value and hence from that of social labor as universal labor. For example commodities as use-values are not divis-
1. *The Commodity*

ible at will, a property which as exchange-values they should possess. Or it may happen that the commodity belonging to A may be use-value required by B; whereas B’s commodity may not have any use-value for A. Or the commodity-owners may need each other’s commodities but these cannot be divided and their relative exchange-values are different. In other words, on the plea of examining simple barter, these economists display certain aspects of the contradiction inherent in the commodity as being the direct unity of use-value and exchange-value. On the other hand, they then persistently regard barter as a form well adapted to commodity exchange, suffering merely from certain technical incon-
veniences, to overcome which money has been cunningly devised. Proceeding from this quite superficial point of view, an ingenious British economist has rightly maintained that money is merely a material instrument, like a ship or a steam engine, and not an expression of a social relation of production, and hence is not an economic category. It is therefore simply a malpractice to deal with this subject in political economy, which in fact has nothing in common with technology.\textsuperscript{15}

\textsuperscript{14} Aristotle makes a similar observation with regard to the individual family considered as the primitive community. But the primitive form of the family is the tribal family, from the historical dissolution of which the individual family develops.
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ops. “In the first community, indeed which is the family, this art” (that is, trade) “is obviously of no use” (Aristotle, *loc. cit.*).

15 “Money is, in fact, only the instrument for carrying on buying and selling” (but could you please explain what you mean by buying and selling?) “and the consideration of it no more forms a part of the science of political economy than the consideration of ships or steam engines, or of any other instruments employed to facilitate the production and distribution of wealth” (Thomas Hodgskin, *Popular Political Economy*, London, 1827, pp. 178, 179).

At the very end of this chapter a brief discussion which goes deeper and which points forward towards chapter Two:

292:1 The world of commodities presupposes a developed division of labor, or rather in der ursprünglichen Gemeinschaft (dies aber ist die Familie) bestand offenbar keinerlei Notwendigkeit für diesen (nämlich den Tausch).“ (l.c.)

15 „Geld ist in Wirklichkeit nur das Instrument zur Tätigung von Kauf und Verkauf“ (aber was verstehen Sie, bitte, unter Kauf und Verkauf?) „und seine Betrachtung bildet ebensowenig einen Teil der Wissenschaft der politischen Ökonomie wie die Betrachtung von Schiffen oder Dampfmaschinen, oder irgendeines anderen Instruments das zur Erleichterung der Produktion und Verteilung des Reichtums angewandt wird.“ (Th. Hodgskin, „Popular Political Economy etc.“, London 1827, pag. 178, 179.)
the division of labor manifests itself directly in the diversity of use-values which confront one another as particular commodities and which embody just as many diverse kinds of labor. The *division of labor* as the totality of all the different types of productive activity constitutes the aggregate shape of the physical aspects of social labor as labor producing use-values. But it exists as such—as regards commodities and the exchange process—only in its results, in the variety of the commodities them-selves.

292:2 The exchange of commodities is the process in which the social metabolism, in other words the exchange of particular
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products of private individuals, simultaneously gives rise to definite social relations of production, into which individuals enter in the course of this metabolism.

“Social metabolism” is a core category; the second word “Austausch” is core exchange, not surface exchange, I think Marx distinguishes these in the Introduction. “Erzeugung” is not the same as “origination,” here I think the translation “gives rise” is wrong. It is rather “implementation,” the construction of something whose blueprint is determined in the core.

As they develop, the interrelations of commodities crystallise into distinct aspects of the universal equivalent, and thus the exchange process becomes at the same time the process of formation of money. This process as a whole, which comprises the carrying out of several processes, constitutes circulation.

Produkte der Privatindividuen zugleich Erzeugung bestimmter gesellschaftlicher Produktionsverhältnisse ist welche die Individuen in diesem Stoffwechsel eingehen.

Die prozessierenden Beziehungen der Waren aufeinander kristallisieren sich als verschiedene Bestimmungen des allgemeinen Äquivalents, und so ist der Austauschprozeß zugleich Bildungsprozeß des Geldes. Das Ganze dieses Prozesses, der sich als ein Verlauf verschiedener Prozesse darstellt, ist die Zirkulation.
“Prozessierende Beziehungen” means: relations carried out in a process (as opposed to those crystallized in a thing). I consider the translation “developing relations” to be a misunderstanding.

A. Historical Notes on the Analysis of the Commodity

292:3 The decisive outcome of the research carried on for over a century and a half by classical political economy, beginning with William Petty in Britain and Boisguillebert\textsuperscript{16} in France, and ending with Ricardo in Britain and Sismondi in France, is an analysis of the aspects of the commodity into two forms of labor—use-value is reduced to concrete labor or purposive productive activity, exchange-value to labor-time or homogeneous social labor.

37:3 Die Analyse der Ware auf Arbeit in Doppelform, des Gebrauchswerts auf reale Arbeit oder zweckmäßig produkutive Tätigkeit, des Tauschwerts auf Arbeitszeit oder gleiche gesellschaftliche Arbeit, ist das kritische Endergebnis der mehr als anderthalbhundertjährigen Forschungen der klassischen politischen Ökonomie, die in England mit William Petty, in Frankreich mit Boisguillebert\textsuperscript{16} beginnt, in England mit Ricardo, in Frankreich mit Sismondi abschließt.
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16 A comparative study of Petty’s and Boisguillebert’s writings and characters—apart from illuminating the social divergence between Britain and France at the close of the seventeenth century and the beginning of the eighteenth—would explain the origins of those national contrasts that exist between British and French political economy. The same contrast reappears in Ricardo and Sismondi.

1.6. [Petty]

Seeming contradiction: Petty knows that labor in its totality (division of labor) is source of material wealth, but says on the other hand that only that labor creates exchange-value which helps to increase the gold stock, directly or by trade. I.e., realizes that labor creating value differs from labor creating use-values, did not confuse social productivity with material productivity.
A. Historical Notes on the Analysis of the Commodity

292:4/oo Petty reduces use-value to labor without deceiving himself about it that labor’s creative power is conditioned on natural factors.

38:1/oo Petty löst den Gebrauchswert in Arbeit auf, ohne sich über die Naturbedingtheit ihrer schöpferischen Kraft zu täuschen.

Question 34 Is it correct to reduce use-value to labor? What does one miss if one does that?

He immediately perceives concrete labor in its entire social aspect as division of labor. This conception of the source of material wealth does not remain more or less sterile as with his contemporary Hobbes, but leads to the political arithmetic, the first form in which political economy is treated as a separate science. But he accepts exchange-value as it appears in the exchange of commodities, i.e., as money, and money itself

Die wirkliche Arbeit faßt er sofort in ihrer gesellschaftlichen Gesamtgestalt, als Teilung der Arbeit. Diese Anschauung von der Quelle des stofflichen Reichtums bleibt nicht, wie etwa bei seinem Zeitgenossen Hobbes, mehr oder minder unfruchtbar, sondern leitet ihn zur politischen Arithmetik, der ersten Form, worin die politische Ökonomie sich als selbständige Wissenschaft abscheidet. Den Tauschwert jedoch nimmt
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as an existing commodity, as gold and silver. Caught up in the ideas of the Monetary System, he asserts that the labor which determines exchange-value is the particular kind of concrete labor by which gold and silver is extracted. What he really has in mind is that in bourgeois economy labor does not directly produce use-values but commodities, use-values which, in consequence of their alienation in exchange, are capable of assuming the form of gold and silver, i.e., of money, i.e., of exchange-value, i.e., of materialized universal labor. His case is a striking proof that recognition of labor as the source of material wealth by no means precludes misapprehension of the specific social form in which labor constitutes the er, wie er im Austauschprozeß der Waren erscheint, als Geld, und das Geld selbst als existierende Ware, als Gold und Silber. In den Vorstellungen des Monetarsystems befangen, erklärt er die besondere Art realer Arbeit, wodurch Gold und Silber erworben wird, für Tauschwert setzende Arbeit. Er meint in der Tat, daß die bürgerliche Arbeit nicht unmittelbaren Gebrauchswert produzieren muß, sondern Ware, einen Gebrauchswert, der fähig ist, durch seine Entäußerung im Austauschprozeß sich als Gold und Silber darzustellen, d.h. als Geld, d.h. als Tauschwert, d.h. als vergegenständliche allgemeine Arbeit. Sein Beispiel zeigt indes schlagend, daß die Erkenntnis der Arbeit als Quelle des stofflichen Reichtums

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source of exchange-value.

Long and interesting footnote.

17 Petty treats the division of labor also as a productive force, and he does so on a much grander scale than Adam Smith. See An Essay Concerning the Multiplication of Mankind, Third Edition, 1686, pp. 35–36. In this essay he shows the advantages which division of labor has for production not only with the example of the manufacture of a watch—as Adam Smith did later with the example of the manufacture of a pin—but considers also a town and a whole country as large-scale industrial establishments. The Spectator of November 26, 1711, refers to this “illustration of the admirable Sir William Petty.” McCulloch’s conjecture that the Spectator confused

keineswegs die Verkennung der bestimmten gesellschaftlichen Form ausschließt, worin die Arbeit Quelle des Tauschwerts ist.

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 Petty with a writer forty years his junior is therefore wrong. (See McCulloch, The Literature of Political Economy, a Classified Catalogue, London, 1845, p. 102.) Petty regards himself as the founder of a new science. He says that his method “is not yet very usual,” “for instead of using only comparative and superlative Words, and intellectual Arguments,” he proposes to speak “in Terms of Number, Weight or Measure; to use only Arguments of Sense, and to consider only such Causes, as have visible Foundations in Nature; leaving those that depend upon the mutable Minds, Opinions, Appetites, and Passions of particular Men, to the Consideration of others” (Political Arithmetick, etc., London, 1699, Preface). His audacious genius becomes evident for instance in his proposal to transport “all the movables and People of Ireland, and of the Highlands of Scotland … into the rest of Great Britain.”
This would result in the saving of labor-time, in increasing productivity of labor, and “the King and his Subjects would thereby become more Rich and Strong” (*Political Aritlmetick*, chapter 4 [p. 225]). Also in the chapter of his *Political Arithmetick* in which—at a time when Holland was still the predominant trading nation and France seemed to be on the way to becoming the principal trading power—he proves that England is destined to conquer the world market: “That the King of England’s Subjects, have Stock competent and convenient, to drive the Trade of the whole Commercial World” (op. cit., chapter 10 [p. 272]). ‘That the Impediments of England’s greatness, are but contingent and removable’ (p. 247 et seq.). A highly original sense of humour pervades all his writings. Thus he shows for example that the conquest of the world market by Holland, which was then regarded as the model
1. **The Commodity**

country by English economists just as Britain is now regarded as the model country by continental economists, was brought about by perfectly natural causes “without such Angelical Wits and Judgments, as some attribute to the Hollanders” (op. cit., pp. 175–16). He champions freedom of conscience as a condition of trade, because the poor are diligent and “believe that Labor and Industry is their Duty towards God” so long as they are permitted “to think they have the more Wit and Understanding, especially of the things of God, which they think chiefly belong to the Poor.” “From whence it follows that Trade is not fixt to any Species of Religion as such; but rather . . . to the Heterodox part of the whole” (op. cit., pp. 183–86). He recommends special public contribution for rogues, since it would be better for the general public to impose a tax on themselves for the benefit of the rogues than to zugegangen sei, als Holland, damals ganz so das Musterland für englische Ökonomen, wie England es jetzt für kontinentale Ökonomen ist, den Weltmarkt eroberte without such angelical wits and judgments, as some attribute to the Hollan-
ders.“ (l.c. p. 175, 176). Er verteidigt die Gewissensfreiheit als Bedingung des Handels, weil die Armen fleißig seien und Arbeit und Industrie als Pflicht gegen Gott betrachten, solange man ihnen nur erlaube zu denken, daß sie, die weni-
ger Reichtum haben, mehr Witz und Verstand in göttlichen Dingen hätten, welches sie als speziel-
les Eigentum der Armen betrachten“. Der Han-
del sei daher „nicht fixiert an irgendeine Art Reli-
gion, aber eher stets an den heterodoxen Teil des Ganzen“ (l.c. p. 183–186). Er bevorwortet eig-
ne öffentliche Abgaben für Spitzbuben, weil es besser für das Publikum sei, sich selbst für die Spitzbuben zu besteuern, als sich von ihnen be-
be taxed by them (op. cit., p. 199). On the other hand, he rejects taxes which transfer wealth from industrious people to those who “do nothing at all, but Eat and Drink, Sing, Play, and Dance: nay such as Study the Metaphysicks” [op. cit., p. 198]. Petty’s writings have almost become bibliographical curiosities and are only available in old inferior editions. This is the more surprising since William Petty is not only the father of English political economy but also an ancestor of Henry Petty, alias Marquis of Lansdowne, the Nestor of the English Whigs. But the Lansdowne family could hardly prepare a complete edition of Petty’s works without prefacing it with his biography, and what is true with regard to the origin of most of the big Whig families, applies also in this case—the less said of it the better. The army surgeon, who was a bold thinker but quite unscrupulous and just as apt to plunder in Ire-
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land under the aegis of Cromwell as to fawn upon Charles II to obtain the title of baronet to embellish his trash, is not a suitable image of an ancestor for public display. In most of the writings published during his lifetime, moreover, Petty seeks to prove that England’s golden age was the reign of Charles II, a rather heterodox view for hereditary exploiters of the “glorious revolution.”

1.7. [Boisguillebert]

He implicitly reduces exchange-value to labor by saying that free competition is the process creating the right division of social labor to the different spheres of production. Polemics against money.

294:1/o Boisguillebert for his part, in fact, although he may not be aware of it, reduces the exchange-value of commodities to labor-time, by determining the “true

40:1/o Boisguillebert seinerseits löst, wenn nicht bewußt, so tatsächlich den Tauschwert der Ware in Arbeitszeit auf, indem er den „wahren Wert“ (la juste valeur) durch
A. Historical Notes on the Analysis of the Commodity

value” (la juste valeur) according to the correct proportion in which the labor-time of the individual producers is divided between the different branches of industry, and declaring that free competition is the social process by which this correct proportion is established. But simultaneously, and in contrast with Petty, Boisguillebert wages a fanatical struggle against money, whose intervention, he alleges, disturbs the natural equilibrium or the harmony of the exchange of commodities and, like a fantastic Moloch, demands all physical wealth as a sacrifice. This polemic against money is, on the one hand, connected with definite historical conditions, for Boisguillebert fights against the blindly destructive greed for gold die richtige Proportion bestimmt, worin die Arbeitszeit der Individuen auf die besonders Industriezweige verteilt wird, und die freie Konkurrenz als den gesellschaftlichen Prozeß darstellt, der diese richtige Proportion schaffe. Gleichzeitig aber und im Kontrast zu Petty, kämpft er fanatisch an gegen das Geld, das durch seine Dazwischenkunft das natürliche Gleichgewicht oder die Harmonie des Warenaustausches störe und, ein phantastischer Moloch, allen natürlichen Reichtum zum Opfer verlange. Wenn nun einerseits diese Polemik gegen das Geld mit bestimmten historischen Umständen zusammenhängt, indem Boisguillebert die blindzerstörende Goldgier des Hofes eines Ludwig XIV., seiner Finanzpächter
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which possessed the court of Louis XIV, his tax-farmers and the aristocracy; whereas Petty acclaims the greed for gold as a vigorous force which spurs a nation to industrial progress and to the conquest of the world market; at the same time however it throws into bold relief more profound fundamental differences which recur as a perpetual contrast between typically English and typically French political economy. Boisguillebert, indeed, sees only the material substance of wealth, its use-value, enjoyment of it, and regards the bourgeois form of labor, the production of use-values as commodities and the exchange of commodities, as the appropriate social form in which individual labor accomplishes this object. Where, as in und seines Adels befehdet während Petty in der Goldgier den tatkräftigen Trieb feiert, der ein Volk zur industriellen Entwicklung und zur Eroberung des Weltmarkts stachelt, springt hier jedoch zugleich der tieferen prinzipielle Gegensatz hervor, der sich als beständiger Kontrast zwischen echt englischer und echt französischer Ökonomie wiederholt. Boisguillebert sieht in der Tat nur auf den stofflichen Inhalt des Reichtums, den Gebrauchswert, den Genuß, und betrachtet die bürgerliche Form der Arbeit, die Produktion der Gebrauchswerte als Waren und den Austauschprozeß der Waren als die naturgemäße gesellschaftliche Form, worin die individuelle Arbeit jenen Zweck erreiche. Wo ihm daher der spe-
money, he encounters the specific features of bourgeois wealth, he therefore speaks of the intrusion of usurping alien factors, and inveighs against one of the forms of labor in bourgeois society, while simultaneously pronouncing utopian eulogies on it in another form. Boisguillebert’s work proves that it is possible to regard labor-time as the measure of the value of commodities, while confusing the labor which is materialized in the exchange-value of commodities and measured in time units with the direct physical activity of individuals.

As against the “black art of finance” of his time, Boisguillebert says: “The science of finance consists of nothing but a thorough knowl-

zifische Charakter des bürgerlichen Reichs- tums gegenübertritt, wie im Geld, glaubt er an Zwischendrängen usurpierender fremder Elemente und ereifert sich gegen die bürger- liche Arbeit in der einen Form, während er sie zugleich in der andern Form utopi stisch verklärt. Boisguillebert liefert uns den Beweis, daß die Arbeitszeit als Maß der Wertgröße der Waren behandelt werden kann, obgleich die im Tauschwert der Waren vergegenständlichte und durch die Zeit gemessene Arbeit mit der unmittel baren natürlichen Tätigkeit der Individuen ver wechselt wird.

Im Gegensatz zur “schwarzen Finanzkunst“ der damaligen Zeit sagt Boisguillebert: „Die Finanzkunst ist nichts als die vertiefte Kenntnis
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19 But not Romance political economy, since the contrast of English and French economists is repeated by the Italians in their two schools one at Naples and the other at Milan; whereas the Spaniards of the earlier period are either simply Mercantilists and modified Mercantilists like Ustariz, or follow Adam Smith in observing the happy mean like Jovellanos (see his Obras, Barcelona, 1839–40)


20 “True wealth ... is the complete enjoyment not only of the necessaries of life but also of all the superfluities and of everything that can give pleasure to the senses” (Boisguillebert, Disserta-

20 „Der wahre Reichtum ... ist der vollkommene Genuß nicht nur der Lebensbedürfnisse, sondern auch des Überflusses und all dessen, was den Sinnen Freude bereiten kann.“ (Boisguil-
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Boisguillebert, whereas Petty was just a frivolous, grasping, unprincipled adventurer, although he was one of the intendants of Louis XIV, stood up for the interests of the oppressed classes with both great intellectual force and courage.

French socialism as represented by Proudhon suffers from the same national failing.

1.8. [Franklin]

Franklin is the first to make a clear connection between labor and exchange-value.

It is a man of the New World—where bourgeois relations of production imported together with their representatives sprouted rapidly in a soil in which the superabundance of humus made up for the superabundance of humus made up for the superabundance of humus made up for

21 Der französische Sozialismus in der Form Proudhon leidet an demselben nationalen Erbübels.
the lack of historical tradition—who for the first time deliberately and clearly (so clearly as to be almost trite) reduces exchange-value to labor-time. This man was *Benjamin Franklin*, who formulated the basic law of modern political economy in an early work, which was written in 1729 and published in 1731.\(^{22}\) He declares it necessary to seek another measure of value than the precious metals, and that this measure is labor.

“By labor may the value of silver be measured as well as other things. As, suppose one man is employed to raise corn, while another is digging and refining silver; at the year’s end, or at any other period of time, the complete produce of corn, and that of silver, are the natural price of each other; and if one be twenty bushels, Trägern importiert, rasch aufschossen in einem Boden, der seinen Mangel an historischer Tradition durch einen Überfluß von Humus aufwog. Der Mann ist *Benjamin Franklin*, der in seiner Jugendarbeit, geschrieben 1729, zum Druck befördert 1731, das Grundgesetz der modernen politischen Ökonomie formulierte.\(^{22}\) Er erklärt es für nötig, ein andres Maß der Werte als die edeln Metalle zu suchen. Dies sei die Arbeit.

„Durch Arbeit kann der Wert von Silber ebenso gut gemessen werden wie der aller anderen Dinge. Unterstelle z.B., ein Mann sei beschäftigt, Korn zu produzieren, während ein anderer Silber gräbt und raffiniert. Am Ende des Jahres oder nach irgendeiner andern bestimmten Zeitperiode sind das volle Produkt
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and the other twenty ounces, then an ounce of that silver is worth the labor of raising a bushel of that corn. Now if by the discovery of some nearer, more easy or plentiful mines, a man may get forty ounces of silver as easily as formerly he did twenty, and the same labor is still required to raise twenty bushels of corn, then two ounces of silver will be worth no more than the same labor of raising one bushel of corn, and that bushel of corn will be as cheap at two ounces, as it was before at one, caeteris paribus. Thus the riches of a country are to be valued by the quantity of labor its inhabitants are able to purchase”·23

von Korn und das von Silber natürliche Preisverhältnisse voneinander, und wenn das eine 20 Bushels Korn verwandte Arbeit. Wenn aber durch die Entdeckung von näheren, leichter zugänglichen ergiebigern Minen ein Mann nun 40 Unzen Silber produzieren kann, so leicht wie früher 20, und dieselbe Arbeit wie früher erforderlich bleibt zur Produktion von 20 Bushels Korn, dann werden 2 Unzen Silber nicht mehr wert sein, als dieselbe Arbeit verwandt zur Produktion von einem Bushel Korn, und der Bushel, welcher früher 1 Unze galt, wird nun 2 gelten, caeteris paribus. So ist der Reichtum eines Landes zu schätzen durch die Arbeitsquantität, die seine Einwohner fähig sind zu kaufen.“·23
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23 (op. cit., p. 265).

The next passage is important about money. Franklin’s error is that he considers concrete labor-time immediately as the measure of value, therefore he cannot explain money. Franklin takes the restricted economistic standpoint to regard labor-time to be from the outset the measure of value. The transformation of actual products into exchange-values is taken for granted, and it is therefore only a question of discovering a measure of their value. To quote Franklin again:

“Trade in general being nothing else but the exchange of labor for labor, the value of all

22 *Franklin, B.*, „The Works of etc.“ edit. by J. Sparks, vol. II, Boston 1836: „A modest inquiry into the nature and necessity of a paper currency.“

23 I.c. p. 265. „Thus the riches of a country are to be valued by the quantity of labor its inhabitants are able to purchase.“
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things is, as I have said before, most justly measured by labor”\(^{24}\)

(op. cit., p. 267).

If in this sentence the term “labor” is replaced by “concrete labor,” it is at once obvious that labor in one form is being confused with labor in another form. Because trade may, for example, consist in the exchange of the labor of a shoemaker, miner, spinner, painter and so on, is therefore the labor of the painter the best measure of the value of shoes? Franklin, on the contrary, considers that the value of shoes, minerals, yarn, paintings, etc., is determined by ab-

Setzt man hier wirkliche Arbeit an die Stelle des Worts Arbeit, so entdeckt man sofort die Vermischung von Arbeit in der einen Form, mit Arbeit in der andern Form. Da Handel z.B. im Austausch von Schusterarbeit, Minenarbeit, Spinnarbeit, Malerarbeit usw. besteht, wird der Wert von Stiefeln am richtigensten geschätzt in Malerarbeit? Franklin meinte umgekehrt, daß der Wert von Stiefeln, Minenprodukten, Gespinst, Gemälden usw. bestimmt wird durch abstrakte Arbeit,
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Abstract labor which has no particular quality and can thus be measured only in terms of quantity. But since he does not develop the labor contained in exchange-value as abstract universal social labor, which is brought about by the universal alienation of individual labor, he fails to recognize that money is the direct embodiment of this alienated labor. He therefore fails to see the intrinsic connection between money and labor which posits exchange-value, but on the contrary regards money as a convenient technical device which has been introduced into the sphere of exchange from outside. Franklin’s analysis of exchange-value had no direct influence on the general course of the science, because he dealt only with speculative form.

die keine besondere Qualität besitzt und daher durch bloße Quantität messbar ist. Da er aber die im Tauschwert enthaltene Arbeit nicht als die abstrakt allgemeine, aus der allseitigen Entäußerung der individuellen Arbeiten entspringende gesellschaftliche Arbeit entwickelt, verkennt er notwendig Geld als die unmittelbare Existenzform dieser entäußerten Arbeit. Geld und Tauschwert setzende Arbeit stehen ihm daher in keinem innern Zusammenhange, sondern Geld ist vielmehr zur technischen Bequemlichkeit in den Austausch äußerlich herein-gebrachtes Instrument. Franklin’s Analyse des Tauschwerts blieb ohne unmittelbaren Einfluß auf den allgemeinen Gang der Wissenschaft, weil er nur vereinzelte Fragen der
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Social problems of political economy for definite practical purposes.

25 Remarks and Facts relative to the American Paper Money, 1764 (l.c.).

26 See Papers on American Politics, and Remarks and Facts relative to the American Paper Money, 1764 (l.c.).

1.9. [Steuart]

297:1–298:4 The difference between concrete useful labor and labor which creates exchange-value aroused considerable interest in Europe during the eighteenth century in the following form: what particular kind of concrete labor is the source of bourgeois wealth? It was thus assumed that


politischen Ökonomie bei bestimmten praktischen Anlässen behandelte.

25 l.c., „Remarks and facts relative to the American paper money“, 1764.

26 Sieh „Papers on American Politics“; „Remarks and facts relative to the American paper money“, 1764 (l.c.).
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not every kind of labor which is materialized in use-values or yields products must thereby directly create wealth. But for both the Physiocrats and their opponents the crucial issue was not what kind of labor creates \textit{value} but what kind of labor creates \textit{surplus-value}. They were thus discussing a complex form of the problem before having solved its elementary form; just as the historical progress of all sciences leads only through a multitude of contradictory moves to the real point of departure. Science, unlike other architects, builds not only castles in the air, but may construct separate habitable storeys of the building before laying the foundation stone. We shall now leave the Physiocrats and disregard a whole series of
Italian economists, whose more or less pertinent ideas come close to a correct analysis of the commodity,\(^2^7\) in order to turn at once to Sir *James Steuart*,\(^2^8\) the first Briton to expound a general system of bourgeois economy. The concept of exchange-value like the other abstract categories of political economy are in his work still in process of differentiation from their material content and therefore appear to be blurred and ambiguous. In one passage he determines *real value* by labor-time ("**WHAT A WORKMAN CAN PERFORM IN A DAY**"), but beside it he introduces wages and raw material in a rather confusing way.\(^2^9\) His struggle with the material content is brought out even
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more strikingly in another passage. He calls the physical element contained in a commodity, e.g., the silver in silver filigree, its “intrinsic worth,” and the labor-time contained in it its “useful value.”

The first is according to him something “real in itself,” whereas “the value of the second must be estimated according to the labor it has cost to produce it . . . The labor employed in the modification represents a portion of a man’s time.”

...See for instance Galiani, *Della Moneta*, vol. III, 156
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Vol. III, in *Scrittori classici Italiani di Economia Politica* (published by Custodi), *Parte Moderna*, Milano, 1803. He says: “It is only toil” (*fatica*) “which gives value to things,” p. 74. The term “*fatica*” for labor is characteristic of the southerner.


His clear differentiation between specifically social labor which manifests itself in


30 *Steuart*, l.c. t. I, p. 361/362: „represents a portion of a man’s time“. Was Steuart vor seinen Vorgängern und Nachfolgern auszeichnet, ist die scharfe Un-
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exchange-value and concrete labor which yields use-values distinguishes Steuart from his predecessors and his successors.

"Labor," he says, "which through its alienation creates a universal equivalent, I call industry."

He distinguishes labor as industry not only from concrete labor but also from other social forms of labor. He sees in it the bourgeois form of labor as distinct from its antique and mediaeval forms. He is particularly interested in the difference between bourgeois and feudal labor, having observed the latter in the stage of its decline both in Scotland and during his extensive journeys.
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on the continent. Steuart knew very well that in pre-bourgeois eras also products assumed the form of commodities and commodities that of money; but he shows in great detail that the commodity as the elementary and primary unit of wealth and alienation as the predominant form of appropriation are characteristic only of the bourgeois period of production, and that accordingly labor which creates exchange-value is a specifically bourgeois feature.\[31\]

\[31\] Steuart therefore declares that the patriarchal form of agriculture, whose direct aim is the production of use-values for the owner of the land, is an abuse, although not in Sparta or Rome Schottland selbst, als auch auf seinen ausgebreiteten Reisen auf dem Kontinent beobachtet hatte. Steuart wußte natürlich sehr wohl, daß das Produkt auch in vorbürgerlichen Epochen die Form der Ware und die Ware die Form des Geldes erhält, aber er weist ausführlich nach, daß die Ware als elementarische Grundform des Reichtums und die Entäußerung als die herrschende Form der Aneignung nur der bürgerlichen Produktionsperiode angehören, also der Charakter der Tauschwert setzenden Arbeit spezifisch bürgerlich ist.\[31\]

\[31\] Die patriarchalische, unmittelbar auf Schöpfung von Gebrauchswerten für den Besitzer des Landes gerichtete Agrikultur erklärt er daher für einen „Mißbrauch“, zwar nicht in Sparta oder
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or even in Athens, but certainly in the industrial countries of the eighteenth century. This “abusive agriculture” is not “trade” but a mere means of subsistence. Just as bourgeois agriculture clears the land of superfluous mouths, so bourgeois manufacture clears the factory of superfluous hands.

1.10. [Smith]

299/o Various kinds of concrete labor, such as agriculture, manufacture, shipping and commerce, had each in turn been claimed to constitute the real source of wealth, before Adam Smith declared that the sole source of material wealth or of use-values is labor in general, that is the entire social aspect of labor as it appears in the division of labor. Whereas in this


44:3/o Nachdem die besonderen Formen der realen Arbeit wie Agrikultur, Manufaktur, Schiffahrt, Handel usw. der Reihe nach als wahre Quellen des Reichtums behauptet worden waren, proklamierte Adam Smith die Arbeit überhaupt, und zwar in ihrer gesellschaftlichen Gesamtgestalt, als Teilung der Arbeit, als die einzige Quelle des stofflichen Reichtums oder der Gebrauchswer-
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context he completely overlooks the natural factor, he is pursued by it when he examines the sphere of purely social wealth, exchange-value. Although Adam Smith determines the value of commodities by the labor-time contained in them, he then nevertheless transfers this determination of value in actual fact to pre-Smithian times. In other words, what he regards as true when considering simple commodities becomes confused as soon as he examines the higher and more complex forms of capital, wage-labor, rent, etc. He expresses this in the following way: the value of commodities was measured by labor-time in the paradise lost of the bourgeoisie, where people did not confront one another as capitalists, te. Während er hier das Naturelement gänzlich übersieht, verfolgt es ihn in die Sphäre des nur gesellschaftlichen Reichtums, des Tauschwerts. Adam bestimmt allerdings den Wert der Ware durch die in ihr enthaltene Arbeitszeit, verlegt dann aber wieder die Wirklichkeit dieser Wertbestimmung in die präadamitischen Zeiten. In andern Worten, was ihm wahr erscheint auf dem Standpunkt der einfachen Ware, wird ihm unklar, sobald an ihre Stelle die höheren und komplizierter Formen von Kapital, Lohnarbeit, Grundrente usw. treten. Dies drückt er so aus, daß der Wert der Waren durch die in ihnen enthaltene Arbeitszeit gemessen wurde in dem paradise lost des Bürgertums, wo die Menschen sich noch nicht als Ka-
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wage-laborers, landowners, tenant farmers, usurers, and so on, but simply as persons who produced commodities and exchanged them. Adam Smith constantly confuses the determination of the value of commodities by the labor-time contained in them with the determination of their value by the value of labor; he is often inconsistent in the details of his exposition and he mistakes the objective equalization of unequal quantities of labor forcibly brought about by the social process for the subjective equality of the labors of individuals. He tries to accomplish the transition from concrete labor to labor which produces exchange-value, i.e., the basic form of bourgeois labor, by means of the division of labor. But though
it is correct to say that individual exchange presupposes division of labor, it is wrong to maintain that division of labor presupposes individual exchange. For example, division of labor had reached an exceptionally high degree of development among the Peruvians, although no individual exchange, no exchange of products in the form of commodities, took place.

32 Adam Smith writes for instance—“Equal quantities of labor, at all times and places, may be said to be of equal value to the laborer. In his ordinary state of health, strength, and spirits; in the ordinary degree of his skill and dexterity, he must always lay down the same portion of his ease, his liberty, and his happiness. The price which he pays must always be the same, whatever may be the quantity of goods which he receives in return


32 So z.B. sagt Adam Smith: „Gleiche Quantitäten der Arbeit müssen zu allen Zeiten und an allen Orten für den, welcher arbeitet, einen gleichen Wert haben. In seinem normalen Zustand von Gesundheit, Kraft und Tätigkeit, und mit dem Durchschnittsgrad von Geschicklichkeit, die er besitzen mag, muß er immer die nämliche Portion seiner Ruhe, Freiheit und seines Glücks geben. Welches also immer die Quantität von Wa-
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for it. Of these, indeed, it may sometimes purchase a greater and sometimes a smaller quantity, but it is their value which varies, not that of the labor which purchases them . . . Labor alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can . . . be estimated . . . It is their real price . . .” [Wealth of Nations. Book I, chapter V.]

1.11. [Ricardo]

Ricardo gives classical political economy its final shape. Marx makes three statements, each combining an achievement and a flaw in Ricardo’s theory: (1) Formulates LTV neatly but looks only at the quantity, not the quality of value; (2) knows that the actualization of the law of value depends on historical circumstances, yet considers capitalist relations of production as eternal; (3) aware of discrepancy between surface and deep structure.

Here is (1):

300:1–301:2 David Ricardo, unlike Adam Smith
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Smith, neatly sets forth the determination of the value of commodities by labor-time, and demonstrates that this law governs even those bourgeois relations of production which seem to contradict it most decisively. Ricardo’s investigations are concerned exclusively with the magnitude of value, and regarding this he at least has hunches that the actualization of the law depends on definite historical pre-conditions.

Not the operation of the law as Ryazanskaya’s translation has it, but its actualization (Verwirklichung). Laws can sometimes be unactualized.

Here Marx already has started point (2). He says that the determination of value by labor-time applies to

arbeitete David Ricardo die Bestimmung des Werts der Ware durch die Arbeitszeit rein heraus und zeigt, daß dies Gesetz auch die ihm scheinbar widersprechendsten bürgerlichen Produktionsverhältnisse beherrscht. Ricardos Untersuchungen beschränken sich ausschließlich auf die Wertgröße, und mit Bezug auf diese ahnt er wenigstens daß die Verwirklichung des Gesetzes von bestimmten historischen Voraussetzungen abhängt.

Er sagt nämlich, daß die Bestimmung der Wertgröße durch die Arbeitszeit nur für die
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“such commodities only as can be increased in quantity by the exertion of human industry, and on the production of which competition operates without restraint.”


This in fact means that the full development of the law of value presupposes a society in which large-scale industrial production and free competition obtain, in other words modern bourgeois society. For the rest, the bourgeois form of labor is regarded by Ricardo as the eternal natural form of social labor. Ricardo’s primitive fisherman and primitive hunter are from the outset own-

| Waren gelte, |
| „die durch die Industrie beliebig vermehrt werden können und deren Produktion durch uneingeschränkte Konkurrenz beherrscht wird“ |

Es heißt dies in der Tat nur, daß das Gesetz des Wertes zu seiner völligen Entwicklung die Gesellschaft der großen industriellen Produktion und der freien Konkurrenz, d.h. die moderne bürgerliche Gesellschaft voraussetze. Im übrigen betrachtet Ricardo die bürgerliche Form der Arbeit als die ewige Naturform der gesellschaftlichen Arbeit. Den Urfischer und
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ers of commodities who exchange their fish and game in proportion to the labor-time which is materialized in these exchange-values. On this occasion he slips into the anachronism of allowing the primitive fisherman and hunter to calculate the value of their implements in accordance with the annuity tables used on the London Stock Exchange in 1817. Apart from bourgeois society, the only social system with which Ricardo was acquainted seems to have been the “parallelograms of Mr. Owen.”

Now point (3):

Although encompassed by this bourgeois horizon, Ricardo analyses bourgeois economy, whose deeper layers differ essentially from its surface appearance, with such the-


Obgleich umfangen von diesem bürgerlichen Horizont, zerlegt Ricardo die bürgerliche Ökonomie, die in der Tiefe ganz anders aussieht, als sie auf der Oberfläche scheint,
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Theoretical acumen that Lord Brougham could say of him:

“Mr. Ricardo seemed as if he had dropped from another planet.”

1.12. [Sismondi: After Completion Self-Doubt]

Arguing directly with Ricardo, *Sismondi* not only emphasises the specifically social character of labor which creates exchange-value, but states also that it is a “characteristic feature of our economic progress” to reduce value to necessary labor-time, to

“the relation between the needs of the whole society and the quantity of labor which is sufficient to satisfy these needs.”

In direkter Polemik mit Ricardo betonte *Sismondi* sowohl den spezifisch gesellschaftlichen Charakter der Tauschwert setzenden Arbeit, wie er es als „Charakter unseres ökonomischen Fortschritts“ bezeichnet, die Wertgröße auf *notwendige* Arbeitszeit zu reduzieren, auf

„das Verhältnis zwischen dem Bedürfnis der ganzen Gesellschaft und der Quantität Arbeit die hinreicht, dies Bedürfnis zu befriedigen“.
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Sismondi is no longer preoccupied with Boisguillebert’s notion that labor which creates exchange-value is distorted by money, but just as Boisguillebert denounced money so does Sismondi denounce large industrial capital. Whereas with Ricardo, political economy ruthlessly draws its final conclusion and therewith completes itself, Sismondi supplements this completion by expressing doubt in political economy itself.

Sismondi ist nicht mehr befangen in Boisguilleberts Vorstellung, daß die Tauschwert setzende Arbeit durch das Geld verfälscht werde, aber wie Boisguillebert das Geld, denunziert er das große industrielle Kapital. Wenn in Ricardo die politische Ökonomie rücksichtslos ihre letzte Konsequenz zieht und damit abschließt, ergänzt Sismondi diesen Abschluß, indem er ihren Zweifel an sich selbst darstellt.


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1.13. [Arguments Against Labor Theory of Value]

301:3 Since the determination of exchange-value by labor-time has been formulated and expounded in the clearest manner by Ricardo, who gave to classical political economy its final shape, it is quite natural that the arguments raised by economists should be primarily directed against him. If this polemic is stripped of its mainly trivial\(^{36}\) form it can be summarized as follows:

\(^{36}\) It probably assumes the most trivial form in J. B. Say’s annotations to the French translation—prepared by Constancio—of Ricardo’s work, and the most pedantic and presumptuous in Mr. Macleod’s recently published *Theory of Exchange*, London, 1858.
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301:4 *One.* Labor itself has exchange-value and different types of labor have different exchange-values. If one makes exchange-value the measure of exchange-value, one is caught up in a vicious circle, for the exchange-value used as a measure requires in turn a measure. This objection merges into the following problem: given labor-time as the intrinsic measure of value, how are wages to be determined on this basis. The theory of wage-labor provides the answer to this.

301:5/o *Two.* If the exchange-value of a product equals the labor-time contained in the product, then the exchange-value of a working day is equal to the product it yields, in other words, wages must be equal to the


47:2 *Zweitens:* Wenn der Tauschwert eines Produkts gleich ist der in ihm enthaltenen Arbeitszeit, ist der Tauschwert eines Arbeitstages gleich seinem Produkt. Oder der Arbeitslohn muß dem Produkt der Ar-
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product of labor. But in fact the opposite is true. Ergo, this objection amounts to the problem,—how does production on the basis of exchange-value solely determined by labor-time lead to the result that the exchange-value of labor is less than the exchange-value of its product? This problem is solved in our analysis of capital.

This objection, which was advanced against Ricardo by bourgeois economists, was later taken up by socialists. Assuming that the formula was theoretically sound, they alleged that practice stood in conflict with the theory and demanded that bourgeois society should draw the practical conclusions supposedly arising from its theoretical principles. In this way at least English socialists turned Ricardo’s formula of exchange-value against political economy. The feat of declar-

37 Dieser von bürgerlich-ökonomischer Seite gegen Ricardo beigebrachte Einwand ward später von sozialistischer Seite aufgegriffen. Die theoretische Richtigkeit der Formel vorausgesetzt, wurde die Praxis des Widerspruchs gegen die Theorie bezichtigt und die bürgerliche Gesellschaft angegangen, praktisch die vermeinte Konsequenz ihres theoretischen Prinzips zu ziehen. In dieser Weise wenigstens kehrten englische Sozialisten die Ricardosche Formel des
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ing not only that the basic principle of the old society was to be the principle of the new society, but also that he was the inventor of the formula used by Ricardo to summarise the final result of English classical economics, was reserved to M. Proudhon. It has been shown that the utopian interpretation of Ricardo’s formula was already completely forgotten in England, when M. Proudhon “discovered” it on the other side of the Channel. (Cf. the section on la valeur constituée, in my Misere de la philosophie..., Paris, 1847)

302:1 Three. In accordance with the changing conditions of demand and supply, the market-price of commodities falls below or rises above their exchange-value. The exchange-value of commodities is, con-


47:3/o Drittens: Der Marktpreis der Waren fällt unter oder steigt über ihren Tauschwert mit dem wechselnden Verhältnis von Nachfrage und Zufuhr. Der Tauschwert der Waren ist daher durch das Verhältnis von
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sequentiy, determined not by the labor-time contained in them, but by the relation of demand and supply. In fact, this strange conclusion only raises the question how on the basis of exchange-value a market-price differing from this exchange-value comes into being, or rather, how the law of exchange-value asserts itself only in its antithesis. This problem is solved in the theory of competition.

302:2 Four. The last and apparently the decisive objection, unless it is advanced—as commonly happens—in the form of curious examples, is this: if exchange-value is nothing but the labor-time contained in a commodity, how does it come about that commodities which contain no labor pos-

Nachfrage und Zufuhr bestimmt und nicht durch die in ihnen enthaltene Arbeitszeit. In der Tat wird in diesem sonderbaren Schlusse nur die Frage aufgeworfen, wie sich auf Grundlage des Tauschwerts ein von ihm verschiedener Marktpreis entwickelt oder richtiger, wie das Gesetz des Tauschwerts nur in seinem eignen Gegenteil sich verwirklicht. Dies Problem wird gelöst in der Lehre von der Konkurrenz.

48:1 Viertens: Der letzte Widerspruch und der scheinbar schlagendste, wenn er nicht wie gewöhnlich in der Form wunderlicher Exempel vorgebracht wird: Wenn der Tauschwert nichts ist als die in einer Ware enthaltene Arbeitszeit, wie können Waren, die keine Arbeit enthalten, Tausch-
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Sess exchange-value, in other words, how does the exchange-value of natural forces arise? The problem is solved in the theory of rent.

2. Money or Simple Circulation

The first three paragraphs bring introductory remarks about the discussion of money.

Marx begins with an anecdote about “meditation upon the nature of money.” Britons think about money, Dutch speculate with it but do not wonder what it is.

303:1 Gladstone, speaking in a parliamentary debate on Sir Robert Peel’s Bank Act of 1844 and 1845, observed that even love has not turned more men into fools than has meditation upon the nature of money. He spoke of Britons to Britons. The Dutch, on the other hand, who in spite of Petty’s
doubts possessed a divine sense for money speculation from time immemorial, have never lost their senses in speculation about money.

303:2 The main difficulty in the analysis of money is overcome as soon as one has grasped its origin out of the commodity itself. Once this is accomplished, the only task remaining is to comprehend the peculiar determinations of its form without alien admixtures, which is not very easy, because all bourgeois relations appear gilded, i.e., as money relations, and the money form, therefore, seems to possess an infinitely varied content, which is alien to the money form as such.

von jeher einen „himmlischen Witz“ besaßen für die Geldspekulation, haben nie ihren Witz verloren in Spekulation über das Geld.

49:2 Die Hauptschwierigkeit in der Analyse des Geldes ist überwunden, sobald sein Ursprung aus der Ware selbst begriffen ist. Unter dieser Voraussetzung handelt es sich nur noch darum, seine eigentümlichen Formbestimmtheiten rein aufzufassen, was einigermaßen erschwert wird, weil alle bürgerlichen Verhältnisse vergoldet oder versilbert, als Geldverhältnisse erscheinen, und die Geldform daher einen unendlich mannigfaltigen Inhalt zu besitzen scheint, der ihr selbst fremd ist.
“rein is “translated as without alien admixtures.”

Peculiar (eigentümlich) means: the form determinations which money has as money, as distinct from those which it has because it is a commodity or those which it gets when it serves as a form of capital.

The last sentence uses the pair “appears” and “seems to” in the same meanings as Capital I, p. 126:2.

303:3 During the following analysis it is important to keep in mind that we are only concerned with those forms of money which arise directly from the exchange of commodities, but not with forms of money, such as credit money, which belong to a higher stage of production. For the sake of simplicity gold is assumed throughout to be the money commodity.

49:3 In der folgenden Untersuchung ist festzuhalten, daß es sich nur um die Formen des Geldes handelt, die unmittelbar aus dem Austausch der Waren herauswachsen, nicht aber um seine, einer höheren Stufe des Produktionsprozesses angehörigen Formcn, wie z.B. Kreditgeld. Der Vereinfachung wegen ist Gold überall als die Geldware unter- stellt.
2.1. Measure of Value

The first phase of circulation is, as it were, a theoretical phase preparatory to real circulation. Commodities, which exist as use-values, must first of all assume a form in which they appear to one another nominally as exchange-values, as definite quantities of materialized universal labor-time.

This derivation will be later in *Capital I*, section 3. Marx describes the first preparatory process of circulation in which the commodities create the form in which they nominally, notionally, appear as exchange-values for each other. The first necessary act in this process is, as we have seen, that the commodities set apart a specific commodity, say, gold, which becomes the direct reification of universal labor-time or the universal equivalent.
The first necessary act of this preparatory process is to exclude a *specific* commodity, gold. (About the word “specific” see my annotations to 188:2 in *Capital I*, chapter 3, section 1, and my translation notes to 162:4 in *Capital I*, chapter 1, section 3). Gold counts as immediate materialization of the general labor-time, i.e., it has obtained the social monopoly position of being in the form of the general equivalent. I would not really call this the first act in this process, first they have to create the form of general equivalent, and only then this form of value can grow together with one use-value. Look here also at *Capital I*, 183:2/o. But compare with 188:1: this function is already the function of measure of values.) This exclusion is done by the commodities in the relative form.

Let us return for a moment to the form in which the commodities convert gold into money. Kehren wir einen Augenblick zurück zu der Form, in welcher die Waren Gold in Geld verwandeln.

I.e., let us return to the form which the *commodities* have when they convert gold into money: Here we are talking about the relative form of value. The equations following now represent the general form of value from *Capital I* (except that *Capital I* does not have the quantitative differences: there the discussion of the quantitative and qualitative aspect are separated more strictly than in *Contribution*). This form was obtained by reversing the
total or expanded form of value, in which the relative form of value (i.e., the expression of the value of the left side by the right side) has its shortcomings. These shortcomings are removed in the general form of value, also the equivalent form is developed further (Compare *Capital I*, around 161:1 and the page before and after.) The labor-time contained in gold is represented as the general labor-time.

\[
\begin{align*}
1 \text{ ton of iron} & = 2 \text{ ounces of gold} & 1 \text{ Tonne Eisen} & = 2 \text{ Unzen Gold,} \\
1 \text{ quarter of wheat} & = 1 \text{ ounce of gold} & 1 \text{ Quarter Weizen} & = 1 \text{ Unze Gold,} \\
1 \text{ hundredweight of Mocha coffee} & = 1/4 \text{ ounce of gold} & 1 \text{ Zentner Moccakaffee} & = 1/4 \text{ Unze Gold,} \\
1 \text{ hundredweight of potash} & = 1/2 \text{ ounce of gold} & 1 \text{ Zentner Pottasche} & = 1/2 \text{ Unze Gold,} \\
1 \text{ ton of Brazil-timber} & = 1 1/2 \text{ ounces of gold} & 1 \text{ Tonne brasilisches Holz} & = 1 1/2 \text{ Unzen Gold,} \\
Y \text{ commodities} & = X \text{ ounces of gold} & Y \text{ Ware} & = X \text{ Unzen Gold.}
\end{align*}
\]

In this series of equations iron, wheat, cof-

In dieser Reihe von Gleichungen erschei-
fee, potash, etc. appear to one another as materialization of uniform labor, that is labor materialized in gold, in which all distinctive features of the concrete labor represented in the different use-values are entirely obliterated. They are as values identical, i.e., materializations of the same labor or the same materialization of labor—gold. Since they are uniform materializations of the same labor, they differ only in one way, quantitatively: in other words they represent different magnitudes of value, because their use-values contain unequal amounts of labor-time.

These individual commodities can be compared with one another as embodiments of universal labor-time, since they have been


Als diese einzelnen Waren verhalten sie sich zugleich als Vergegenständlichung der allgemeinen Arbeitszeit zueinander, indem sie
compared with universal labor-time in the shape of the excluded commodity, i.e., gold.

Now what this means for gold:
The same dynamic relation, as a result of which commodities become exchange-values for one another, causes the labor-time contained in gold to represent universal labor-time, a given amount of which is expressed in different quantities of iron, wheat, coffee, etc., in short in the use-values of all commodities, or it may be displayed directly in the infinite series of commodity equivalents.

Now about the interrelation between ordinary commodities and gold:
Since the exchange-value of all commodities is expressed in gold, the exchange-value...
of gold is directly expressed in all commodities. Because the commodities themselves assume the form of exchange-value for one another, they turn gold into the universal equivalent or into money.

304:1/o Gold becomes the measure of value because the exchange-value of all commodities is measured in gold, is expressed in the relation of a definite quantity of gold and a definite quantity of commodity containing equal amounts of labor-time. To begin with, gold becomes the universal equivalent, or money, only because it thus functions as the measure of value and as such its own value is measured directly in all commodity equivalents.

Whereas in the earlier discussion in 286:3/ooo, the difference between general equivalent
and money form was not clearly spelled out, now we are definitely in the money form (as opposed to general equivalent) since it is all commodities which measure their exchange-values in gold ("all" emphasized by Marx). This makes gold the measure of value. Now we are finally at the beginning of chapter Three in Capital. ↑ Marx first said how the value of gold is expressed, namely, in the circle of commodities it can buy. ↓ Then he looks at the expressions of the values of the other commodities in gold, i.e., their prices:

The exchange-value of all commodities, on the other hand, is now expressed in gold. One has to distinguish a qualitative and a quantitative aspect in this expression. The exchange-value of the commodity exists as the embodiment of equal uniform labor-time, the value of the commodity is thus fully expressed, for to the extent that commodities are equated with gold they are equated with one another. Their golden equivalent reflects the universal character Andrerseits drückt sich nun der Tauschwert aller Waren in Gold aus. Ein qualitatives und ein quantitatives Moment sind in diesem Ausdruck zu unterscheiden. Der Tauschschwert der Ware ist vorhanden als Materiatur derselben gleichförmigen Arbeitszeit; die Wertgröße der Ware ist erschöpfend dargestellt, denn in dem Verhältnis, worin die Waren dem Gold gleichgesetzt sind, sind sie einander gleichgesetzt. Einerseits erscheint der allgemeine Charakter der in
of the labor-time contained in them on the one hand, and its quantity on the other hand. The exchange-value of commodities thus expressed in the form of universal equivalence and simultaneously as the degree of this equivalence in terms of a specific commodity, that is a single equation in which commodities are compared with a specific commodity, constitutes \textit{price}.

\[ \text{This was the trip back from the equivalent form to the relative form of value. Into what is the relative form of value transformed by gold becoming the measure of value? Into the price form. Distinction between qualitative and quantitative aspect. However what he really discusses here is the qualitative and quantitative aspect of the general equivalent form! In } \textit{Capital I} \text{ it is done generally under the relative form of value, see around 144:2. The beginning of } \textit{Capital I}, \text{ chapter Three does therefore not need to backtrack to this development, but assumes it as something known and only alludes to it. This completes the first preparatory process in which the commodities create the form in which they nominally appear as} \]
exchange-values for each other.

Price is the converted form in which the exchange-value of commodities *appears* within the circulation process.

In *Capital I*, where the distinction between exchange-value and value is made clearer, Preis is no longer “verwandelte Form des Tauschwerts” but a “Wertform” like the exchange-value generally. Note that the next step in this process, circulation itself, is not discussed here but will only come in section 2.

Relation between gold as measure of value and labor-time as the real measure between gold and the other commodities.

305:1/oo Thus as a result of the same process through which the values of commodities are expressed in gold prices, gold is transformed into the measure of value and thence into money. If the values of all commodities were measured in silver or wheat or copper, and accordingly expressed in...
terms of silver, wheat or copper prices, then silver, wheat or copper would become the measure of value and consequently universal equivalents. Commodities as exchange-values must be antecedent to circulation in order to appear as prices in circulation.

The following aspect is taken up from the preceding discussion: gold becomes measure of values not by its own action but by the action of all commodities, only because they are already exchange-values before circulation begins (der Zirkulation als Tauschwerte vorausgesetzt).

Would Marx later have written “values” instead of “exchange-values” in the first and second sentence?

Gold becomes the measure of value only because all commodities estimate their exchange-values in it. The universality of this processing relation, which alone gives gold the character of a measure, presupposes how-
ever that every single commodity measures itself in gold according to the labor-time contained in both, so that the real measure between commodity and gold is labor itself, or that commodity and gold are equated to each other as exchange-values through the immediate barter.

Marx recapitulates here his original derivation of exchange-value (at least as in *Capital I*, chapter 1, section 1, where is it in *Contribution*?). Since all commodities on the surface measure themselves in gold, this cannot be an accidental relation but must be the labor-time, since this above-mentioned derivation has ruled out everything but labor-time. Therefore we must look for that point where gold and the other commodities are directly bartered, since this is the only way labor-time can actually enter the picture! I.e., the practical mediation goes through the exchange with the gold producers in the gold producing nations, and through the exchange between the different national labors otherwise.

How this equating is carried out in practice cannot be discussed in the context of simple exchange-values.
circulation. At least that much is evident, however, that in countries producing gold and silver a certain amount of labor-time is directly incorporated in a certain amount of gold and silver, whereas in countries which produce no gold and silver, the same result is reached on a detour, by direct or indirect exchange of their home products, i.e., of a certain portion of their average national labor, for a certain amount of labor-time embodied in the gold and silver of countries that possess mines.

Since the labor-time is the intrinsic measure, gold has a \textit{variable} value like any other commodity. This does not prevent gold from functioning as measure of value, since at any given time its value is fixed.

\textbf{Gold must be in principle a \textit{variable} value, if}
it is to serve as a measure of value, because only as reification of labor-time can it become the equivalent of other commodities, but as a result of changes in the productivity of concrete labor, the same amount of labor-time is embodied in unequal volumes of the same type of use-values. The valuation of all commodities in terms of gold—like the expression of the exchange-value of any commodity in terms of the use-value of another commodity—merely presupposes that at a given moment gold represents a definite quantity of labor-time.

The changes in the exchange-value of gold follow the same laws as the exchange-values of other commodities.

The law of exchange-value set forth earlier applies to changes occurring in the value
of gold. If the exchange-value of commodities remains unchanged, then a general rise of their prices in terms of gold can only take place when the exchange-value of gold falls. If the exchange-value of gold remains unchanged, then a general rise of prices in terms of gold is only possible if the exchange-values of all commodities rise. The reverse takes place in the case of a general decline in the prices of commodities. If the value of an ounce of gold falls or rises in consequence of a change in the labor-time required for its production, then it will fall or rise equally in relation to all other commodities and will thus for all of them continue to represent a definite volume of labor-time. The same exchange-values will now
be estimated in quantities of gold which are larger or smaller than before, but they will be estimated in accordance with their values and will therefore maintain the same value relative to one another. The ratio 2:4:8 remains the same whether it becomes 1:2:4 or 4:8:16. The fact that, because of the changing value of gold, exchange-value are represented by varying quantities of gold does not prevent gold from functioning as the measure of value, any more than the fact that the value of silver is one-fifteenth of that of gold prevents silver from taking over this function.

Short remark about false theories: it is not the money which makes the commodities commensurable, but it is the commodities which turn gold into money.

Labor-time is the measure of both gold and
commodities, and gold becomes the measure of value only because all commodities are measured in terms of gold; it is consequently merely an illusion created by the circulation process to suppose that money makes commodities commensurable. On the contrary, it is only the commensurability of commodities as materialized labor-time which converts gold into money.

Aristotle does indeed realise that the exchange-value of commodities is antecedent to the prices of commodities: “That exchange took place thus before there was money is plain; for it makes no difference whether it is five beds that exchange for a house, or the money value of five beds.” On the other hand, since it is only in price that commodities possess the form of exchange-value in relation to one another, he makes them commensurable only by means of money.

und Ware ist und das Gold nur Maß der Werte wird, sofern alle Waren sich in ihm messen, ist es bloßer Schein des Zirkulationsprozesses, als ob das Geld die Waren kommensurabel mache. Es ist viel-mehr nur die Kommensurabilität der Waren als vergegenständlichte Arbeitszeit, die das Gold zu Geld macht.

Aristoteles sieht zwar ein, daß der Tauschwert der Waren den Warenpreisen vorausgesetzt ist: „daß ... es den Tausch gab, bevor es das Geld gegeben, ist einleuchtend, denn es macht keinen Unterschied, ob fünf Polster für ein Haus oder für soviel Geld, wie fünf Polster wert sind“. Andrerseits, da die Waren erst im Preise die Form des Tauschwerts füreinander besitzen, läßt er sie kommensurabel werden durch das Geld. „Al-
mensurable by means of money. “This is why all goods must have a price set on them; for then there will always be exchange, and if so, association of man with man. Money, then, acting as a measure, makes goods commensurate and equates them; for neither would there have been association if there were not exchange, nor exchange if there were not equality, nor equality if there were not commensurability.” Aristotle is aware of the fact that the different things measured by money are entirely incommensurable. What he seeks is the oneness of commodities as exchange-values, and since he lived in ancient Greece it was impossible for him to find it. He extricates himself from this predicament by making essentially incommensurable things commensurable—so far as this is necessary for practical needs—by means of money. “Now in truth it is impossible that things differ-
ing so much should become commensurate, but with reference to demand they may become so sufficiently” (Aristoteles Ethica Nicomachea, L. 5, C. 8, edit. Bekkeri, Oxonii 1837).

Next two paragraphs: Double existence of commodities: real as use-values, nominal as exchange-values.

307:1 The concrete form in which commodities enter the process of exchange is as use-values. The commodities will only become universal equivalents as a result of their alienation. The establishment of their price is merely their nominal conversion into the universal equivalent, an equation with gold which still has to be put into practice. But because prices convert commodities only nominally into gold or only into imaginary gold—i.e., the existence of their alienation. The establishment of their price is merely their nominal conversion into the universal equivalent, an equation with gold which still has to be put into practice. But because prices convert commodities only nominally into gold or only into imaginary gold—i.e., the existence of

52:1/o Die reale Gestalt, worin die Waren in den Austauschprozeß eintreten, ist die ihrer Gebrauchswerte. Wirkliches allgemeines Äquivalent sollen sie erst werden durch ihre Entäußerung. Ihre Preisbestimmung ist ihre nur ideelle Verwandlung in das allgemeine Äquivalent, eine Gleichung mit dem Gold, die noch zu realisieren bleibt. Weil aber die Waren in ihren Preisen nur ideell in Gold oder in nur vorgestelltes Gold verwandelt sind, ihr Geldsein von ihrem reel-
commodities as money is indeed not yet separated from their real existence—gold has been merely transformed into imaginary money, only into the measure of value, and definite quantities of gold serve in fact simply as names for definite quantities of labor-time.

\[\downarrow\] The last sentence in this paragraph reiterates that the character of money always solely depends on what the commodities are doing, equivalent form is passive, its character derives from the relative form of value.

The distinct form in which gold crystallises into money depends in each case on the way in which the exchange-values of commodities are represented with regard to one another.

\[\downarrow\] Double existence of commodities, as use-value with a price, represents the double character of labor.
Commodities now confront one another in a dual form, really as use-values and nominally as exchange-values. They represent now for one another the dual form of labor contained in them, since the particular concrete labor actually exists as their use-value, while universal abstract labor-time assumes an imaginary existence in their price, in which they are all alike embodiments of the same substance of value, differing only quantitatively.

Now an important paragraph about the contradiction between value and price. What did Marx do with this contradiction in *Capital I*? What Marx calls here the difference between exchange-value and price, he calls in *Capital I* more precisely the difference between the magnitude of value and the prices (see *Capital I*, 195:2/o). About “ist Tauschwert and hat Preis” see *Capital I*, 152:1; contracting the sentences there one gets: “Ist Wert und besitzt
Form des Tauschwerts im Austauschverhältnis zu einer zweiten Ware.” This difference is traced back to the contradiction between the particular labor of the private individual and the general abstract labor as which it only has a social bearing (gesellschaftliche Wirkung).

307:3/o The difference between exchange-value and price is, on the one hand, merely nominal; as Adam Smith says, labor is the real price of commodities and money their nominal price. Instead of saying that one quarter of wheat is worth thirty days’ labor, one now says it is worth one ounce of gold, when one ounce of gold is produced in thirty working days. The difference is on the other hand so far from being simply a nominal difference that all the storms which threaten the commodity in the actual process of circulation centre upon it. A quarter of wheat contains thirty days’ labor, and it

53:2/o Der Unterschied von Tauschwert und Preis erscheint einerseits als ein nur nomineller, wie Adam Smith sagt, daß die Arbeit der Realpreis, das Geld der Nominalpreis der Waren ist. Statt 1 Quarter Weizen in 30 Arbeitstagen zu schätzen, wird er jetzt geschätzt in 1 Unze Gold, wenn eine Unze Gold das Produkt von 30 Arbeitstagen ist. Andrerseits ist der Unterschied so wenig bloßer Namensunterschied, daß in ihm vielmehr alle Ungewitter, die der Ware im wirklichen Zirkulationsprozeß drohen, konzentriert sind. 30 Arbeitstage sind im Quarter Weizen enthalten und er ist daher nicht
therefore does not have to be expressed in terms of labor-time. But gold is a commodity distinct from wheat, and only circulation can show whether the quarter of wheat is actually turned into an ounce of gold as has been anticipated in its price. This depends on whether or not the wheat proves to be a use-value, whether or not the quantity of labor-time contained in it proves to be the quantity of labor-time necessarily required by society for the production of a quarter of wheat. The commodity as such is exchange-value and has a price. This difference between exchange-value and price is a reflection of the fact that the particular individual labor contained in the commodity can only through alienation be represented as its opposite in Arbeitszeit darzustellen. Aber Gold ist vom Weizen verschiedene Ware, und nur in der Zirkulation kann sich bewähren, ob der Quarter Weizen wirklich zur Unze Gold wird, wie in seinem Preis antizipiert ist. Es hängt dies davon ab, ob oder ob nicht er sich als Gebrauchswert, ob oder ob nicht das in ihm enthaltene Quantum Arbeitszeit sich als das von der Gesellschaft zur Produktion eines Quarters Weizen notwendig erheischte Quantum Arbeitszeit bewährt. Die Ware als solche ist Tauschwert, sie hat einen Preis. In diesem Unterschied von Tauschwert und Preis erscheint es, daß die in der Ware enthaltene besondere individuelle Arbeit erst durch den Prozeß der Entäußerung als ihr Gegenteil, individualitätslose, abstrakt all-
posite, impersonal, abstract, general—and only in this form social—labor, i.e., money. Whether it can be thus represented or not seems a matter of chance. Although, therefore, the price gives exchange-value a form of existence which is only nominally distinct from the commodity, and the two aspects of the labor contained in the commodity appear as yet only as different modes of expression; while, on the other hand, gold, the embodiment of universal labor-time, accordingly confronts concrete commodities merely as an imaginary measure of value; yet the existence of price as an expression of exchange-value, or of gold as a measure of value, entails the necessity for alienation of commodities in exchange for glittering
gold and thus the possibility of their non-alienation. In short, there is here contained in latent form the whole contradiction which arises because the product is a commodity, or because the particular labor of an isolated individual can become socially effective only if it is expressed as its direct opposite, i.e., “abstract universal labor. The utopians who wish to retain commodities but not money, production based on private exchange without the essential conditions for this type of production, are therefore quite consistent when they seek to “abolish” money not only in its palpable state but even in the nebulous, chimerical state that it assumes as the measure of value. For beneath the invisible measure of value lurks halt, der daraus hervorgeht, daß das Produkt Ware ist, oder daß die besondere Arbeit des Privatindividuums, um gesellschaftliche Wirkung zu haben, sich als ihr unmittelbares Gegenteil, als abstrakt allgemeine Arbeit darstellen muß. Die Utopisten, die die Ware wollen, aber nicht das Geld, auf Privataustausch beruhende Produktion ohne die notwendigen Bedingungen dieser Produktion, sind daher konsequent, wenn sie das Geld nicht erst in seiner greifbaren Form, sondern schon in der gasartigen und hirngewebten Form als Maß der Werte „vernichten“. Im unsichtbaren Maß der Werte lauert das harte Geld.
hard money.

**Question 35** *In the terminology adopted later which distinguishes value and exchange-value, would Marx still have said “the commodity is exchange-value and has a price” or would he have said: “the commodity is value and has a price”?

Regarding this last sentence, compare *Capital I*, last sentence of chapter Three, section 1 198:1. This discussion is a transition to the function of money as a means of circulation and is therefore in *Capital I* put after the discussion of the standard of prices. In *Contribution*, more logically the standard of prices is being discussed now.

From here to end of section 1: Gold as standard of prices and further development into money of account.

↓ Next paragraph brings the next step: Since all commodities express their values in gold, there is the technical necessity that gold transforms itself from measure of value into standard of prices. This “transforms” means: it is both, and the second determination is a necessary consequence of the first, and now money functions in its second capacity, not its first. Comparison between measure of values and standard of prices.
Given the process by which gold has been turned into the measure of value and exchange-value into price, all commodities when expressed in their prices are merely imagined quantities of gold of various magnitudes. Since they are thus various quantities of the same thing, namely gold, they are equal, comparable and commensurable. Thus arises the technical necessity of relating them to a definite quantity of gold as a *unit of measure*. This unit of measure then develops into a scale of measure by being divided into aliquot parts which are in turn subdivided into aliquot parts. The quantities of gold themselves, however, are measured by weight. The standard weights generally used for metals accordingly pro-

54:1/o Den Prozeß vorausgesetzt, wodurch das Gold zum Maß der Werte und der Tauschwert zum Preis geworden ist, sind alle Waren in ihren Preisen nur noch vorgestellte Goldquanta von verschiedener Größe. Als solche verschiedene Quanta desselben Dings, des Goldes, gleichen, vergleichen und messen sie sich untereinander und so entwickelt sich technisch die Notwendigkeit, sie auf ein bestimmtes Quantum Geld als *Maßeinheit* zu beziehen, eine Maßeinheit, die dadurch zum Maßstab fortentwickelt wird, daß sie sich in aliquote Teile und diese sich ihrerseits wieder in aliquote Teile abteilen. Geldquanta als solche aber messen sich durch Gewicht. Der Maßstab findet sich also schon fertig vor in den
vide ready-made standard measures, which originally also served as standard measures of price wherever metallic currency was in use.

Since commodities are no longer compared as exchange-values which are measured in terms of labor-time, but as magnitudes of the same denomination measured in terms of gold, gold transforms itself from *measure of value* into *standard of price*. The comparison of commodity-prices in terms of different quantities of gold thus becomes crystallized in figures denoting imaginary quantities of gold and representing gold as a standard measure divided into aliquot parts. Gold as measure of value and as standard of price has quite distinct specific functions,

allgemeinen Gewichtsmaßen der Metalle, die bei aller metallischen Zirkulation daher auch ursprünglich als Maßstab der Preise dienen.

Indem die Waren sich nicht mehr als durch die Arbeitszeit zu messende Tauschwerte, sondern als in Geld gemessene gleichnamige Größen aufeinander beziehen, verwandelt sich das Gold aus dem *Maß der Werte* in den *Maßstab der Preise*. Die Vergleichung der Warenpreise unter sich als verschiedene Goldquanta kristallisiert sich so in den Figurationen, die in ein gedachtes Goldquantum eingeschrieben werden und es als Maßstab von aliquoten Teilen darstellen. Das Gold als Maß der Werte und als Maßstab der Preise besitzt ganz verschie-
and the confusion of the one with the other has led to the most absurd theories. Gold as materialized labor-time is a measure of value, as a piece of metal of definite weight it is the standard of price. Gold becomes the measure of value because as an exchange-value it is compared with the exchange-values of other commodities; in its aspect as a standard of price a definite quantity of gold serves as a unit for other quantities of gold. Gold is the measure of value because its value is variable; it is the standard of price because it has been established as an invariable unit of weight. Here, as in all cases of measuring quantities of the same denomination, stability and exactitude of the proportions is essential. The necessity of es-
dene Formbestimmtheit, und die Verwechslung der einen mit der andern hat die tollsten Theorien hervorgerufen. Maß der Werte ist das Geld als vergegenständlichte Arbeitszeit, Maßstab der Preise ist es als ein bestimmtes Metallgewicht. Maß der Werte wird das Gold, indem es als Tauschwert auf die Waren als Tauschwert bezogen ist, im Maßstab der Preise dient ein bestimmtes Quantum Gold andern Quantis Gold als Einheit. Wertmaß ist das Gold, weil sein Wert veränderlich ist, Maßstab der Preise, weil es als unveränderliche Gewichtseinheit fixiert wird. Hier, wie in allen Maßbestimmungen gleichnamiger Größen wird Festigkeit und Bestimmtheit der Maßverhältnisse entscheidend. Die Notwendigkeit, ein Quan-
establishing a quantity of gold as the unit of measure and its aliquot parts as subdivisions of this unit has given rise to the idea that a fixed ratio of values has been set up between a definite quantity of gold, whose value is of course variable, and the exchange-values of commodities. But such a view simply ignores the fact that the exchange-values of commodities are turned into prices, into quantities of gold, before gold becomes the standard of price. Quite irrespective of any changes in the value of gold, different quantities of gold will always represent the same ratio of values with regard to one another. If the value of gold should fall by 1,000 per cent, then the value of twelve ounces of gold would still be twelve times bigger than that of that quantity of gold as Maßeinheit und aliquote Teile als Unterabteilungen dieser Einheit festzusetzen, hat die Vorstellung erzeugt, als ob ein bestimmtes Goldquantum, das natürlich veränderlichen Wert hat, in ein fixes Wertverhältnis zu den Tauschwerten der Waren gesetzt würde, wobei nur übersehen ward daß die Tauschwerte der Waren in Preise, in Goldquanta verwandelt sind bevor sich das Gold als Maßstab der Preise entwickelt. Wie auch der Goldwert wechsle, verschiedene Goldquanta stellen gegeneinander stets dasselbe Wertverhältnis dar. Fiele der Goldwert um 1000% so würden nach wie vor 12 Unzen Gold einen 12mal größern Wert besitzen als eine Unze Gold, und in den Preisen handelt es sich nur um das Verhältnis
of one ounce of gold, and so far as prices are concerned what matters is only the proportion of the different quantities of gold to one another. Since, on the other hand, a rise or fall in the value of an ounce of gold does not in any way affect its weight, the weight of its aliquot parts remains likewise unaffected; gold can thus always serve as a stable standard of price, regardless of any changes in its value.  

39 The strange fact that the ounce of gold as the standard of money in England is not divided into aliquot parts is accounted for as follows: “Our coinage was originally adapted to the employment of silver only—hence an ounce of silver can always be divided into a certain aliquot number of pieces of coin, but, as gold was in-

39 Die Sonderbarkeit, daß die Unze Gold in England als Maßeinheit des Geldes in nicht aliquote Teile abgeteilt ist, erklärt sich wie folgt „Unser Münzwesen war ursprünglich nur der Verwendung von Silber angepaßt—daher kann eine Unze Silber immer in eine bestimmte aliquote Anzahl von Geldstücken geteilt werden:
2.0

introduced at a later period into a coinage adapted only to silver an ounce of gold cannot be coined into an aliquot number of pieces” (James Maclaren, *A Sketch of the History of the Currency*, London, 1858, p. 16).

40 “Money may continually vary in value, and yet be as good a measure of value as if it remained perfectly stationary. Suppose, for example, it is reduced in value . . . Before the reduction, a guinea would purchase three bushels of wheat or six days’ labor, subsequently, it would purchase only two bushels of wheat, or four days’ labor. In both these cases, the relations of wheat and labor to money being given, their mutual relations can be inferred; in other words, we can ascertain that a bushel of wheat is worth two days’ labor. This, which is all that measuring value implies, is as readily done after the reduction as before.

40 „Geld kann beständig im Wert schwanken und doch ebensogut ein Maß des Wertes sein, als wenn es völlig unverändert bliebe. Ange- nommen z.B., es sei im Wert vermindert . . . Vor der Verminderung würde eine Guinee drei Bushels Weizen kaufen oder die Arbeit von 6 Tagen; später würde sie nur 2 Bushels Weizen kaufen oder die Arbeit von 4 Tagen. In beiden Fällen, die Verhältnisse von Weizen und Arbeit zu Geld gegeben, kann deren gegenseitiges Verhältnis abgeleitet werden; mit andern Worten, wir können ermitteln, daß ein Bushel Weizen 2 Arbeitstage wert ist. Das ist alles, was Wertmessen ein-
fore. The excellence of any thing as a measure of value is altogether independent of its own variability in value” (Samuel Bailey, *Money and its Vicissitudes*, London, 1837, pp. 9, 10).

▽ Next step: This again acts back on the price form: prices are now transformed into money names (Geldnamen). The fact that a dollar, pound etc. represents historically decreasing amounts of gold can perhaps be taken as proof that Geldnamen actually belong to the relative form of value rather than to the equivalent form.

310:1/o As a result of an historical process, which, as we shall explain later, was determined by the nature of metallic currency, the names of particular weights were retained for constantly changing and diminishing weights of precious metals functioning as the standard of price. Thus the English pound sterling denotes less than one-

55:1/oo Ein historischer Prozeß, den wir später aus der Natur der metallischen Zirkulation erklären werden, brachte es mit sich, daß derselbe Gewichtsname für ein stets wechselndes und abnehmendes Gewicht edler Metalle in ihrer Funktion als Maßstab der Preise beibehalten wurde. So bezeichnet das englische Pfund weniger als ein
third of its original weight, the pound Scots before the Union only 1/36, the French livre 1/74, the Spanish maravedi less than 1/1,000 and the Portuguese rei an even smaller proportion. Historical development thus led to a separation of the money names of certain weights of metals from the common names of these weights. Because the designation of the unit of measure, its aliquot parts and their names is, on the one hand, purely conventional, and on the other hand must be accepted as universal and indispensable within the sphere of circulation, it had to be established by legal means. The purely formal enactment thus devolved upon the government. Which particular metal served as the material of money de-
pended on the given social conditions. The standard of price is of course different in different countries. In England, for example, the ounce as a weight of metal is divided into pennyweights, grains and carats troy; but the ounce of gold as the unit of money is divided into 3 7/8 sovereigns, the sovereign into 20 shillings and the shilling into 12 pence, so that 100 pounds of 22-carat gold (1,200 ounces) equal 4,672 sovereigns and 10 shillings. But in the world market, where state frontiers disappear, such national features of the standards of money disappear as well and are replaced by measures of weight generally used for metals.

41 “The coins whose names are now only imaginary are the oldest coins of every nation;
all their names were for a time real” (so generally stated the latter assertion is incorrect) “and precisely because they were real they were used for calculation” (Galiani, *Della Moneta*, op. cit., p. 153).

42 The romantic A. Müller says: “According to our views every independent sovereign has the right to introduce metallic currency and ascribe to it a social nominal value, order, position and title” (Adam H. Müller, *Die Elemente der Staatskunst*, Berlin, 1809, Band II, p. 288). The aulic councillor is right as regards the title, but he forgets the content. How confused his “views” are becomes evident, for instance, in the following passage: “Everybody realises how important it is to determine the price of coins correctly, especially in a country like England, where the government with splendid generosity coins money gratuitously” (Mr. Müller apparently as-

sumes that the members of the British government defray the costs of minting out of their own pocket), “where it does not levy seigniorage, etc., and consequently if it were to fix the mint-price of gold considerably above the-market-price, if instead of paying £3 17s. 101/2 d. for an ounce of gold as at present, it should decide to fix the price of an ounce of gold at £3 19s., all money would flow into the mint and the silver obtained there would be exchanged for the cheaper gold on the market, and then it would again be taken to the mint, thus throwing the monetary system into disorder” (op. cit., pp. 280, 281). Müller throws his ideas into “disorder,” so as to preserve order at the mint in England. Whereas shillings and pence are merely names, that is names of definite fractions of an ounce of gold represented by silver and copper tokens, he imagines that an ounce of gold is estimated in terms of gold, silver
glauben, daß das englische Regierungspersonal die Münzkosten aus eigener Privattasche bestreitet), „wo sie keinen Schlagschatz nimmt usw., und also, wenn diese den Münzpreis des Goldes beträchtlich höher ansetzte als den Marktpreis, wenn sie anstatt 1 Unze Goldes jetzt mit 3 Pfd. St. 17 sh. 10 1/2 d. zu zahlen, 3 Pfd. St. 19 sh. als den Münzpreis einer Unze Goldes ansetzte, alles Geld nach der Münze strömen, das dort erhaltene Silber auf dem Markte gegen das hier wohlfeilere Gold umgesetzt, und so aufs neue der Münze zugebracht und das Münzwesen in Unordnung geraten würde.“ (p. 280, 281 l.c.) Um die Ordnung auf der englischen Münze zu erhalten, ver- setzt Müller sich in „Unordnung“. Während Shilling und Pence bloß Namen, durch Silber- und Kupfermarken repräsentierte Namen bestimmter Teile einer Unze Gold sind, bildet er sich ein, die Unze Gold sei geschätzt in Gold, Silber und
and copper and thus confers upon the English a triple standard of value. Silver as the standard of money along with gold was formally abolished only in 1816 by 56 George III, C. 68, although it was in fact legally abolished by 14 George II, C. 42 in 1734, and in practice even earlier. Two circumstances in particular enabled A. Müller to arrive at a so-called higher conception of political economy: first his extensive ignorance of economic facts and second his purely amateurish infatuation with philosophy.

311:1 The price of a commodity, or the quantity of gold into which it is nominally converted, is now expressed therefore in the monetary names of the standard of gold. Thus, instead of saying a quarter of wheat


57:1 Der Preis einer Ware oder das Goldquantum, worin sie ideell verwandelt ist, drückt sich jetzt also aus in den Geldnamen des Goldmabstabs. Statt also zu sagen, der Quarter Weizen ist gleich einer Unze Gold,
is worth an ounce of gold, one would say in England it is worth £3 17s. 10 1/2 d. All prices are thus expressed in the same denomination. The specific form which the exchange-value of commodities assumes is converted into denominations of money, by which their value is expressed. Money in turn becomes money of account. 43

43 “When Anacharsis was asked what the Hellenes used money for he replied—for calculation” (Athenaeus, Deipnosophistai, L. IV, 49 v. II, [p. 120], ed. Schweighauser, 1802).

Next step: Through this change in the relative form of value money becomes Rechengeld.

312:1 The transformation of commodities into money of account in the mind, on paper or in words takes place whenever the aspect

würde man in England sagen, er ist gleich 3 Pfd.St. 17 sh. 10 1/2 d. Alle Preise drücken sich so gleichnamig aus. Die eigentümliche Form, die die Waren ihrem Tauschwert geben, ist verwandelt in Geldnamen, worin sie einander sagen, was sie wert sind. Das Geld seinerseits wird zum Rechengeld. 43

43 „Als man den Anarcharsis fragte, Wozu die Hellenen das Geld brauchen, antwortete er zum Rechnen.“ (Athenaeus, „Deipnosophistai“, L. IV, 49, v. II [p. 120], ed. Schweighäuser 1802.)

57:2/o Die Verwandlung der Ware in Rechengeld im Kopfe, auf dem Papier, in der Sprache, geht jedesmal vor sich, sobald ir-
of exchange-value becomes fixed in a particular type of wealth. This transformation needs the material of gold, but only in imagination. Not a single atom of real gold is used to estimate the value of a thousand bales of cotton in terms of a certain number of ounces of gold and then to express this number of ounces in £ s. d., the names of account of the ounce. For instance, not a single ounce of gold was in circulation in Scotland before Sir Robert Peel’s Bank Act of 1845, although the ounce of gold, called £3 17s. 10/2 d. as the British standard of account, served as the legal standard of price. Similarly, silver serves as the standard of price in exchange of commodities between Siberia and China, although this
trade is in fact merely barter. It makes no difference, therefore, to gold as money of account whether or not its standard unit or its subdivisions are actually coined. During the reign of William the Conqueror, one pound sterling, at that time a pound of pure silver, and the shilling, 1/20 of a pound, existed in England only as money of account, while the penny, 1/240 of a pound of silver, was the largest silver coin in existence. On the other hand, there are no shillings or pence in England today, although they are legal names of account for definite fractions of an ounce of gold. Money as money of account may exist only nominally, while actually existing money may be coined according to an entirely different standard. Thus the Standard of Sibirien und China, obgleich der Handel in der Tat bloßer Tauschhandel ist. Für das Gold als Rechengeld ist es daher auch gleichgültig, ob oder ob nicht, sei es seine Maßeinheit selbst, seien es ihre Abschnitte, wirklich gemünzt sind. In England, zur Zeit Wilhelms des Eroberers, existierten 1 Pfd. St., damals 1 Pfund reines Silber, und der Shilling, 1/20 eines Pfundes, nur als Rechengeld, während der Penny, 1/240 Pfund Silber, die größte existierende Silbermünze war. Umgekehrt existieren im heutigen England keine Shillinge und Pence, obgleich sie gesetzliche Rechennamen für bestimmte Teile einer Unze Goldes sind. Das Geld als Rechengeld mag überhaupt nur ideal existieren, während das wirklich existierende
in many of the English colonies in North America, the money in circulation consisted of Spanish and Portuguese coins till late in the eighteenth century, whereas the money of account was everywhere the same as in England.\textsuperscript{45}

\textsuperscript{44} G. Garnier, one of the first to translate Adam Smith into French, had the odd idea of establishing the proportion between the use of money of account and that of real money. [According to him] this proportion is 10 to 1 (G. Garnier, Histoire de la monnaie depuis les temps de la plus haute antiquité, t. I, p. 78).

\textsuperscript{45} The Act of Maryland of 1723, which made tobacco legal currency but converted its value into English gold money, by declaring a pound Geld nach ganz anderem Maßstab gemünzt ist. So bestand in vielen englischen Kolonien in Nordamerika das zirkulierende Geld bis tief ins 18. Jahrhundert aus spanischen und portugiesischen Münzen, während das Rechengeld überall dasselbe war wie in England.\textsuperscript{45}

\textsuperscript{44} G. Garnier, einer der ältern französischen Übersetzer Adam Smiths, hatte den sonderbaren Einfall, eine Proportion festzusetzen zwischen dem Gebrauch von Rechengeld und dem Gebrauch von wirklichem Geld. Die Proportion ist 10 zu 1. (Garnier, G., „Histoire de la monnaie depuis les temps de la plus haute antiquité etc.“, t. I, p. 78.)

\textsuperscript{45} Der Akt von Maryland von 1723, wodurch Tabak zur legalen Münze gemacht, sein Wert aber auf englisches Goldgeld reduziert wurde,
of tobacco equal to a penny, recalls the *leges barbarorum*, which on the contrary equated definite sums of money with oxen, cows, etc. In this case the real material of the money of account was neither gold nor silver, but the ox and the cow.

Two instances in which the relative form of value and the equivalent form were in theory (a) or in practice (b) confused:

(a) when a price is assigned to gold (b) when two metals, gold and silver, function together as the money commodity.

312:2/oo Because as standard of price gold is expressed by the same names of account as the prices of commodities—for example £3 17s. 10/2 d. may denote an ounce of gold just as well as a ton of iron—these names of account are called the *mint-price* of gold. Thus the queer notion arose that 58:1/o Weil das Gold als Maßstab der Preise in denselben Rechennamen erscheint wie die Warenpreise, also z.B. eine Unze Gold ebensowohl wie eine Tonne Eisen in 3 Pfd.St. 17 sh. 10 1/2 d. ausgedrückt wird, hat man diese seine Rechennamen seinen *Münzpreis* genannt. Die wunderliche
gold is estimated in its own material and that, unlike all other commodities, its price is *fixed* by the State. The establishing of names of account for definite weights of gold was mistaken for the establishing of the value of these weights.⁴⁶ Gold has neither a *fixed* price *nor any* price at all, when it is a factor in the determination of prices and therefore functions as money of account. In order to have a price, in other words to be expressed in terms of a *specific* commodity functioning as the *universal* equivalent, this other commodity would have to play the same exclusive role in the process of circulation as gold. But two commodities which exclude all other commodities would exclude each other as well. Consequently, Vorstellung entstand daher, als ob das Gold in seinem eigenen Material geschätzt werde, und im Unterschied von allen andern Waren von Staats wegen einen fixen Preis erhalte. Man versah die Fixierung von Rechennamen für bestimmte Goldgewichte für Fixierung des Werts dieser Gewichte.⁴⁶ Das Gold, wo es als Element der Preisbestimmung und daher als Rechengeld dient, hat nicht nur keinen *fixen*, sondern überhaupt *keinen* Preis. Um einen Preis zu haben, d.h. in einer *spezifischen* Ware sich als *allgemeines* Äquivalent auszudrücken, müßte diese andere Ware dieselbe ausschließliche Rolle im Zirkulationsprozeß spielen wie das Gold. Zwei alle andern Waren ausschließende Waren schließen sich aber wechselseitig aus.
wherever silver and gold exist side by side as legal money, i.e., as measure of value, the vain attempt has always been made to treat them as *one and the same substance*. If one assumes that a given labor-time is invariably materialized in the same proportion in silver and gold, then one assumes, in fact, that silver and gold are the same substance, and that silver, the less valuable metal, represents a constant fraction of gold. The history of the monetary system in England from the reign of Edward III up to the time of George II consists of a continuous series of disturbances caused by conflict between the legally established ratio between the values of gold and silver and the actual fluctuations in their value.

Wo daher Silber und Gold gesetzlich als Geld, d.h. als Wertmaß nebeneinander bestehen, ist stets der vergebliche Versuch gemacht worden, sie als *eine und dieselbe Materie* zu behandeln. Unterstellt man, daß dieselbe Arbeitszeit sich unveränderlich in derselben Proportion von Silber und Gold *vergegenständlicht*, so unterstellt man in der Tat, daß Silber und Gold dieselbe Materie, und Silber, das minder wertvolle Metall, ein unveränderlicher Bruchteil Gold ist. Von der Regierung Edwards III. bis zur Zeit von Georg II. verläuft sich die Geschichte des englischen Geldwesens in eine fortlaufende Reihe von Störungen, hervorgehend aus der Kollision zwischen der gesetzlichen Festsetzung des Wertverhältnis-
Sometimes the value of gold was too high, sometimes that of silver. The metal whose value was estimated at too low a rate was withdrawn from circulation, melted down and exported. The value-ratio of the two metals was then once again changed by law; but soon the new nominal value in its turn clashed with the actual value-ratio. In our own time, the slight and short-lived fall in the value of gold as compared with silver, brought about by the Indian and Chinese demand for silver, produced the same phenomenon on a large scale in France—the export of silver and the elimination of silver from the sphere of circulation by gold. During the years 1855, 1856 and 1857, the excess of France’s gold imports over her gold
exports amounted to £41,580,000, while the excess of her silver exports over silver imports came to £34,704,000. In countries like France, where both metals are legally sanctioned measures of value and both are accepted as legal tender, where moreover every person can pay in the one or the other metal as he pleases, the metal whose value rises is in fact at a premium, and its price like that of any other commodity is measured in terms of the over-rated metal, which thus serves alone as the measure of value. All historical experience in this sphere simply shows that, where two commodities function as legally valid measures of value, it is always one of them only which actually maintains this position.\textsuperscript{47}
Thus we read, for example, in the *Familiar Words* of Mr. David Urquhart—“The value of gold is to be measured by itself; how can any substance be the measure of its own worth in other things? The worth of gold is to be established by its own weight, under a false denomination of that weight—and an ounce is to be worth so many ‘pounds’ and fractions of pounds. This is falsifying a measure, not establishing a standard” [pp. 104–05].

Money is the measure of commerce . . . and therefore ought to be kept (as all other measures) as steady and invariable as may be. But this cannot be, if your money be made of two metals, whose proportion . . . constantly varies in respect


„Geld als Maß des Handels sollte wie jedes andere Maß so ständig als möglich gehalten werden. Dies ist unmöglich, wenn euer Geld aus zwei Metallen besteht, deren Wertverhältnis beständig wechselt.“ (John Locke, „Some Consi-

B. Theories of the Standard of Money

314:1–319:3 The theory of the ideal measuring unit of money.

This ideology derives from the fact that “commodities, as prices, are only nominally converted into gold and hence gold is only nominally transformed into money.” Since gold does not have to be present for giving a price, people think that prices have nothing to do with gold but represent ideal atoms of value.

314:1–316:2 The fact that commodities, as prices, are only nominally converted into gold and hence gold is only nominally transformed into money led to the doctrine of the nominal standard of money. Because only imaginary gold or silver, i.e., gold and sil-

59:1–62:1 Der Umstand, daß die Waren als Preise nur ideell in Gold, das Gold daher nur ideell in Geld verwandelt ist, veranlaßte die Lehre von der idealen Maßeinheit des Geldes. Weil bei der Preisbestimmung nur vorgestelltes Gold oder Silber,
ver merely as money of account, is used in the determination of prices, it was asserted that the terms pound, shilling, pence, thaler, franc, etc., denote ideal particles of value but not weights of gold or silver or any form of materialized labor.

Now Marx switches from gold to silver, but it should also be valid with gold: according to this false theory, if the value of an ounze of gold rises, it should be worth more dollars. The dollars represent value in general, not gold. Is this today still a false theory? The second part of this sentence is a piggyback argument: it also implies that gold is only ideally transformed into money, i.e., its function as measure of value is not yet one of its functions as money.

If, for example, the value of an ounce of silver were to rise, it would contain more of these particles and would therefore have to be divided or coined into a greater number of shillings. This doctrine, which arose
at the close of the seventeenth century, was again advanced during the last commercial crisis in England and was even advocated by Members of Parliament in two special reports appended to the 1858 Report of the Select Committee on the Bank Acts. In England at the time of the accession of William III, the mint-price of an ounce of silver was 5s. 2d., that is 1/62 of an ounce of silver was called a penny and 12 of these pence were called a shilling. A bar of silver weighing say six ounces would, according to this standard, be coined into 31 coins which would be called shillings. But whereas the mint-price of an ounce of silver was 5s. 2d., its market-price rose to 6s. 3d., that is to say in order to buy an ounce of uncoined sil-
A larger quantity of these reduced shillings were. Als infolge der so entstandenen

Teile der Unze dar, als ihr Name vor-
gab. Eine größere Quantität dieser kleiner gewordenen Shillinge mußte folglich auf dem Markt für die Unze Rohsilber gezahlt werden. 

Die Münze prägte immer nach demselben Maßstab, aber die wirklich zirkulierenden leichteren Shillinge stellten kleinere aliquo-
den Millionen verschlissen, gekippt und ge-
wippt. Es zeigte sich bei einer Probe, daß vier Millionen Silber, 57,200 Pfd. St. in Silber, die 220,000 Unzen oder 141,000 ounces. The mint continued to coin silver pieces according to the same standard, but the lighter shillings which were actually in circulation represented smaller fractions of an ounce than their name denoted.

The solution of this riddle was quite simple. Four million of the £5,600,000 of sil-
lover 6s. 3d. had to be handed over. How was it possible for the market-price of an ounce of silver to rise above its mint-price, if the mint-price was merely a name of account for fractions of an ounce of silver?

The market-price of an ounce of silver was quite simple. Four million of the £5,600,000 of silver coins, whose weight ought to have been 220,000 ounces, weighed only 141,000 ounces. The mint continued to coin silver pieces according to the same standard, but the lighter shillings which were actually in circulation represented smaller fractions of an ounce than their name denoted.

One of the riddles I wish to solve is the following: "How much of a market-price above the mint-price of an ounce of silver could it be possible for the market-price of an ounce of silver to rise above its mint-price, if the mint-price was merely a name of account for fractions of an ounce of silver?"

The mint-price of an ounce of silver was quite simple. Four million of the £5,600,000 of silver coins, whose weight ought to have been 220,000 ounces, weighed only 141,000 ounces. The mint continued to coin silver pieces according to the same standard, but the lighter shillings which were actually in circulation represented smaller fractions of an ounce than their name denoted.

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had consequently to be paid for an ounce of uncoined silver on the market. When, because of the resulting difficulties, it was decided to recoin all the money, Lowndes, the Secretary to the treasury, claimed that the value of an ounce of silver had risen and that in future accordingly 6s. 3d. would have to be struck from an ounce instead of 5s. 2d. as previously. He thus in effect asserted that, because the value of an ounce of silver had risen, the value of its aliquot parts had fallen. But his false theory was merely designed to make a correct practical measure more palatable. The government debts had been contracted in light shillings, were they to be repaid in coins of standard weight? Instead of saying pay back 4 ounces of silver
for every 5 ounces you received nominally but which contained in fact only 4 ounces of silver, he said, on the contrary, pay back nominally 5 ounces but reduce their metal content to 4 ounces and call the amount you hitherto called 4/5 of a shilling a shilling. Lowndes’s action, therefore, was in reality based on the metal content, whereas in theory he stuck to the name of account. His opponents on the other hand, who simply clung to the name of account and therefore declared that a shilling of standard weight was identical with a shilling which was 25 to 50 per cent lighter, claimed to be adhering to the metal content. John Locke, who championed the new bourgeoisie in every way—he took the side of the manu-
facturers against the working classes and the paupers, the merchants against the old-fashioned usurers, the financial aristocracy against governments that were in debt; he even demonstrated in a separate work that the bourgeois way of thinking is the normal human way of thinking—took up Lowndes’s challenge. John Locke won the day and money borrowed in guineas containing 10 to 14 shillings was repaid in guineas of 20 shillings. Sir James Steuart gives the following ironical summary of this operation:

“... the state gained considerably upon the score of taxes, as well as the creditors upon their capitals and interest; and the nation, which was the principal loser, was pleased,
because their *standard*” (the standard of their own value) “was not debased.”

48 Locke says inter alia: “... call that a Crown now, which before ... was but a part of a Crown ... wherein an equal quantity of Silver is always the same Value with an equal quantity of Silver ... For if the abating 1/20 of the quantity of Silver of any Coin does not lessen its Value, the abating 19/20 of the quantity of the Silver of any Coin will not abate its Value. And so ... a single Penny, being called a Crown, will buy as much Spice, or Silk, or any other Commodity, as a Crown-Piece, which contains [20 or] 60 times as much Silver.” All you can do is to raise “your Money, ... giving a less quantity of Silver the Stamp and Denomination of a greater;” but “'tis Silver and not Names that pay Debts and purchase Commodities.” “The raising being but

48 Locke sagt u.a.: „Nennt eine Krone, was früher eine halbe Krone hieß. Der Wert bleibt bestimmt durch den Metallgehalt. Wenn ihr 1/20 Silbergewicht von einer Münze abschlagen könnt, ohne ihren Wert zu verringern, so könnt ihr ebensogut 19/20 von ihrem Silbergewicht abschlagen. Nach dieser Theorie müßte ein farthing, wenn er Krone genannt wird, so viel von Gewürz, Seide oder andern Waren kaufen, als ein Kronstück, das 60mal so viel Silber enthält. Alles, was ihr tun könnt, ist, einer geringeren Quantität Silber den Stempel und den Namen einer höheren Quantität geben. Es ist aber Silber, nicht Namen, die Schulden zahlen und Waren kaufen. Wenn euer Erhöhen des Geldwerts nichts heißt als den aliquoten Teilen eines
giving of names at pleasure to aliquot parts of any piece, viz. that now the sixtieth part of an ounce still be called a penny, may be done with what increase you please.” In reply to Lowndes’s arguments, Locke declares that the rise of the market-price above the mint-price was not brought about by an increase in the value of silver, but by a decrease in the weight of coins. Seventy-seven clipped shillings did not weigh more than 62 shillings of standard weight. Finally Locke is quite correct in emphasising that, irrespective of the loss of silver suffered by the coins in circulation, a certain rise in the market-price of silver bullion over the mint-price might occur in England, because the export of silver bullion was permitted whereas that of silver coin was prohibited (see op. cit., pp. 54–116 passim). Locke takes good care to avoid the vital issue of the National Debt, just as he equally prudently refrains
from discussing another ticklish economic problem, i.e., that according to the evidence of both the exchange rate and the ratio of silver bullion to silver coin, the depreciation of the money in circulation was by no means proportional to the amount of silver it lost. We shall return to this question in its general form in the section dealing with the medium of circulation. In *A discourse Concerning Coining the New Money Lighter, in Answer to Mr. Locke’s Considerations*, London, 1696, Nicholas Barbon vainly sought to entice Locke on to difficult ground.


Interesting anecdote: In England at end of 17th century the secretary to the treasury Lowndes wanted to diminish the silver content of the currency, because the silver coins had become too light by wear, and the state debt which was contracted in light silver coins should not be paid back in heavy ones. Although Lowndes adhered to the silver content, he did not argue it openly (because an open argument would not have received much sympathy?)
but used the ideal measuring unit as a smokescreen. He said the value of silver had risen, therefore the same amount of silver should be minted in more shillings. He was defeated by Locke, who always defended the new bourgeoisie, and who was the one presenting himself as the defender of the definition of a shilling by its metal content. Steuart made ironic remarks about this apparently absurd outcome. Marx uses this anecdote to show two things: (1) that the metal measure of money is what is really driving it, even if people do not admit it. (2) that things look on the surface just the opposite of what they are. (3) Although policy makers used wrong and ideological theories, they ended up with the appropriate policy recommendations.

**Question 36** Marx gave a historical example of someone trying to implement policies that are economically meaningful and should have been implemented according to the Marxist economic understanding—but the arguments which were used to promote this policy were entirely based on economic theories which were false according to Marxist understanding. Explain the issues in this example.

Steuart believed that in the course of further development of commerce the nation would
become wiser. But he was wrong. Some 120 years later the same *quid pro quo* was repeated.

Berkeley quote. Let me try to reformulate Marx’s arguments. Berkeley confuses measure of value and standard of prices, because as standard of prices money is really only a relation number. But it is a relation number between different masses of gold, the given weight of gold and that weight which serves as measuring unit, and not a relation number between values. And he confuses measure of value and means of circulation, because money can be replaced by tokens only in circulation. Outside of circulation money cannot; it must be the incarnation of abstract labor (this is what gives it that power inside circulation).

316:3–317:1 Very fittingly it was Bishop Berkeley, the advocate of mystical idealism in English philosophy, who gave the doctrine of the nominal standard of money a theoretical twist, which the practical Secretary to the Treasury had omitted to do. Berkeley asks

62:2–4 Es war in der Ordnung, daß Bischof Berkeley, der Vertreter eines mystischen Idealismus in der englischen Philosophie, der Lehre von der idealen Maßeinheit des Geldes eine theoretische Wendung gab, was der praktische „Secretary to the treasury“ versäumt hatte. Er fragt:
“Whether the terms Crown, Livre, Pound Sterling, etc., are not to be considered as Exponents or *Denominations of such Proportions*?” (i.e., proportions of abstract value as such). “And whether Gold, Silver, and Paper are not Tickets or Counters for Reckoning, Recording and Transferring thereof?” (of the proportion of value). “Whether *Power* to command the Industry” (social labor) “of others be not real Wealth? And whether Money be not in Truth, Tickets or Tokens for conveying and recording such Power, and whether it be of great consequence what Materials the Tickets are made of?”

In this passage, the author, on the one hand, confuses the measure of value with the standard of price, and on the other he confuses gold or silver as measure of value and as "Verhältnisnamen?" (nämlich Verhältnis des abstrakten Werts als solchen). „Sind Gold, Silber oder Papier mehr als bloße Billetten oder Marken zur Berechnung, Protokollierung und Übertragung davon?“ (des Wertverhältnisses). „Ist die Macht, die Industrie anderer“ (gesellschaftliche Arbeit) „zu kommandieren, nicht Reichtum? Und ist Geld in der Tat etwas anderes als Marke oder Zeichen für Übertragung oder Registrierung solcher Macht, und ist es von großer Wichtigkeit, woraus das Material dieser Marken besteht?“

Hier findet sich Verwechslung einerseits zwischen Maß der Werte und Maßstab der Preise, andererseits zwischen Gold oder Silber als Maß und als Zirkulationsmittel. Weil
means of circulation. Because tokens can be substituted for precious metals in the sphere of circulation, Berkeley concludes that these tokens in their turn represent nothing, i.e., the abstract concept of value.

50 *The Querist, loc. cit.* Incidentally, the section “Queries on Money” is rather witty. Among other things it contains the true observation that the development of the North American colonies “makes it plain as daylight, that gold and silver are not so necessary for the wealth of a nation, as the vulgar of all ranks imagine.”

317:2–318:0 Steuart already had argued the whole thing so thoroughly that those after him did not add anything new. Marx uses Steuart’s argument to show: Steuart only sticks to the surface appearance in circulation. In $C - M - C'$ it seems as if $M$ only indicates the proportion between $C$ and $C'$ and therefore does not need a value of its own. Marx argues against this as follows: “Weil die Waren durch Verwandlung ihrer Tauschwerte in Preise als gleichnamige Größen erscheinen, leugnet er die Qualität des Maßes, die sie gleichnamig

die edlen Metalle im Akt der Zirkulation durch Marken ersetzt werden können, schließt Berkeley, daß diese Marken ihrerseits nichts, nämlich den abstrakten Wertbegriff vorstellen.

50 „The Querist“ l.c. Der Abschnitt „Queries on Money“ ist übrigens geistreich. Unter anderm bemerkt Berkeley mit Recht, daß gerade die Entwicklung der nordamerikanischen Kolonien „es so klar macht wie der Tag, daß Gold und Silber nicht so notwendig sind zum Reichtum einer Nation, wie es sich die Allgemeinheit vorstellt“. 
macht.” Example with the angle: Steuart ignores that an angle also has a qualitative moment. Bank money of Amsterdam is not an example, as Steuart claims: it was apparently backed by Spanish Dublons. Marx adduces one experiment where the attempt was made to put this theory in practice: the French assignat; It was given a quality but not a quantity. In practice it circulated as a value sign for silver money, and its depreciation was measured against the silver standard.

317:2–3 The theory of the nominal standard of money was so fully elaborated by Sir James Steuart, that his followers—they are not aware of being followers since they do not know him—can find neither a new expression nor even a new example. He writes: “Money, which I call of account, is no more than an arbitrary scale of equal parts, invented for measuring the respective value of things vendible. Money of account, therefore, is quite a different thing from money-coin, 62:5–63:0 So völlig entwickelt ist die Lehre von der idealen Maßeinheit des Geldes bei Sir James Steuart, daß seine Nachfolger—bewußtlose Nachfolger, indem sie ihn nicht kennen—weder eine neue Sprachwendung noch selbst ein neues Beispiel finden.

„Rechengeld“, sagt er, „ist nichts als ein willkürlicher Maßstab von gleichen Teilen, erfunden, um den relativen Wert verkäuflicher Dinge zu messen. Rechengeld ist ganz verschieden von Münzgeld (money coin), wel-
which is price and might exist, although there was no such thing in the world as any substance which could become an adequate and proportional equivalent, for every commodity ... Money of account ... performs the same office with regard to the value of things, that degrees, minutes, seconds, etc., do with regard to angles, or as scales do to geographical maps, or to plans of any kind. In all these inventions, there is constantly some denomination taken for the unit ... The usefulness of all these inventions being solely confined to the marking of proportion. Just so the unit in money can have no invariable determinate proportion to any part of value, that is to say it cannot be fixed to any particular quantity of gold, silver, or any other commodity whatsoever. The unit once fixed, we can, by multiplying it, ascend to the greatest value ... The
value of commodities, therefore, depending upon a general combination of circumstances relative to themselves and to the fancies of men, their value ought to be considered as changing only with respect to one another; consequently, anything which troubles or perplexes the ascertaining those changes of proportion by the means of a general, determinate and invariable scale, must be hurtful to trade ... Money ... is an ideal scale of equal parts. If it be demanded what ought to be the standard value of one part? I answer by putting another question: What is the standard length of a degree, a minute, a second? It has none ... but so soon as one part becomes determined by the nature of a scale, all the rest must follow in proportion. Of this kind of money ... we have two examples. The bank of Amsterdam presents us with the one, the coast of Waren abhängt von einem allgemeinen Zusammenfluß auf sie einwirkender Umstände und von den Grillen der Menschen, sollte ihr Wert nur als in ihrer wechselseitigen Beziehung wechselnd betrachtet werden. Was immer die Vergewisserung des Proportionswechsels vermittelst eines allgemeinen bestimmten und unveränderlichen Maßstabs stört und verwirrt, muß schädlich auf den Handel einwirken. Geld ist ein nur \textit{idealer Maßstab} von gleichen Teilen. Wenn gefragt wird, was die Maßeinheit des Werts eines Teiles sein solle, antworte ich durch die andere Frage: Was ist die Normalgröße eines Grads, einer Minute, einer Sekunde? Sie besitzen keine, aber sobald ein Teil bestimmt ist, muß der Natur eines Maßstabs gemäß der ganze Rest verhältnismäßig nachfolgen. Beispiele dieses idealen Geldes sind das Bankgeld von Amster-
Angola with the other.”

51 Here, as in the works of seventeenth-century English economists, *price* is used in the sense of a concrete equivalent.


317:4\o Steuart simply considers money *as it appears* in the sphere of circulation, i.e., as *standard of price* and as *money of account*. If different commodities are quoted at 15s., 20s. and 36s. respectively in a price list, then in a comparison of their value both the silver content of the shilling and its name are indeed quite irrelevant. Everything is now expressed in the numerical relations of 15, 20 and 36, and the numeral one has become the sole unit of measure. The purely

51 *Preis* meint hier reales Äquivalent, wie bei den englischen ökonomischen Schriftstellern des 17. Jahrhunderts.


63:1\o Steuart hält sich einfach an der *Erscheinung* des Geldes in der Zirkulation als *Maßstab der Preise* und als *Rechengeلغ*.

Sind verschiedene Waren respektive zu 15 sh., 20 sh., 36 sh. im Preiskurant notiert, so interessiert mich in der Tat für die Vergleichung ihrer Wertgröße weder der silberne Gehalt noch der Name des Shillings. Die Zahlenverhältnisse 15, 20, 36 sagen nun alles, und die Zahl 1 ist die einzige Maßeinheit geworden. Rein abstrakter Ausdruck
abstract expression of a proportion is after all only the abstract numerical proportion. In order to be consistent, Steuart therefore had to abandon not only gold and silver but also their legal designations. But since he does not understand how the measure of value is transformed into the standard of price, he naturally thinks that the particular quantity of gold which serves as a unit of measure is, as a measure, related to values as such, and not to other quantities of gold. Because commodities appear to be magnitudes of the same denomination as a result of the conversion of their exchange-values into prices, Steuart denies the existence of the characteristic feature of the measure which reduces commodities to the same de-

von Proportion ist überhaupt nur die abstrakte Zahlenproportion selbst. Um konsequent zu sein, mußte Steuart daher nicht nur Gold und Silber, sondern auch ihre legalen Taufnamen fahren lassen. Da er die Verwandlung des Maßes der Werte in Maßstab der Preise nicht versteht, glaubt er natürlich, das bestimmte Quantum Gold, das als Maßeinheit dient, sei als Maß nicht auf andere Goldquanta, sondern auf Werte als solche bezogen. Weil die Waren durch Verwandlung ihrer Tauschswerte in Preise als gleichnamige Größen erscheinen, leugnet er die Qualität des Maßes, die sie gleichnamig macht, und weil in dieser Vergleichung verschiedener Geldquanta die Größe des als Maßeinheit dienenden Goldquan-
nomination, and since in this comparison of different quantities of gold the quantity of gold which serves as a standard is conventionally established, he denies that it must be established at all. Instead of calling a 360th part of a circle a degree, he might call a 180th part a degree; the right angle would then measure not 90 degrees but 45, and the measurements of acute and obtuse angles would change correspondingly. Nevertheless, the measure of the angle would remain firstly a qualitatively determined mathematical figure, the circle, and secondly a quantitatively determined section of the circle. As for Steuart’s economic examples one of these disproves his own assertions, the other proves nothing at all. The money of the
Bank of Amsterdam was in fact only the name of account for Spanish doubloons, which retained their standard weight because they lay idle in the vaults of the bank, while the coins which busily circulated lost weight as a result of intensive friction with their environment. As for the African idealists, we must leave them to their fate until reliable accounts of travellers provide further information about them. One might say that the French assignat—"National property, Assignment of 100 francs"—is nearly ideal money in Steuart’s sense. The use-value which the assignat was supposed to represent, i.e., confiscated land, was indeed specified, but the quantitative definition of the unit of measure had been omitted, and ten, während die betriebseme Kurantmünze in harter Reibung mit der Außenwelt abgemagert war. Was aber die afrikanischen Idealisten betrifft, müssen wir sie ihrem Schicksal überlassen, bis kritische Reisebeschreiber Näheres über sie melden. Als annähernd ideales Geld im Sinne Steuarts könnte der französische Assignat bezeichnet werden: „Nationaleigentum. Assignat von 100 Franks.“ Zwar war hier der Gebrauchswert spezifiziert, den der Assignat vorstellen sollte, nämlich der konfiszierte Grund und Boden, aber die quantitative Bestimmung der Maßeinheit war vergessen und „Frank“ daher ein sinnloses Wort. Wie viel oder wenig Land ein Assignatenfrank vorstellte, hing nämlich vom Resultat der
“franc” was therefore a meaningless word. How much or little land this franc represented depended on the outcome of public auctions. But in practice the assignat circulated as a token representing silver money, and its depreciation was consequently measured in terms of this silver standard.

53 In connection with the latest commercial crisis a certain faction in England ardently praised the ideal African money after moving its location on this occasion from the coast into the interior of Barbary. It was declared that because their bars constituted an ideal measure, the Berbers had no commercial and industrial crises. Would it not have been simpler to say that commerce and industry are the *conditio sine qua non* for commercial and industrial crises?

318:1–320:1 Suspension of cash payments. Somehow, the £ came to represent less gold öffentlichen Versteigerung ab. In der Praxis jedoch zirkulierte der Assignatenfrank als Wertzeichen für Silbergeld, und an diesem Silbermaßstab maß sich daher seine Depre- ziation.

than was legally fixed, i.e., gold price rose, therefore the Bank of England refused to convert £ into gold. This is similar to Nixon’s refusal to convert dollars into gold! Again devaluation of £ is being discussed because of the national debt contracted in these undervalued £. One either has to increase the value of the public debt or decrease the value of the £. Which is stronger? As Marx wrote it, the answer was still open.

318:1–319 The period when the Bank of England suspended cash payments was hardly more prolific of war bulletins than of monetary theories. The depreciation of bank-notes and the rise of the market-price of gold above its mint-price caused some defenders of the Bank to revive the doctrine of the ideal measure of money. Lord Castlereagh found the classically confused expression for this confused notion when he declared that the standard of money is “a sense of value in reference to currency as

compared with commodities.” A few years after the Treaty of Paris when the situation permitted the resumption of cash payments, the problem which Lowndes had broached during the reign of William III arose again in practically the same form. A huge national debt and a mass of private debts, fixed obligations, etc., which had accumulated in the course of over 20 years, were incurred in depreciated bank-notes. Should they be repaid in bank-notes £4,672 10s. of which represented, not in name but in fact, 100 lbs. of 22-carat gold? Thomas Attwood, a Birmingham banker, acted like a resurrected Lowndes. He advocated that as many shillings should be returned to the creditors as they had nominally lent, but whereas according
to the old monetary standard, say, 1/78 of an ounce of gold was known as a shilling, now perhaps 1/90 of an ounce should be called a shilling. Attwood’s supporters are known as the Birmingham school of “little shilling men.” The quarrel about the ideal standard of money, which began in 1819, was still carried on in 1845 by Sir Robert Peel and Attwood, whose wisdom in so far as it concerns the function of money as a measure is fully summarized in the following quotation:

During “the recent discussion between Sir Robert Peel and the Birmingham Chamber of Commerce … the Minister was quite satisfied with asking the question, ‘What will your 

„Sir Robert Peel in seiner Polemik mit der Birminghamer Handelskammer fragt: Was wird eure Pfundnote repräsentieren? Was ist ein Pfund? … What then reversed is to verste-
pound note represent? ... What is to be understood by the present standard of value? Is £3 17s. 10 1/2 d. an ounce of gold, or is it only of the value of an ounce of gold? If £3 17s. 10 1/2 d. be an ounce of gold, why not call things by their proper names, and, dropping the terms pounds, shillings and pence, say ounces, penny-weights and grains? ... If we adopt the terms ounces, pennyweights and grains of gold, as our monetary system, we should pursue a direct system of barter ... But if gold be estimated as of the value of £3 17s. 10 1/2 d. per ounce ... how is this ... that much difficulty has been experienced at different periods to check gold from rising to £5 4s. per ounce, and we now notice that gold is quoted at £3 17s. 9d. per ounce? ... The expression pound has reference to value, but not a fixed standard value ... The term pound is ...
the ideal unit … Labor is the parent of cost and gives the relative value to gold or iron. Whatever denomination of words are used to express the daily or weekly labor of a man, such words express the cost of the commodity produced.”


320:1 The hazy notion about the ideal measure of money fades away in the last words and its real mental content becomes clear. Pound, shilling, etc., the names of account of gold, are said to be names representing definite quantities of labor-time. Since labor-time is the substance and the inherent measure of value, the names thus indeed express the value relations themselves.

65:2/o In den letzten Worten zerrinnt die nebelhafte Vorstellung vom idealen Geldmaß und bricht ihr eigentlicher Gedankeninhalt durch. Die Rechennamen des Goldes, Pfd.St., sh. usw. sollen Namen für bestimmte Quanta Arbeitszeit sein. Da die Arbeitszeit Substanz und immanentes Maß der Werte ist, würden jene Namen so in der Tat Wertproportionen selbst vorstellen. In an-

sonsere Rechenname daher immer gebraucht werde, um die Tages- oder Wochenarbeit eines Mannes zu bezeichnen, solcher Name drück den Wert der produzierten Ware aus.“

54 „The Currency Question, the Gemini Letters“, London 1844, p. 266–272 passim.
In other words it is asserted that labor-time is the real standard of money.

This is all Marx wants to say about the Birmingham school, but he adds a more general remark at the end which has more general relevance in relation to inconvertible money (note especially the second sentence below):

Here we leave the Birmingham school and merely note in passing that the doctrine of the ideal measure of money has gained new importance in connection with the controversy over the convertibility or non-convertibility of bank-notes. While the denomination of paper is based on gold or silver, the convertibility of the note, i.e., its exchangeability for gold or silver, remains an economic law regardless of what juridical law may say. For instance, a Prussian paper thaler, although legally inconvertible,
would immediately depreciate if in every-
day commerce it were worth less than a
silver thaler, that is if it were not con-
vertible in practice. The consistent advocates of
inconvertible paper money in Britain, there-
fore, had recourse to the ideal standard of
money. If the denominations of money,
pound, shilling and so on, are names for
a determinate amount of particles of value,
of which sometimes more, sometimes less
are either absorbed or lost by a commodity
when it is exchanged for other commodi-
ties, then the value of an English £5 note,
for instance, is just as little affected by its
relation to gold as by its relation to iron
and cotton. Since its designation would no
longer equate the bank-note in theory to a

inkonvertibel, sofort depreziert, wenn er
im gewöhnlichen Verkehr weniger als ein
Silbertaler gälte, also nicht praktisch kon-
vertibel wäre. Die konsequenten Vertre-
ter des inkonvertiblen Papiergeldes in Eng-
land flüchteten daher zum idealen Geldmaß.
Wenn die Rechennamen des Geldes, Pfd.St.,
sh. usw. Namen für eine bestimmte Summe,
Wertatome sind, deren eine Ware bald mehr,
bald weniger im Austausch mit anderen Wa-
ren einsaugt oder abgibt, ist eine englische
5-Pfund-Note z.B. ebenso unabhängig von
ihrem Verhältnis zu Gold wie von dem zu
Eisen und Baumwolle. Da ihr Titel auf-
gehört hätte, sie bestimmtem Quantum von
Gold oder irgendeiner andern Ware theo-
retisch gleichzusetzen, wäre die Forderung
determinate quantity of gold or of any other commodity, its very concept would preclude the demand for its convertibility, that is for its equation in practice with a determinate quantity of a specific thing.

Marx claims here that also legally inconvertible money owes its value to the fact that it is in practice convertible.

Here The theory of labor as direct measuring unit of value.

Turning to history of ideology, Marx claims (and the quote in 318:1–319 seems to confirm) that in the background of the theory of the ideal measure of money is the idea of money being a direct measurement of labor-time.

320:2–323:0 Discussion of Gray’s plans of labor money. Gray’s theory is consistent: if labor-time is the immediate measure of money, then value and price cannot diverge. But this is exactly the point: as long as we have private production they must be able to diverge! Only a commodity can test, by its exchange, whether the labor-time congealed in the product was socially necessary.

320:2–321:4 John Gray was the first to
set forth in a systematic way the theory that labor-time is the direct measure of money.\textsuperscript{55} He proposes that a national central bank should ascertain through its branches the labor-time expended in the production of various commodities. In exchange for the commodity, the producer would receive an official certificate of its value, i.e., a receipt for as much labor-time as his commodity contains,\textsuperscript{56} and this bank-note of one labor week, one labor day, one labor hour, etc., would serve at the same time as an order to the bank to hand over an equivalent in any of the other commodities stored in its warehouses.\textsuperscript{57} This is the basic principle, which is scrupulously worked out in detail and modelled throughout on existing En-
lish institutions. Gray says that under this system

“to sell for money may be rendered, at all times, precisely as easy as it now is to buy with money, . . . production would become the uniform and never-failing cause of demand.”

The precious metals would lose their “privileged” position in comparison with other commodities and

“take their proper place in the market beside butter and eggs, and cloth and calico, and then the value of the precious metals will concern us just as little . . . as the value of the diamond.”

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Cf. the same author’s *Lectures on the Nature and Use of Money*, Edinburgh, 1848. After the February Revolution, Gray sent a memorandum to the French Provisional Government in which he explains that France did not need an “organization of labor” but an “organization of exchange,” the plan for which was fully worked out in the Monetary System he had invented. The worthy John had no inkling that sixteen years after the publication of *The Social System*, the ingenious Proudhon would be taking out a patent for the same invention.

56 Gray, *The Social System*, p. 63. “Money should be merely a receipt, an evidence that the holder of it has either contributed a certain value to the national stock of wealth, or that he has acquired a right to the said value from some one who has contributed to it.”


56 Gray, „The Social System etc.“, p. 63. „Geld sollte lediglich ein Empfangsschein, ein Beweis dafür sein, daß sein Inhaber entweder bestimmten Wert zu dem vorhandenen nationalen Reichtum beigetragen hat, oder daß er auf den erwähnten Wert ein Recht erworben von irgend
“An estimated value being previously put upon produce, let it be lodged in a bank, and drawn out again whenever it is required, merely stipulating, by common consent, that he who lodges any kind of property in the National Bank, may take out of it an equal value of whatever it may contain, instead of being obliged to draw out the self-same thing that he put in.” Op. cit., pp. 67–68.

Gray, Lectures on money etc., p. 182.

“Shall we retain our fictitious standard of value, gold, and thus keep the productive resources of the country in bondage? or, shall we resort to the natural standard of value, la-

„Man lasse ein Produkt, das vorher einen Schätzungswert erhält, auf eine Bank legen und wieder herausnehmen, wann immer es benötigt wird, wobei lediglich durch allgemeines Übereinkommen festgesetzt wird, daß derjenige, der irgendeine Art von Eigentum in die vorgeschlagene Nationalbank einlegt, aus ihr einen gleichen Wert, was immer sie enthalten mag, herausnehmen darf, statt gezwungen zu sein, dasselbe Ding herauszunehmen, das er eingelegt hat.“ l.c. p. 67/60.

„Sollen wir unser eingebildetes Maß der Werte beibehalten, Gold, und so die Produktivkräfte des Landes fesseln, oder sollen wir uns zum natürlichen Maß der Werte wenden, zur Ar-
bor, and thereby set our productive resources free?" 60

321:5 Since labor-time is the intrinsic measure of value, why use another extraneous standard as well? Why is exchange-value transformed into price? Why is the value of all commodities computed in terms of an exclusive commodity, which thus becomes the adequate expression of exchange-value, i.e., money?

Very close connection to commodity fetishism section.

This was the problem which Gray had to solve. But instead of solving it, he assumed that commodities could directly relate to one another as products of social labor. But they can only relate to one another as what they are.

Dies war das Problem, das Gray zu lösen hatte. Statt es zu lösen, bildet er sich ein, die Waren könnten sich unmittelbar aufeinander als Produkte der gesellschaftlichen Arbeit beziehen. Sie können sich aber nur aufeinander beziehen als das, was sie sind.
This is even the same wording as in the section about the fetish-like character of the commodity, see 165:2/o!

Commodities are immediately the products of isolated independent private labors, and through their alienation in the course of individual exchange they must prove that they are general social labor, in other words, on the basis of commodity production, labor becomes social labor only as a result of the universal alienation of individual kinds of labor.

The R-translation of the first sentence above was terrible! The “immediately” was, by the way, not translated correctly in MECW, I had to adjust the translation. From the German Web site I have:

“Commodities are the direct products of isolated independent individual kinds of labor,”

The “immediately” is an important qualification, and we know that “products of isolated independent private labors” is not the full description of the social being of a commodity.
But it describes the practical procedures by which commodities are produced; the practical establishment of the social relations between their producers, through which their labors are equalized, follows only afterwards.

But as Gray presupposes that the labor-time contained in commodities is *immediately social* labor-time, he presupposes that it is communal labor-time or labor-time of directly associated individuals. In that case, it would indeed be impossible for a specific commodity, such as gold or silver, to confront other commodities as the incarnation of universal labor and exchange-value would not be turned into price; but neither would use-value be turned into exchange-value and the product into a commodity, and thus the very basis of bourgeois production would be abolished. But this is by no
means what Gray had in mind—*goods are to be produced as commodities but not exchanged as commodities*. Gray entrusts the realization of this pious wish to a national bank. On the one hand, society in the shape of the bank makes the individuals independent of the conditions of private exchange, and, on the other hand, it causes them to continue to produce on the basis of private exchange. Although Gray merely wants “to reform” the money evolved by commodity exchange, he is compelled by the intrinsic logic of the subject-matter to repudiate one condition of bourgeois production after another. Thus he turns capital into national capital, and land into national property and if his bank is examined carefully it will

*Die Produkte sollen als Waren produziert, aber nicht als Waren ausgetauscht werden*. Gray überträgt einer Nationalbank die Ausführung dieses frommen Wunsches. Einerseits macht die Gesellschaft in der Form der Bank die Individuen unabhängig von den Bedingungen des Privataustausches, und andererseits läßt sie dieselben fortproduzieren auf der Grundlage des Privataustausches. Die innere Konsequenz indes treibt Gray, eine bürgerliche Produktionsbedingung nach der andern wegzuleugnen, obgleich er bloß das aus dem Warenaustausch hervorgehende Geld „reformieren“ will. So verwandelt er Kapital in Nationalkapital, das Grundeigentum in Nationaleigentum, und wenn seiner Bank auf die Finger gese-
be seen that it not only receives commodities with one hand and issues certificates for labor supplied with the other, but that it directs production itself.

60 l.c. p. 169.

61 “The business of every nation ought to be conducted on a national capital” (John Gray, The Social System, p. 171).

62 “The land to be transformed into national property” (op. cit., p. 298.)

↑ Therefore one should not make models which assume that everything is in equilibrium. If one assumes this, then of course the money loses its significance, and one obtains dichotomy.

In his last work, Lectures on Money, in which Gray seeks timidly to present his labor money as a purely bourgeois reform, he

In seiner letzten Schrift „Lectures on money“, worin Gray ängstlich sein Arbeitsgeld als rein bürgerliche Reform darzustel-
gets tangled up in even more flagrant absurdities.

322:1/o Every commodity is immediately money; this is Gray’s thesis which he derives from his incomplete and hence incorrect analysis of commodities. The “organic” project of “labor money” and “national bank” and “warehouses” is merely a fantasy in which a dogma is made to appear as a law of universal validity. The dogma that a commodity is immediately money or that the particular labor of a private individual contained in it is immediately social labor, does not of course become true because a bank believes in it and conducts its operations in accordance with this dogma. On the contrary, bankruptcy would in such a case

len sucht, verwickelt er sich in noch schreiendern Widersinn.

fulfil the function of practical criticism. The fact that labor money is a pseudo-economic term, which denotes the pious wish to get rid of money, and together with money to get rid of exchange-value, and with exchange-value to get rid of commodities, and with commodities to get rid of the bourgeois mode of production,—this fact, which remains concealed in Gray’s work and of which Gray himself was not aware, has been bluntly expressed by several British socialists, some of whom wrote earlier than Gray and others later.  

But it was left to M. Proudhon and his school to declare seriously that the degradation of money and the exaltation of commodities was the essence of socialism and thereby to reduce socialism übernehmen. Was bei Gray versteckt und namentlich ihm selbst verheimlicht bleibt, nämlich daß das Arbeitsgeld eine ökonomisch klingende Phrase ist für den frommen Wunsch, das Geld, mit dem Geld den Tauschwert, mit dem Tauschwert die Ware und mit der Ware die bürgerliche Form der Produktion loszuwerden, wird geradezu herausgesagt von einigen englischen Sozialisten, die teils vor, teils nach Gray schrieben.  

Herrn Proudhon aber und seiner Schule blieb es vorbehalten, die Degradation des Geldes und die Himmelfahrt der Ware ernsthaft als Kern des Sozialismus zu predigen und damit den Sozialismus in ein elementares Mißverständnis über den notwendigen Zusammenhang zwischen Ware
to an elementary misunderstanding of the necessary connection between commodities and money.\textsuperscript{64}


\textsuperscript{64} Alfred Darimon, De la réforme des banques, Paris, 1856, can be regarded as a compendium of this melodramatic monetary theory.

\textsuperscript{63} Sieh z.B. W. Thompson, „An Inquiry into the distribution of wealth etc.“, London 1824. Bray, „Labor’s wrongs and labor’s remedy“, Leeds 1839.

\textsuperscript{64} Als Kompendium dieser melodramatischen Geldtheorie kann betrachtet werden Alfred Darimon, „De la reforme des banques“, Paris 1856.

2.2. Means of Circulation

The first sentence seems to have a very brief reference to the transition from general equivalent to money:

323:1 In the process in which the commodities establish their prices, they acquire the form which allows them to circulate,

69:1 Nachdem die Ware im Prozeß der Preisgebung ihre zirkulationsfähige Form und das Gold seinen Geldcharakter erhalten

und Geld aufzulösen.\textsuperscript{64}
and gold acquires its monetary character. After this has been accomplished, circulation will at the same time express and resolve the contradictions contained in the exchange process of commodities. The actual exchange of commodities, i.e., the process of social metabolism, takes place through a form change in which the dual nature of the commodity as a use-value and exchange-value unfolds itself, but where at the same time its own form change crystallizes itself in the various determinate forms of money. To describe this transformation is to describe circulation.

Circulation is introduced

1) as the process which follows after the commodities have created the form in which they ideally appear as exchange-values and gold has obtained its money character.

hat, wird die Zirkulation die Widersprüche, die der Austauschprozeß der Waren einschloß, zugleich darstellen und lösen. Der wirkliche Austausch der Waren, d.h. der gesellschaftliche Stoffwechsel, geht vor in einem Formwechsel, worin sich die Doppelnatur der Ware als Gebrauchswert und Tauschwert entfaltet, ihr eigener Formwechsel sich aber zugleich in bestimmten Formen des Geldes kristallisiert. Die Darstellung dieses Formwechsels ist die Darstellung der Zirkulation.
2) as the process which will represent and solve the contradictions implied in the exchange-process of the commodities (compare here Capital I 198:2: real contradictions are resolved not by being eliminated or overcome (aufheben) but by creating a form in which they can move).

3) as the form in which the social metabolism takes place (form which is a form change of the commodities). Note that the “actual exchange of commodities,” i.e., the social metabolism, does not take place as barter but as a circulation process.

The following two sentences which make up the rest of this paragraph name the presuppositions (Voraussetzungen) of circulation. As an example of such presuppositions the division of labor is quoted as a presupposition for the commodity as a developed exchange-value.


2) Second: Commodities enter circulation with a price.

Commodities, as we have seen, constitute fully developed exchange-value only when a world of commodities and consequently a really developed system of division of labor

Wie wir sahen, daß die Ware nur entwickelter Tauschwert ist, wenn eine Welt von Waren und damit tatsächlich entwickelte Teilung der Arbeit vorausgesetzt wird, so setzt
is presupposed; in the same manner circulation presupposes that acts of exchange are taking place everywhere and that they are being continuously renewed. It also presupposes that commodities enter into the process of exchange with a determinate price, in other words that in the course of exchange they appear to one another in a dual form—really as use-values and nominally (in the price) as exchange-values.

⇓ Illustrates that these two presuppositions are satisfied: 1) Commodities from all parts of the world 2) wearing price tags.

324:1 The busiest streets of London are crowded with shops whose show-cases display all the riches of the world, Indian shawls, American revolvers, Chinese porcelain, Parisian corsets, furs from Russia and


69:2 In den belebtesten Straßen Londons drängt sich Magazin an Magazin, hinter deren hohlen Glasaugen alle Reichtümer der Welt prangen, indische Shawls, amerikanische Revolver, chinesisches Porzellan, Pari-
spices from the tropics, but all of these worldly things bear odious, white paper labels with Arabic numerals and then laconic symbols £ s. d. This is how commodities are presented in circulation.

The Metamorphosis of Commodities

$\downarrow C - M - C$ is introduced as one of the two forms of circuit which circulation shows “under closer circulation.” (Compare with the forms of the circuit of capital!) Is “under closer consideration” an allusion to: the immediate being of circulation is an illusion (where is this quote?), because circulation is mediated by either the metamorphosis of commodities or the circuit of capital?

324:2 Closer examination shows that the circulation process comprises two distinct types of circuit. If commodities are de-
noted by $C$ and money by $M$, the two circuits may be represented in the following way: $C - M - C$ $\text{M} - C - M$. In this section we are solely concerned with the first circuit, that is the one which directly expresses commodity circulation.

Analysis of this circuit: It splits up (zerlegt sich) into sale, purchase, and (!) the unity of the two, sale in order to purchase. The result in which it extinguishes itself (to which it boils down?) is the real metabolism.

324:3 The circuit $C - M - C$ may be divided into the movement $C - M$, the exchange of commodities for money, or sale; the opposite movement $M - C$, the exchange of money for commodities, or $\text{purchase}$; and the unity of the two movements $C - M - C$, exchange of commodities for money so as to exchange money for commodities, in other
words, *selling* in order to *purchase*. The outcome in which the transaction terminates is \( C \to C \), i.e., exchange of one commodity for another, actual exchange of matter.

This is pretty much the plan for this section 2b. Marx begins with a discussion of the four points one by one: first some remarks about the unity in 324:4/o, then sale 325:1/o–328:2, purchase 328:3/o, unity continued 329:1/oo–331:1/o, result 332:1. The remainder of the section discusses some consequences of the fact that the circuit \( C \to M \to C \) splits up into these four moments (crises).

\[ \downarrow \text{Was stellt die Zirkulation } W \to G \to W \text{ dar?} \] At first the metamorphosis of a single commodity. But since \( C \to M \) and \( M \to C \) are at the same time also parts of metamorphoses of other commodities this circuit also seems to represent something else. Before Marx can develop this he must interrupt with: At first we have to consider each of the two exchange-processes separately into which the circulation (circuit?) splits up

324:4/o  \( C \to M \to C \), when considered from the point of departure of the first commodity, represents its conversion into gold

70:2  \( W \to G \to W \), wenn man vom Extrem der ersten Ware ausgeht, stellt ihre Verwandlung in Gold und ihre Rückverwand-
and its reconversion from gold into commodity; that is to say a movement in which at the outset the commodity appears as a particular use-value, then sheds this form of existence and assumes that of exchange-value or universal equivalent—which is entirely distinct from its natural form—finally it sheds this as well and emerges as a real use-value which can serve particular needs. In this last form it drops out of the sphere of circulation and enters that of consumption. Thus to begin with, the whole circuit of \( C - M - C \) represents the entire series of metamorphoses through which every individual commodity passes in order to become a direct use-value for its owner. The first metamorphosis takes place in \( C - M \),...
the first phase of the circuit; the second in $M - C$, the other phase, and the entire circuit forms the *curriculum vitae* of the commodity. But the cycle $C - M - C$ represents the complete metamorphosis of an individual commodity only because it is at the same time an aggregate of definite partial metamorphoses of other commodities. For each metamorphosis of the first commodity is its transformation into another commodity and therefore the transformation of the second commodity into the first; hence it is a double transformation which is carried through during a single stage of the cycle. To start with, we shall separately examine each of the two phases of exchange into which the cycle $C - M - C$ is resolved.

kulation $W - G$, die zweite in der andern Hälfte $G - W$, und die ganze Zirkulation bildet das curriculum vitae der Ware. Aber die Zirkulation $W - G - W$ ist nur die Gesamtmetamorphose einer einzelnen Ware, indem sie zugleich Summe von bestimmten einseitigen Metamorphosen anderer Waren ist, denn jede Metamorphose der ersten Ware ist ihre Verwandlung in eine andere Ware, also Verwandlung der andern Ware in sie, also doppelseitige Verwandlung, die sich in demselben Stadium der Zirkulation vollzieht. Wir haben zunächst jeden der beiden Austauschprozesse, worin die Zirkulation $W - G - W$ zerfällt, isoliert zu betrachten.
$C - M$, the Sale

Two Steps:

a) Commodity entering circulation ("den Zirkulationsprozeß") with a price. This price not only expresses the quantity of its value but also the necessity of the commodity to be converted into gold.

b) The actual sale. (It is presupposed that this sale succeeds, i.e., the conditions of this sale are not discussed). What happens to the gold in this sale is again deducted from what happens to the commodity. First of all, the commodity, by Veräußerung, “verwirklicht” itself as use-value; at the same time, it “realisiert” its price (and, what is not said here but in $328:3/o$, the use-value of the buyer’s money). (Is there a difference between verwirklicht be Veräußerung). By the same process, the gold, which was only ideal (ideelles) gold and “figurierte” (auftrat?) as money name of the commodity is now transferred into real money. (Note the wording: The gold which figuriert as money name of the commodity is ideal gold; not a gram of gold necessary but gold is necessary, i.e. not real but ideal gold is necessary for the money name!)

$325:1/o$ $C - M$ or sale: $C$, the commodity enters the sphere of circulation not just $70:3/o$ $W - G$ oder Verkauf: $W$, die Ware, tritt in den Zirkulationsprozeß nicht nur
as a particular use-value, e.g., a ton of iron, but as a use-value with a definite price, say £3 17s. 10 1/2 d. or an ounce of gold. The price, while on the one hand indicating the amount of labor-time contained in the iron, namely its value, at the same time signifies the pious wish to convert the iron into gold, that is to give the labor-time contained in the iron the form of universal social labor-time. If this transformation fails to take place, then the ton of iron ceases to be not only a commodity but also a product; since it is a commodity only because it is not a use-value for its owner, that is to say his labor is only really labor if it is useful labor for others, and it is useful for him only if it is abstract general labor. It is therefore the
task of the iron or of its owner to find that location in the world of commodities where iron attracts gold. But if the sale actually takes place, as we assume in this analysis of simple circulation, then this difficulty, the *salto mortale* of the commodity, is surmounted. As a result of this alienation—that is its transfer from the person for whom it is a non-use-value to the person for whom it is a use-value—the ton of iron proves to be in fact a use-value and its price is simultaneously realized, and merely imaginary gold is converted into real gold. The term “ounce of gold” or 3 17s. 10 1/2 d., has now been replaced by an ounce of real gold, but the ton of iron has gone. The sale $C - M$ does not merely transform the commodity—re, und sie ist nur nützlich für ihn als abstrakt allgemeine Arbeit. Es ist daher die Aufgabe des Eisens oder seines Besitzers, den Punkt in der Warenwelt aufzufinden, wo Eisen Gold anzieht. Diese Schwierigkeit, der salto mortale der Ware, ist aber überwunden, wenn der Verkauf, wie hier in der Analyse der einfachen Zirkulation unterstellt wird, wirklich vorgeht. Indem die Tonne Eisen durch ihre Veräußerung, d.h. ihr Übergehen aus der Hand, wo sie Nicht-Gebrauchswert, in die Hand, worin sie Gebrauchswert ist, sich als Gebrauchswert ver- wirklich, realisiert sie zugleich ihren Preis und wird aus nur vorgestelltem Gold wirkliches Gold. An die Stelle des Namens Un- ze Gold oder 3 Pfd.St. 17 sh. 10 1/2 d. ist
which by means of the price was nominally turned into gold—really into gold, but gold, which as measure of value was only nominally gold and in fact functioned only as the money name of commodities, is through the same process transformed into actual money.\(^{65}\) As gold became nominally the universal equivalent, because the values of all commodities were measured in terms of gold, so now, as a result of the universal alienation of commodities in exchange for it—and the sale \(C - M\) is the procedure by which this universal alienation is accomplished—does it become the absolutely alienated commodity, i.e. real money. But gold becomes real money through sale, only because the exchange-values of com-
nun eine Unze wirklichen Goldes getreten, aber die Tonne Eisen hat den Platz geräumt. Durch den Verkauf \(W - G\) wird nicht nur die Ware, die in ihrem Preise ideell in Gold verwandelt war, reell in Gold verwandelt, sondern durch denselben Prozeß wird das Gold, das als Maß der Werte nur ideelles Gold war und in der Tat nur als Geldnamen der Waren selbst figurerte, in wirklicheres Geld verwandelt.\(^{65}\) Wie es ideell allgemeines Äquivalent wurde, weil alle Waren ihre Werte in ihm maßen, wird es jetzt als Produkt der allseitigen Veräußerung der Waren gegen es, und der Verkauf \(W - G\) ist der Prozeß dieser allgemeinen Veräußerung, die absolut veräußerliche Ware, reelles Geld. Gold wird aber nur im Verkauf
modities expressed in prices were already converted into nominal gold.

65 “There are two kinds of money, nominal and real, and it can be used in two distinct ways, to measure the value of things and to buy them. Nominal money is as suitable for valuing things as is real money and it may be even better. Money is also used for buying the things which have been valued . . . Prices and contracts are calculated in nominal money and are executed in real money” (Galiani, op. cit., p. 112 et seq.).

⇓ a) and b) above together: by the polar distribution of the opposition use-value—value between the commodity to be sold and the gold the contradiction contained in the exchange-process are solved. Note: Widersprüche are solved by representing the commodities as Gegensätze.

326:1 During the sale \( C - M \), and likewise during the purchase \( M - C \), two com-

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reell Geld, weil die Tauschwerte der Waren in den Preisen schon ideell Gold waren.

65 „Das Geld ist von zweierlei Art, ideales und reales; und es wird in zwei verschiedenen Weisen gebraucht, um die Dinge zu schätzen und um sie zu kaufen. Zum Schätzen ist das ideale Geld geeignet, ebenso wie das reale und vielleicht auch besser. Der andere Gebrauch des Geldes besteht im Kauf jener Dinge, die es schätzt . . . Die Preise und die Kontrakte werden in idealem Geld geschätzt und in realem Gelde verwirklicht.“ (Galiani, l.c. pag. 112 seq.)

71:1/o Im Verkauf \( W - G \), ebenso wie im Kauf \( G - W \), stehen sich zwei Waren ge-
modities, i.e., units of exchange-value and use-value, confront each other; but in the case of the commodity exchange-value exists merely nominally as its price, whereas in the case of gold, although it has real use-value, its use-value merely represents exchange-value and is therefore merely a formal use-value which is not related to any real individual need. The contradiction of use-value and exchange-value is thus polarized at the two extreme points of $C - M$, so that with regard to gold the commodity represents use-value whose nominal exchange-value, the price, still has to be realized in gold; with regard to the commodity, on the other hand, gold represents exchange-value whose formal use-value still has to acquire genüber, Einheiten von Tauschwert und Gebrauchswert, aber an der Ware existiert ihr Tauschwert nur ideell als Preis, während am Gold, obgleich es selbst ein wirklicher Gebrauchswert ist, sein Gebrauchswert nur als Träger des Tauschwerts existiert und daher nur als formaler, auf kein wirkliches individuelles Bedürfnis bezogener Gebrauchswert. Der Gegensatz von Gebrauchswert und Tauschwert verteilt sich also polarisch an die beiden Extreme von $W - G$, so daß die Ware dem Gold gegenüber Gebrauchswert ist, der seinen ideellen Tauschwert, den Preis, erst im Gold realisieren muß, während das Gold der Ware gegenüber Tauschwert ist, der seinen formalen Gebrauchswert erst in der Ware materialisiert. Nur durch diese
a material form in the commodity. The contradictions inherent in the exchange of commodities are resolved only by reason of this duplication of the commodity so that it appears as commodity and gold, and again by way of the dual and opposite relation in which each extreme is nominal where its opposite is real, and real where its opposite is nominal, in other words they are resolved only by means of presenting commodities as bilateral polar opposites.

Each sale is also a purchase if considered from the other extreme. (I.e., the main difference between sale and purchase is from which side they are looked at; d.h. sie unterscheiden sich nicht, sie werden unterschieden nur by the fact that in the purchase the initiative goes from the buyer, in the sale it goes from the seller. See last sentence of 328:3/o and the sentence in 334:3/o). $C - M$ presupposes $M$ already in the hands of the buyer. I.e., if we consider sale and purchase as the first and second metamorphoses of the commodities of the seller and
purchaser, then the first metamorphosis of one commodity already presupposes the second metamorphosis of a different commodity. “So geraten wir in einen fehlerhaften Zirkel der Voraussetzungen, Die Zirkulation selbst ist dieser fehlerhafte Zirkel.” We get out of it only by presupposing a $M - C$ outside circulation, as an act of the immediate exchange. This is the exchange of gold with other commodities at the source of its production. (Compare this kind of concluding with the transition from accumulation to primitive accumulation!).

However within circulation gold and the other commodities do not enter the relation of the immediate barter. Discussion why the circulation process seems to be an exchange between the commodity and gold commodities, and why it is not. (Does the last sentence refer to the quantity theory of money?)

326:2/327 So far we have regarded $C - M$ as a sale, as the conversion of a commodity into money. But if we consider it from the other side, then the same transaction appears, on the contrary, as $M - C$, a purchase, the conversion of money into a commodity. A sale is inevitably and simulta-
neously its opposite, a purchase; it is the former if one looks at the transaction from one side and the latter if one sees it from the other. In other words, the difference between the transactions is in reality merely that in $C - M$ the initiative comes from the side of the commodity or of the seller while in $M - C$ it comes from the side of money or of the purchaser. When we describe the first metamorphosis of the commodity, its transformation into money, as the result of the first phase of the circuit, we simultaneously presuppose that another commodity has already been converted into money and is therefore now in the second phase of the circuit, $M - C$. We are thus caught up in a vicious circle of presuppositions. This vicious circle of presuppositions.

Kauf, das eine, wenn man den Prozeß von der einen, und das andere, wenn man ihn von der andern Seite ansieht. Oder in der Wirklichkeit unterscheidet sich der Prozeß nur, weil in $W - G$ die Initiative vom Extrem der Ware oder des Verkäufers, in $G - W$ vom Extrem des Geldes oder des Käufers ausgeht. Indem wir also die erste Metamorphose der Ware, ihre Verwandlung in Geld als Resultat des Durchlaufens des ersten Zirkulationsstadiums $W - G$ darstellen, unterstellen wir gleichzeitig, daß eine andere Ware sich schon in Geld verwandelt hat, sich also schon im zweiten Zirkulationsstadium $G - W$ befindet. So geraten wir in einen fehlerhaften Zirkel der Voraussetzungen. Die Zirkulation selbst ist dieser fehlerhafte Zir-
cious circle is indeed circulation itself. If we do not regard \( M \) in \( C - M \) as belonging to the metamorphosis of another commodity, then we isolate the act of exchange from the process of circulation. But if it is separated from the process, the phase \( C - M \) disappears and there remain only two commodities which confront each other, for instance iron and gold, whose exchange is not a distinct part of the cycle but is direct barter. At the place where gold is produced, it is a commodity like any other commodity. Its relative value and that of iron or of any other commodity is there reflected in the quantities in which they are exchanged for one another. But this transaction is presupposed in the process of circulation, the value of gold kel. Betrachten wir \( G \) in \( W - G \) nicht schon als Metamorphose einer andern Ware, so nehmen wir den Austauschakt aus dem Zirkulationsprozeß heraus. Außerhalb desselben verschwindet aber die Form \( W - G \), und es stehen sich nur noch zwei verschiedene \( W \), sage Eisen und Gold gegenüber, deren Austausch kein besonderer Akt der Zirkulation, sondern des unmittelbaren Tauschhandels ist. Gold ist Ware wie jede andere Ware an der Quelle seiner Produktion. Sein rela-
tiver Wert und der des Eisens, oder jeder andern Ware, stellt sich hier dar in den Quan-
titäten, worin sie sich wechselseitig austau-
schen. Aber im Zirkulationsprozeß ist diese Operation vorausgesetzt, in den Warenprei-
sen ist sein eigener Wert bereits gegeben.
is already given in the prices of commodities. It would therefore be entirely wrong to assume that within the framework of circulation, the relation of gold and commodities is that of direct barter and that consequently their relative value is determined by their exchange as simple commodities. It seems as though in the process of circulation gold were exchanged merely as a commodity for other commodities, but this illusion arises simply because a definite quantity of a given commodity is equalized by means of prices with a definite quantity of gold: that is, it is compared with gold as money, the universal equivalent, and consequently it can be directly exchanged for gold. In so far as the price of a commodity is realized in

Es kann daher nichts irriger sein, als die Vorstellung, daß innerhalb des Zirkulationsprozesses Gold und Ware in das Verhältnis des unmittelbaren Tauschhandels treten und daher ihr relativer Wert durch ihren Austausch als einfache Waren ermittelt wird. Wenn es so scheint, als ob im Zirkulationsprozeß Gold als bloße Ware gegen Waren ausgetauscht werde, entspringt der Schein einfach daher, daß in den Preisen bestimmte Quantität Ware schon bestimmtem Quantum Gold gleichgesetzt, d.h. auf das Gold schon als Geld, allgemeines Äquivalent, bezogen und daher unmittelbar mit ihm austauschbar ist. Soweit sich der Preis einer Ware im Gold realisiert, tauscht sie sich gegen es als Ware aus, als besondere Ma-
gold, the commodity is exchanged for gold as a commodity, as a particular materialization of labor-time; but in so far as it is the price of the commodity that is realized in gold, the commodity is exchanged for gold as money and not as a commodity, i.e., for gold as the materialization of general labor-time. But the quantity of gold for which the commodity is exchanged in the process of circulation is in both cases determined not by means of exchange, but the exchange is determined by the price of the commodity, by its exchange-value calculated in terms of gold.  

66 This does not, of course, prevent the market-price of commodities from rising above or falling below their value. But this considera-

66 Es verhindert dies natürlich nicht, daß der Marktpreis der Waren über oder unter ihrem Wert stehen kann. Diese Rücksicht jedoch ist der ein-

...
tion lies outside the sphere of simple circulation and belongs to quite a different sphere to be examined later, in which context we shall discuss the relation of value and market-price.

fachen Zirkulation fremd und gehört einer ganz andern, später zu betrachtenden Sphäre an, wo wir das Verhältnis von Wert und Marktpreis untersuchen werden.

\[\text{Concatenation of the metamorphoses within circulation (now that we have solved the \textquote{fehlerhaften Zirkel})}\]

328:1 Within the process of circulation gold seems to be always acquired as the result of a sale \(C - M\). But since \(C - M\), the sale, is simultaneously \(M - C\), a purchase, it is evident that while \(C\), the commodity which begins the process undergoes its first metamorphosis, the other commodity which confronts it as \(M\) from the opposite extreme, undergoes its second metamorphosis and accordingly passes through the second phase of the circuit while the first commodity is

73:1 Innerhalb des Zirkulationsprozesses erscheint das Gold in jeder Hand als Resultat des Verkaufs \(W - G\). Da aber \(W - G\), der Verkauf, zugleich \(G - W\), der Kauf, ist, zeigt sich, daß während \(W\), die Ware, wovon der Prozeß ausgeht, ihre erste Metamorphose, die andere Ware, die als Extrem \(G\) gegenübersteht, ihre zweite Metamorphose vollzieht und daher die zweite Hälfte der Zirkulation durchläuft, während die erste Ware sich noch in der ersten Hälfte
still in the first phase of its cycle.

Money, the result of the first process of circulation, may form a “Ruhepunkt” of it. (This distinguishes the circulation of the products of general, value-creating labor from the barter of use-values).

328:2 The outcome of the first stage of circulation, of the sale, provides money, the point of departure of the second stage. The first form of the commodity has now been replaced by its golden equivalent. This outcome may to begin with involve a pause, since the commodity has now assumed a specific durable form. The commodity which was not a use-value in the hands of its owner exists now in a form in which it is always useful because it can always be exchanged, and it depends on circumstances when and at which point in the world of

73:2 Als Resultat des ersten Prozesses der Zirkulation, des Verkaufs, ergibt sich der Ausgangspunkt des zweiten, das Geld. An die Stelle der Ware in ihrer ersten Form ist ihr goldenes Äquivalent getreten. Dies Resultat kann zunächst einen Ruhepunkt bilden, da die Ware in dieser zweiten Form eigene ausharrende Existenz besitzt. Die Ware, in der Hand ihres Inhabers kein Gebräuchswert, ist jetzt in stets brauchbarer, weil stets austauschbarer Form vorhanden, und es hängt von Umständen ab, wann und an welchem Punkte auf der Oberfläche der
commodities it will again be thrown into circulation. The golden chrysalis state forms an independent phase in the life of the commodity, in which it can remain for a shorter or longer period. The separation and independence of the acts of purchase and sale is a general feature of the labor which creates exchange-value, whereas in barter the exchange of one discrete use-value is directly tied to the exchange of another discrete use-value.

\[ M - C \], the purchase.

328:3/o The purchase, \( M - C \), is the reverse movement to \( C - M \) and at the same time the second or final metamorphosis of the commodity.


73:3/o \( G - W \), der Kauf, ist die umgekehrte Bewegung von \( W - G \) und zugleich die zweite oder Schlußmetamorphose der Ware.
One can get from $C - M$ to $M - C$ in two different ways. (1) it is the opposite of $C - M$ (same transaction, only regarded from the other person’s aspect). (2) or it is the second metamorphosis of the commodity (second transaction of the same person who sold in the first transaction).

Then comes a discussion parallel to 325:1/o (except the two last sentences of the present paragraph).

Regarded as gold or as the general equivalent, the commodity can be directly expressed in terms of the use-values of all other commodities, all of which through their prices seek gold as their hereafter, and simultaneously they indicate the key note which must be sounded so that their bodies, the use-values, should change over to the money side, while their soul, the exchange-value, is turned into gold. The general result of the alienation of commodities is the abso-
lutely alienated commodity. The conversion of gold into commodities has no qualitative limit but only a quantitative limit, the fact that the amount of gold, or the value it represents, is limited. Everything can be obtained with ready money.

(a) Gold entering circulation. From the necessity of all commodities to transform themselves into gold comes the possibility of gold to be transformed into all commodities. Not a qualitative, but a quantitative barrier. Note the comparison: use-value—body, exchange-value—soul.

Also note the use of the words “veräußern” and “entäußern” in (b) the discussion of the purchase itself. Where the commodity realises its own price and the use-value of someone else's money through its alienation as a use-value in the movement $C - M$, it realises its own use-value and the price of the other
commodity through its alienation as an exchange-value in the movement $M - C$. Just as by the realization of its price, the commodity simultaneously turns gold into real money, so by its retransformation it converts gold into its (the commodity’s) own merely transitory money form.

In the wording ↑ the duality to 325:1/o is stressed. By Entäußerung as exchange-value the commodity realizes its use-value and the exchange-value of the commodity bought. By the same process, gold is transformed into the only vanishing money being (Gelddasein) of the commodity.

⇓ (c) Now two additional remarks: Because of division of labor and developed needs, not one but many purchases may come after a sale. And: purchase is at the same time sale, but here the buyer has initiative.

Because commodity circulation presupposes an advanced division of labor and therefore also a diversity of wants on the
part of the individual, a diversity bearing an inverse relation to the narrow scope of his own production, the purchase \( M - C \) will at times consist of an equation with one commodity as the equivalent, and at other times of a series of commodity equivalents determined by the buyer’s needs and the amount of money at his disposal. Just as a sale must at the same time be a purchase, so the purchase must at the same time be a sale; \( M - C \) is simultaneously \( C - M \), but in this case gold or the purchaser takes the initiative.

Now the discussion of the unity of purchase and sale is taken up again.

\[ \triangledown \]

a) If one follows through the metamorphosis of one commodity one finds two other metamorphoses linked in:

b) So much more unendlich verschlungen stellt sich dar the metamorphosis of the \( Warenwelt \),
c) But since circulation consists of many single and isolated acts, it does not appear as the metamorphosis of the commodities. (Note here again: Inhalt stellt sich dar als Form, Form erscheint als Inhalt)

There is no difference between the metamorphosed gold and the metamorphosed iron (is this relevant for bank account money?)

d) How the circulation process reflects that it is the metamorphosis of commodities will be discussed in the next section

e) As an additional remark: \( C - M - C = B - A - E \) (Besonderes–Allgemeines–Einzelnes).

Returning to the complete circuit \( C - M - C \), we can see that in it one commodity passes through the entire series.
of its metamorphoses. But at the same time as this commodity begins the first phase of its circuit and undergoes the first metamorphosis, another commodity commences the second phase of the circuit, passes through its second metamorphosis and drops out of circulation; the first commodity, on the other hand, enters the second phase of the circuit, passes through its second metamorphosis and drops out of circulation, while a third commodity enters the sphere of circulation, passes through the first phase of its cycle and accomplishes the first metamorphosis. Thus the total circuit $C - M - C$ representing the complete metamorphosis of a commodity is simultaneously the end of a complete metamorphosis of a second commodity and metamorphosen durchläuft. Gleichzeitig aber, während sie die erste Hälfte der Zirkulation beginnt und die erste Metamorphose vollzieht, tritt eine zweite Ware in die zweite Hälfte der Zirkulation, vollzieht ihre zweite Metamorphose und fällt aus der Zirkulation heraus, und umgekehrt tritt die erste Ware in die zweite Hälfte der Zirkulation, vollzieht ihre zweite Metamorphose und fällt aus der Zirkulation heraus, während eine dritte Ware in die Zirkulation eintritt, die erste Hälfte ihres Kursus durchmacht und die erste Metamorphose vollzieht. Die Gesamtzirkulation $W - G - W$ als Gesamtmetamorphose einer Ware ist also stets zugleich das Ende der Gesamtmetamorphose einer zweiten und der Beginn der Gesamtmetamorphose.
the beginning of a complete metamorphosis of a third commodity; it is therefore a series without beginning or end. To demonstrate this and to distinguish the commodities we shall use different symbols to denote \( C \) in the two extremes, e.g., \( C' - M - C'' \). Indeed, the first term \( C' - M \) presupposes that \( M \) is the outcome of another \( C - M \), and is accordingly itself only the last term of the circuit \( C - M - C' \), while the second term \( M - C'' \) implies that it will result in \( C'' - M \), and constitutes the first term of the circuit \( C'' - M - C''' \), and so on. It is moreover evident, that, although \( M \) is the outcome of a *single* sale, the last term \( M - C \) may take the form of \( M - C' + M - C'' + M - C''' \), and so forth; in other words it may be divided into numer-

einer dritten Ware, also eine Reihe ohne Anfang und Ende. Bezeichnen wir zur Verdeut-lichung, um die Waren zu unterscheiden, \( W \) in beiden Extremen verschieden, z.B. als \( W' - G - W'' \). In der Tat, das erste Glied \( W' - G \) unterstellt \( G \) als Resultat eines andern \( W - G \), ist also selbst nur das letzte Glied von \( W - G - W' \), während das zweite Glied \( G - W'' \) in seinem Resultat \( W'' - G \) ist, also selbst sich darstellt als erstes Glied von \( W'' - G - W''' \) usw. Ferner zeigt es sich, daß das letzte Glied \( G - W \), obgleich \( G \) Resultat nur eines Verkaufs ist, sich darstellen kann als \( G - W' + G - W'' + G - W''' + \) etc., sich also in eine Masse Käufe, d.h. eine Masse Verkäufe, d.h. eine Masse erster Glieder von neuen Gesamtmetamorphosen
ous purchases, i.e., into numerous sales and hence numerous first terms of new complete metamorphoses of commodities. While in this way the complete metamorphosis of a single commodity forms not only a link of just one sequence of metamorphoses without beginning or end, but of many such sequences, the circulation of the world of commodities—since every individual commodity goes through the circuit $C - M - C$—constitutes an infinitely intricate network of such series of movements, which constantly end and constantly begin afresh at an infinite number of different points. But each individual sale or purchase stands as an independent isolated transaction, whose complementary transaction, which constitutes its von Waren zersplittern kann. Wenn also die Gesamtmetamorphose einer einzelnen Ware sich nicht nur als Glied einer anfangs- und endlosen Metamorphosenkette, sondern vieler solcher Ketten darstellt, stellt sich der Zirkulationsprozeß der Warenwelt, da jede einzelne Ware die Zirkulation $W - G - W$ durchläuft, als ein unendlich verschlungenes Kettengewirr dieser an unendlich verschiedenen Punkten stets endenden und stets neu beginnenden Bewegung dar. Jeder einzelne Verkauf oder Kauf besteht aber zugleich als ein gleich gültiger und isolierter Akt, dessen ergänzender Akt zeitlich und räumlich von ihm getrennt sein kann und sich daher nicht als Fortsetzung unmittelbar an ihn anzuschließen braucht. Indem jeder beson-
continuation, does not need to follow immediately but may be separated from it temporarily and spatially. Because every particular cycle $C - M$ or $M - C$ representing the transformation of one commodity into use-value and of another into money, i.e., the first and second phase of the circuit, forms a separate interval for both sides, and since on the other hand all commodities begin their second metamorphosis, that is turn up at the starting point of the circuit’s second phase, in the form of gold, the general equivalent, a form common to them all, in the real process of circulation any $M - C$ may follow any particular $C - M$, i.e., the second section of the life cycle of any commodity may follow the first section of the life cycle of the Zirkulationsprozeß $W - G$ or $G - W$ als Verwandlung einer Ware in Gebrauchswert und der andern Ware in Geld, als erstes und zweites Stadium der Zirkulation nach zwei Seiten hin einen selbständigen Ruhepunkt bildet, andererseits aber alle Waren in der ihnen gemeinschaftlichen Gestalt des allgemeinen Äquivalents, des Goldes, ihre zweite Metamorphose beginnen und sich an den Ausgangspunkt der zweiten Zirkulationshälfte stellen, reiht sich in der wirklich Zirkulation ein beliebiges $G - W$ an ein beliebiges $W - G$, das zweite Kapitel im Lebenslauf einer Ware an das erste Kapitel im Lebenslauf der andern. A z.B. verkauft Eisen für 2 Pfd.St., vollzieht also $W - G$ oder die erste Metamorphose der Ware Ei-
any other commodity. For example, $A$ sells iron for £2, and thus $C - M$ or the first metamorphosis of the commodity iron has taken place, but for the time being $A$ does not buy anything else. At the same time $B$, who had sold two quarters of wheat for £6 two weeks ago, buys a coat and trousers from Moses and Son with the same £6, and thereby completes $M - C$ or the second metamorphosis of the commodity wheat. The two transactions $M - C$ and $C - M$ appear to be parts of the same sequence only because, as $M$ [money or] gold, all commodities look alike and gold does not look any different whether it represents transformed iron or transformed wheat. In the real process of circulation $C - M - C$, therefore, repre-
sents an exceedingly haphazard coincidence and succession of motley phases of various complete metamorphoses. The actual process of circulation \textit{appears}, therefore, not as a complete metamorphosis of the commodity, i.e., not as its movement through opposite phases, but as a mere accumulation of numerous purchases and sales which chance to occur simultaneously or successively. The process accordingly loses its distinct form, especially as each individual transaction, e.g., a sale, is simultaneously its opposite, a purchase, and \textit{vice versa}. On the other hand, the metamorphoses in the world of commodities \textit{constitute} the process of circulation and the former must therefore be reflected in the total movement of circu-

kulationsprozeß erscheint also nicht als Gesamtmetamorphose der Ware, nicht als ihre Bewegung durch entgegengesetzte Phasen, sondern als bloßes Aggregat vieler zufällig nebeneinander laufender oder einander folgender Käufe und Verkäufe. Die Formbestimmtheit des Prozesses ist so ausgelöscht, und um so vollständiger als jeder einzelne Zirkulationsakt, z.B. der Verkauf, zugleich sein Gegenteil, der Kauf, ist und umgekehrt. Andrerseits ist der Zirkulationsprozeß die Bewegung der Metamorphosen der Warenwelt und muß sie daher auch in seiner Gesamtbewegung widerspiegeln. Wie er sie reflektiert, betrachten wir im folgenden Abschnitt. Hier mag nur noch bemerkt werden, daß in $W - G - W$ die beiden Extreme $W$
This reflection will be examined in the next section. Here we shall merely observe that the $C$ at each of the two extremes of the circuit $C - M - C$ has a different formal relation to $M$. The first $C$ is a particular commodity which is compared with money as the universal commodity, whereas in the second phase money as the universal commodity is compared with an individual commodity. The formula $C - M - C$ can therefore be reduced to the abstract logical syllogism $P - U - I$, where particularity forms the first extreme, universality characterises the common middle term and individuality signifies the final extreme.

The social characters of seller and buyer do not come from human individuality (i.e. from the fact that mankind consists of separate individuals – see the footnote where this
is implied.) One can see that the relationship of buyer and seller does not express purely individual relations because in the money their individual labor is extinguished. But this should not be a reason to deplore these relations as the elimination of individuality. Now what are they? Notwendige Darstellung der Individualität auf Grundlage eines bestimmten Stufe des gesellschaftlichen Produktionsprozesses (namely of the bourgeois stage). But it is a superficial and formal expression (now not of individuality but) of the antagonistic nature of the bourgeois production process and can therefore also be part of pre-bourgeois forms of society.

331:1/o The commodity-owners entered the sphere of circulation merely as guardians of commodities. Within this sphere they confront one another in the antithetical roles of buyer and seller, one personifying a sugar-loaf, the other gold. Just as the sugar-loaf becomes gold, so the seller becomes a buyer. These distinctive social characters are, therefore, by no means due to in-
individual human nature as such, but to the exchange relations of persons who produce their goods in the specific form of commodities. So little does the relation of buyer and seller represent a purely individual relationship that they enter into it only in so far as their individual labor is negated, that is to say, turned into money as non-individual labor. It is therefore as absurd to regard buyer and seller, these bourgeois economic types, as eternal social forms of human individuality, as it is preposterous to weep over them as signifying the abolition of individuality. They are an essential expression of individuality arising at a particular stage of the social process of production. The antagonistic nature of bourgeois production also keineswegs aus der menschlichen Individualität überhaupt, sondern aus den Austauschverhältnissen von Menschen, die ihre Produkte in der bestimmten Form der Ware produzieren. Es sind so wenig rein individuelle Verhältnisse, die sich im Verhältnis des Käufers und Verkäufers ausdrücken, daß beide nur in diese Beziehung treten, soweit ihre individuelle Arbeit verneint, nämlich als Arbeit keines Individuums Geld wird. So albern es daher ist, diese ökonomisch bürgerlichen Charaktere von Käufer und Verkäufer als ewige gesellschaftliche Formen der menschlichen Individualität aufzufassen, ebenso verkehrt ist es, sie als Aufhebung der Individualität zu betränen. Sie sind notwendige Darstellung der Indi-
is, moreover, expressed in the antithesis of buyer and seller in such a superficial and formal manner that this antithesis exists already in pre-bourgeois social formations, for it requires merely that the relations of individuals to one another should be those of commodity-owners.

The following extract from M. Isaac Pereire’s *Lecons sur l’industrie et les finances*, Paris, 1832, shows that delicate spirits can be deeply hurt even by the quite superficial aspect of antagonism which is represented by purchase and sale. The fact that the same Isaac is the inventor and dictator of the *Crédit mobilier* and as such a notorious wolf of the Paris stock exchange points individualität auf Grundlage einer bestimmten Stufe des gesellschaftlichen Produktionsprozesses. Im Gegensatz von Käufer und Verkäufer drückt sich zudem die antagonistische Natur der bürgerlichen Produktion noch so oberflächlich und formell aus, daß dieser Gegensatz auch vorbürgerlichen Gesellschaftsformen angehört, indem er bloß erheischt, daß die Individuen sich aufeinander als Inhaber von Waren beziehen.

Wie tief selbst die ganz oberflächliche Form des Antagonismus, der sich in Kauf und Verkauf darstellt, schöne Seelen verwundet, zeigt der folgende Auszug aus Herrn Isaac Pereires „Lecons sur l’industrie et les finances“, Paris 1832. Daß derselbe Isaac der als Erfinder und Diktator des Crédit mobilier berüchtigte Pariser Börsenwolf ist, zeigt zugleich, was es mit der sentimentalen
to the real significance of such sentimental criticism of economics. M. Pereire, at that time an apostle of St. Simon, says: “Since individuals are isolated and separated from one another, whether in their labor or their consumption, they exchange the products of their respective occupations. The necessity of exchanging things entails the necessity of determining their relative value. The ideas of value and exchange are therefore closely linked and in their present form both are expressions of individualism and antagonism . . . The value of products is determined only because there is sale and purchase, in other words, because there is antagonism between different members of society. Preoccupation with price and value exists only where there is sale and purchase, that is to say, where every individual is compelled to fight in order to obtain the things necessary for the maintenance of his existence”
Result of $C - M - C$ is the social metabolism. Money appears as mere means of exchange (i.e. money is only the instrument by which the exchange is mediated?)

An examination of the outcome of the circuit $C - M - C$ shows that it dissolves into the exchange of $C - C$. Commodity has been exchanged for commodity, use-value for use-value, and the transformation of the commodity into money, or the commodity as money, is merely an intermediary stage which helps to bring about this metabolism. Money emerges thus as a mere medium of exchange of commodities, not however as a medium of exchange in general, but a medium of exchange adapted to the process of circulation, i.e., a medium of exchange adapted to the process of circulation, i.e., a medium of exchange adapted to the process of circulation.
“Sinkt zusammen” is the opposite direction of “sich auflösen” and therefore should not be translated with “dissolves.”


From here until the end of a): Consequences from the fact that circulation is unity and separation of sale and purchase, and that it is not only barter or barter mediated by money.

332:2–333 If, because the process of circulation of commodities ends in $C - C$ and therefore appears as barter merely mediated by money, or because $C - M - C$ in general does not only fall apart into two
isolated cycles but is simultaneously their dynamic unity, the conclusion were to be drawn that only the unity and not the separation of purchase and sale exists, this would display a manner of thinking the criticism of which belongs to the sphere of logic and not of economics. The division of exchange into purchase and sale not only destroys locally evolved primitive, traditionally pious and sentimentally absurd obstacles standing in the way of social metabolism, but it also represents the general fragmentation of the associated factors of this process and their constant confrontation, in short it contains the general possibility of commercial crises, essentially because the contradiction of commodity and money is the abstract and
The first sentence denounces the logical error not to see these different aspects.
1) The first consequence mentioned of the separation of sale and purchase is that it exposes the traditional narrow bounds of social metabolism.

2) Besides it provides the general form of commercial crises. But here Marx hastens to add that crises do not come from circulation itself but from the oppositions contained in bourgeois labor.

A proposition reputed to be exceedingly clever may on the other hand serve as an example of economic apologetics. *James Mill*, the father of the well-known English economist John Stuart Mill, says:

“Whatever ... be the amount of the annual produce, it never can exceed the amount of the annual demand ... Of two men who perform an exchange, the one does not come with only a supply, the other with only a demand; each of them comes with both a de-

Als Probe ökonomistischer Apologetik andererseits mag eine Wendung hinreichen, die als außerordentlich scharfsinnig verschrien ist. *James Mill*, der Vater des bekannten englischen Ökonomen John Stuart Mill, sagt:

„Es kann nie einen Mangel an Käufern für alle Waren geben. Wer immer eine Ware zum Verkauf darbietet, verlangt eine Ware im Austausch dafür zu erhalten, und ist daher Käufer durch das bloße Faktum, daß er Verkäufer ist. Käufer und Verkäufer aller Waren zusamm-
demand and a supply … The supply which he brings is the instrument of his demand and his demand and supply are of course exactly equal to one another. It is, therefore, impossible that there should ever be in any country a commodity or commodities in quantity greater than the demand, without there being, to an equal amount, some other commodity or commodities in quantity less than the demand.”

69 A pamphlet by William Spence entitled *Britain Independent of Commerce* was published in London in November 1807, its thesis was further elaborated by William Cobbett in his *Political Register* under the more militant heading “Perish Commerce.” Against this James Mill wrote his *Defence of Commerce*, which appeared in 1808; in that work he already advances the argument which is also contained in the past

mengenommen, müssen sich daher durch eine metaphysische Notwendigkeit das Gleichgewicht halten. Wenn daher mehr Verkäufer als Käufer von einer Ware da sind, muß es mehr Käufer als Verkäufer von einer andern Ware geben.“

sage quoted above from his *Elements of Political Economy*. This ingenious invention has been appropriated by J. B. Say, and used in his polemic against Sismondi and Malthus on the question of commercial crises, and since it was not clear which new idea this comical *prince de la science*—whose merit consists rather in the impartiality with which he consistently misinterpreted his contemporaries Malthus, Sismondi and Ricardo—has contributed to political economy, continental admirers have proclaimed him as the discoverer of the invaluable proposition about a metaphysical equilibrium of purchases and sales.

Mill establishes equilibrium by reducing the process of circulation to direct barter, but on the other hand he insinuates buyer and seller, figures derived from the process of

Mill stellt das Gleichgewicht dadurch her, daß er den Zirkulationsprozeß in unmittelbaren Tauschhandel verwandelt, in den unmittelbaren Tauschhandel aber wieder die
circulation,—into direct barter. Using Mill’s confusing language one may say that there are times when it is impossible to sell all commodities, for instance in London and Hamburg during certain stages of the commercial crisis of 1857/58 there were indeed more buyers than sellers of one commodity, *i.e.*, money, and more sellers than buyers as regards *all other forms of money*, *i.e.*, commodities. The metaphysical equilibrium of purchases and sales is confined to the fact that every purchase is a sale and every sale a purchase, but this gives poor comfort to the possessors of commodities who, unable to make a sale, cannot accordingly make a purchase either.

70 The way in which economists describe the
different aspects of the commodity may be seen from the following examples:

“With money in possession, we have but one exchange to make in order to secure the object of desire, while with other surplus products we have two, the first of which (securing the money) is infinitely more difficult than the second” (G. Opdyke, *A Treatise on Political Economy*, New York, [1851], pp. 287–88).

The superior saleableness of money being the exact effect or natural consequence of the less saleableness of commodities” (Thomas Corbet, *An Inquiry into the Causes and Modes of the Wealth of Individuals*, etc., London, 1841, p. 117).

“Money has the . . . quality of being always exchangeable for what it measures” (Bosanquet, schie denen Formbestimmungen der Ware darstellen, mag man aus folgenden Beispielen er- sehen:

„Im Besitze von Geld brauchen wir nur einen Tausch zu machen, um den Gegenstand des Wunsches zu erlangen, während wir mit and deren Surplusprodukten zwei machen müssen, von denen der erste (Besorgung des Geldes) unendlich schwieriger ist als der zweite.“ *Opdyke, G.*, „A treatise on political economy“ New York, pag. 287 bis 288.

„Die höhere Verkaufbarkeit von Geld ist gerade die Wirkung oder natürliche Konsequenz der geringeren Verkaufbarkeit von Waren.“ (Corbet, Th., „An inquiry into the causes and modes of the wealth of individuals etc.“, London 1841, pag. 117.)

„Geld hat die Eigenschaft, immer gegen das austauschbar zu sein, was es mißt.“ *Bosan-

“Money can always buy other commodities, whereas other commodities cannot always buy money” (Thomas Tooke, An Inquiry into the Currency Principle, Second Ed., London, 1844, p. 10.)

The opposition of commodity and money is only the abstract and general form of these deeper oppositions! (How does that go together with Grundrisse where the opposition money—commodity is not called the highest Ausbildung of the contradiction of use-value and exchange-value? That is why circulation is possible without crises although crises are not possible without circulation because they are not possible without the separation of sale and purchase). Since one might ask how the absence of circulation can prevent crises if circulation cannot cause crises, Marx explains that this absence is again only the expression of the nature of underlying production.

If the labor based on the private exchange has not even proceeded to the formation of money, then it can also not generate crises phenomena. (Compare here Theories 2, [mecw].)

Therefore: a critique of bourgeois economy which only demands the abolition of money
must be very shallow. On the other hand, equally shallow are the *apologists* who postulate the metaphysical equilibrium of seller and buyer (compare Th 2 [mecw]).

3) \(\downarrow\) Another consequence of the separation of sale and purchase: Pro forma transactions between parasites. Also here money provides the possibility for the development of bourgeois contradictions.

334:1 The separation of sale and purchase makes possible not only commerce proper, but also numerous *pro forma* transactions, before the final exchange of commodities between producer and consumer takes place. It thus enables large numbers of parasites to invade the process of production and to take advantage of this separation. But this again means only that money, the universal form of labor in bourgeois society, makes the development of the inherent contradictions *possible*.

The Flow of Money

The first sentence, “Die wirkliche Zirkulation stellt sich zunächst dar,” describes how circulation presents itself empirically (extraneous movement, äußerliche Bewegung), implicitly contrasting it with the actual movement (Formbewegung). All acts of sale/purchase seem to be formally identical, money always as means of purchase, not connected but zufällig nebeneinanderlaufend.

334:2 In the first instance real circulation consists of a mass of random purchases and sales taking place simultaneously. In both purchase and sale commodities and money confront each other in the same way; the seller represents the commodity, the buyer the money. As a means of circulation money therefore appears always as a means of purchase, and this obscures the fact that it fulfils different functions in the antithetical phases of the metamorphosis of commodities.

79:2 Die wirkliche Zirkulation stellt sich zunächst dar als eine Masse zufällig nebeneinanderlaufender Käufe und Verkäufe. Im Kauf wie im Verkauf stehen sich Ware und Geld stets in derselben Beziehung gegenüber, der Verkäufer auf Seite der Ware, der Käufer auf Seite des Geldes. Geld als Zirkulationsmittel erscheint daher stets als Kaufmittel, womit seine unterschiedenen Bestimmungen in den entgegengesetzten Phasen der Warenmetamorphose uner-
Commodity and money flow in opposite directions (and it is not obvious that the movement of money is the second half of the movement of the commodity).

Money passes into the hands of the seller in the same transaction which transfers the commodity into the hands of the buyer. Commodity and money thus move in opposite directions, and this change of places—in the course of which the commodity crosses over to one side and money to the other—occurs simultaneously at an indefinite number of points along the entire surface of bourgeois society. But the first move of the commodity in the sphere of circulation is also its last move. No matter whether the commodity changes its position because gold is attracted by it \((C - M)\) or because gold is attracted by it \((W - G)\), or because gold is attracted by it \((G - W)\), with...
because it is attracted by gold \( (M - C) \), in consequence of the single move, the single change of place, it falls out of the sphere of circulation into that of consumption.

\[ \uparrow \text{Of course, Marx does not mean with this last sentence that some purchases are } C - M \text{ and others are } M - C, \text{ but: each sale/purchase transaction must be considered as the unity of two different metamorphoses, one } C - M, \text{ the other } M - C. \]

Circulation is a perpetual movement of commodities, though always of different commodities, and each commodity makes but one move. Each commodity begins the second phase of its circuit not as the same commodity, but as a different commodity, i.e., gold. The movement of the metamorphosed commodity is thus the movement of gold. The same coin or the identical bit of gold which in the transaction \( C - M \) dem einen Ruck, dem einen Stellenwechsel, fällt sie aus der Zirkulation in die Konsumtion.

Die Zirkulation ist fortwährende Bewegung von Waren, aber von stets andern Waren, und jede Ware bewegt sich nur einmal. Jede Ware beginnt die zweite Hälfte ihrer Zirkulation nicht als dieselbe Ware, sondern als eine andere Ware, als Gold. Die Bewegung der metamorphosierten Ware ist also die Bewegung des Goldes. Dasselbe Stück Geld oder das identische Goldindividuum, das im Akt \( W - G \) einmal die Stelle gewechselt hat
changed places with a commodity becomes in turn the starting point of $M - C$, and thus for the second time changes places with another commodity. Just as it passed from the hands of $B$, the buyer, into those of $A$, the seller, so now it passes from the hands of $A$, who has become a buyer, into those of $C$. The changes in the form of a commodity, its transformation into money and its retransformation from money, in other words the movement of the total metamorphosis of a commodity, accordingly appear as the extrinsic movement of a single coin which changes places twice, with two different commodities. However scattered and fortuitous the simultaneous purchases and sales may be, a buyer is always confronted with a commodity, and thus appears umgekehrt wieder als Ausgangspunkt von $G - W$ und wechselt so die Stelle zum zweiten Male mit einer andern Ware. Wie es aus der Hand des Käufers $B$ in die Hand des Verkäufers $A$, geht es nun aus der Hand des Käufers gewordenen $A$ in die Hand von $C$ über. Die Formbewegung einer Ware, ihre Verwandlung in Geld und ihre Rückverwandlung aus Geld, oder die Bewegung der Gesamtmetamorphose der Ware stellt sich also dar als die äußere Bewegung desselben Geldstücks, das zweimal die Stellen mit zwei verschiedenen Waren wechselt. So zersplittert und zufällig Käufe und Verkäufe nebeneinanderfallen, stets steht in der wirklichen Zirkulation einem Käufer ein Verkäufer ge-
by a seller in actual circulation, and the money which takes the place of the commodity sold must already have changed places once with another commodity before reaching the hands of the buyer. On the other hand, sooner or later the money will pass again from the hands of the seller who has become a buyer into those of a new seller, and its repeated changes of place express the interlocking of the metamorphoses of commodities. The same coins therefore proceed—always in the opposite direction to the commodities moved—from one point of the circuit to another; some coins move more frequently, others less frequently, thus describing a longer or shorter curve. The different movements of one and the same genüber, und das Geld, das an die Stelle der verkauften Ware rückt, muß, bevor es in die Hand des Käufers kam, schon einmal die Stelle mit einer andern Ware gewechselt haben. Andrerseits geht es früher oder später wieder aus der Hand des Käufers gewordenen Verkäufers in die eines neuen Verkäufers über, und in dieser öfteren Wiederholung seines Stellenwechsels drückt es die Verkettung der Metamorphosen der Waren aus. Dieselben Geldstücke rücken also, stets in entgegengesetzter Richtung zu den bewegten Waren, das eine häufiger, das andere minder häufig, von einer Stelle der Zirkulation zur andern, und beschreiben daher einen längern oder kürzern Zirkulationsbogen. Diese verschiedenen Bewegun-
coin can follow one another only temporarily, just as conversely the multiplicity and fragmentation of the purchases and sales are reflected in the simultaneous and spatially concurrent changes of place of commodity and money.

71 A commodity may be several times bought and sold again. It circulates, in this case, not as a mere commodity, but fulfils a function which does not yet exist from the standpoint of simple circulation and of the simple antithesis of commodity and money.

Since the movement of commodities seems splintered, and the movement of money continuous, money seems to be the motor. Defines currency of money (Geldumlauf) as the movement of money in which the metamorphoses of the commodities represent themselves. Although Marx does not mention it here, it follows from this that the laws of the currency of money will be different if we have capital!
The simple form of commodity circulation, \( C - M - C \), takes place when money passes from the hands of the buyer into those of the seller and from the seller who has become a buyer into the hands of a new seller. This concludes the metamorphosis of the commodity and hence the movement of money in so far as it is the expression of this metamorphosis. But since there are new use-values produced continuously in the form of commodities, which must therefore be thrown continuously afresh into the sphere of circulation, the circuit \( C - M - C \) is renewed and repeated by the same commodity-owners. The money they have spent as buyers returns to them when they once more become sell-

Die Warenzirkulation \( W - G - W \) in ihrer einfachen Form vollzieht sich im Übergang des Geldes aus der Hand des Käufers in die des Verkäufers und aus der Hand des Käufers gewordenen Verkäufers in die eines neuen Verkäufers. Damit ist die Metamorphose der Ware beendet und folglich die Bewegung des Geldes, soweit sie ihr Ausdruck. Da aber stets neue Gebrauchs-werte als Waren produziert und daher stets von neuem in die Zirkulation geworfen werden müssen, wiederholt und erneuert sich \( W - G - W \) von seiten derselben Warenbesitzer. Das Geld, das sie als Käufer ausgegeben, kehrt in ihre Hand zurück, sobald sie von neuem als Verkäufer von Waren erscheinen. Die beständige Erneuerung der
ers of commodities. The perpetual renewal of commodity circulation is reflected in the fact that over the entire surface of bourgeois society money not only circulates from one person to another but that at the same time it describes a number of distinct small circuits, starting from an infinite variety of points and returning to the same points, in order to repeat the movement afresh.

336:1 As the change of form of the commodity appears as a mere change in place of money, and the continuity of the movement of circulation belongs entirely to the monetary side—because the commodity always makes only one step in the direction opposite to that of money, money however

Warenzirkulation spiegelt sich so darin ab, daß das Geld nicht nur beständig rouliert aus einer Hand in die andere, über die ganze Oberfläche der bürgerlichen Gesellschaft, sondern zugleich eine Summe verschiedener kleiner Kreisläufe beschreibt, ausgehend von unendlich verschiedenen Punkten und zurückkehrend zu denselben Punkten, um von neuem dieselbe Bewegung zu wiederholen.

81:1 Wenn der Formwechsel der Waren als bloßer Stellenwechsel des Geldes erscheint und die Kontinuität der Zirkulationsbewegung ganz auf Seite des Geldes fällt, indem die Ware immer nur einen Schritt in entgegengesetzter Richtung mit dem Geld, das Geld aber stets den zweiten Schritt für
invariably making the second step for the commodity to complete the motion begun by the commodity—so the entire movement appears to be initiated by money, although during the sale the commodity causes the money to move, thus bringing about the circulation of the money in the same way as during the purchase the money brings about the circulation of the commodity. Since moreover money always confronts commodities as a means of purchase and as such causes commodities to move merely by realising their prices, the entire movement of circulation appears to consist of money changing places with commodities by realising their prices either in separate transactions which occur simultaneously, side by side by the commodity—a and B says, where the commodity A has said, so it seems the entire movement from money, although the commodity during the sale pulls the money out of its place, and the same thing happens, and the money circulates in the same way as it came from money in purchase. Since the money always stands in the same relationship as purchase means, as Kaufmittel is transmitted, as such the goods but only moved by realising their prices, the entire movement of circulation appears to consist of money transacting which occur simultaneously, side by side by side by the money, the money brings about the circulation of the commodity. Since the money always confronts commodities as a means of purchase and as such causes commodities to move merely by realising their prices either in separate transactions which occur simultaneously, side by side by
side, or successively when the same coin realises the prices of different commodities one after another. If, for example, one examines $C - M - C' - M - C'' - M - C'''$, etc., and disregards the qualitative aspects, which become unrecognisable in actual circulation, there emerges only the same monotonous operation. After realising the price of $C$, $M$ successively realises the prices of $C'$, $C''$, etc., and the commodities $C'$, $C''$, $C'''$, etc., invariably take the place vacated by money. It thus appears that money causes the circulation of commodities by realising their prices. While it serves to realise prices, money itself circulates continuously, sometimes moving merely to a different place, at other times tracing a curve or describ-
ing a small cycle in which the points of departure and of return are identical. As a medium of circulation it has a circulation of its own. The movement and changing forms of the circulating commodities thus appear as the movement of money mediating the exchange of commodities, which are in themselves immobile. The movement of the circulation process of commodities is therefore represented by the movement of money as the medium of circulation, i.e., by the *circulation of money*.

divider

Is that still the same subdivision? Commodity producers’ own movement confronts them as the movement of a thing, as the currency of gold.

Die Bewegung der Ware in der Zirkulation ist nur verschwindendes Moment, während rastloses Umhertreiben in ihr zur Funktion des Geldes wird.

I.e., the movement of commodities dies down again, commodities do not stay in circula-

tion; but money does. Note use of word “Funktion.” It is a function without a purpose.

336:2/o Just as commodity-owners presented the products of individual labor as products of social labor, by transforming a thing, i.e., gold, into the direct embodiment of labor-time in general and therefore into money, so now their own universal movement by which they bring about the exchange of the material elements of their labor confronts them as the specific movement of a thing, i.e., as the circulation of gold. The social movement is for the commodity owners on the one hand an external necessity and on the other merely a formal intermediary process enabling each individual to obtain different use-values of the same total value as that of the commodi-

81:2/o Wie die Warenbesitzer die Produkte ihrer Privatarbeiten als Produkte gesellschaftlicher Arbeit darstellten, indem sie ein Ding, Gold, in unmittelbares Dasein der allgemeinen Arbeitszeit und darum in Geld verwandelten, so tritt ihnen jetzt ihre eigene allseitige Bewegung, wodurch sie den Stoffwechsel ihrer Arbeiten vermitteln, als eigentümliche Bewegung eines Dings gegenüber, als Umlauf des Goldes. Die gesellschaftliche Bewegung selbst ist für die Warenbesitzer einerseits äußerliche Notwendigkeit, andererseits bloß formeller vermittelter Prozeß, der jedes Individuum befähigt, für den Gebrauchswert, den es in die Zirkulation wirft, andere Gebrauchswerte von
ties which he has thrown into circulation. The commodity begins to function as a use-value when it leaves the sphere of circulation, whereas the use-value of money as a means of circulation consists in its very circulation. The movement of the commodity in the sphere of circulation is only an insignificant factor, whereas perpetual rotation within this sphere becomes the function of money. The specific function which it fulfils within circulation gives money as the medium of circulation a new and distinctive aspect, which now has to be analysed in more detail.

At the present level of abstraction it is accidental whether money flows in a circle or not. If it does, it is due to deeper processes (bank notes, production).

First of all, it is evident that the
circulation of money is an infinitely divided movement, for it reflects the infinite fragmentation of the process of circulation into purchases and sales, and the complete separation of the complementary phases of the metamorphosis of commodities. It is true that a recurrent movement, real circular motion, takes place in the small circuits of money in which the point of departure and the point of return are identical; but in the first place, there are as many points of departure as there are commodities, and their indefinite multitude balks any attempt to check, measure and compute these circuits. The time which passes between the departure from and the return to the starting point is equally uncertain. It is, moreover, Geldumlauf eine unendlich zersplitterte Bewegung ist, da sich in ihm die unendliche Zersplitterung des Zirkulationsprozesses in Käufe und Verkäufe und das gleichgültige Auseinanderfallen der sich ergänzenden Phasen der Warenmetamorphose widerspiegeln. In den kleinen Kreisläufen des Geldes, wo Ausgangspunkt und Punkt der Rückkehr zusammenfallen, zeigt sich zwar sich zurückbiegende Bewegung, wirkliche Kreisbewegung, aber einmal sind ebenso viele Ausgangspunkte da wie Waren, und schon durch ihre unbestimmte Vielheit entziehen sich diese Kreisläufe aller Kontrolle, Messung und Berechnung. Ebensowenig ist die Zeit bestimmt zwischen der Entfernung und der Rückkehr zum Ausgangs-
quite irrelevant whether or not such a circuit is described in a particular case. No economic fact is more widely known than that somebody may spend money without receiving it back. Money starts its circuit from an endless multitude of points and returns to an endless multitude of points, but the coincidence of the point of departure and the point of return is fortuitous, because the movement $C - M - C$ does not necessarily imply that the buyer becomes a seller again. It would be even less correct to depict the circulation of money as a movement which radiates from one centre to all points of the periphery and returns from all the peripheral points to the same centre. The so-called circuit of money, as people imagine it, sim-
ply amounts to the fact that the appearance of money and its disappearance, its perpetual movement from one place to another, is everywhere visible. When considering a more advanced form of money used to mediate circulation, e.g., bank-notes, we shall find that the conditions governing the issue of money determine also its reflux. But as regards simple money circulation it is a matter of chance whether a particular buyer becomes a seller once again. Where actual circular motions are taking place continuously in the sphere of simple money circulation, they merely reflect the more fundamental processes of production, for instance, with the money which the manufacturer receives from his banker on Friday he pays his work-

Peripherie nach demselben Zentrum zurückkehrt. Der sogenannte Zirkellauf des Geldes, wie er als Bild vorschwebt, beschränkt sich darauf, daß auf allen Punkten sein Erscheinen und sein Verschwinden, sein rastloser Stellenwechsel gesehen wird. In einer höheren vermittelnden Form der Geldzirkulation, z.B. der Banknotenzirkulation, werden wir finden, daß die Bedingungen der Ausgabe des Geldes die Bedingungen seiner Rückströmung einschließen. Für die einfache Geldzirkulation ist es dagegen zufällig, daß derselbe Käufer wieder Verkäufer wird. Wo sich wirkliche Zirkelbewegungen konstant in ihr zeigen, sind sie bloße Widerspiegelung tieferer Produktionsprozesse. Z.B. der Fabrikant nimmt am Freitag Geld von
ers on Saturday, they immediately hand over the larger part of it to retailers, etc., and the latter return it to the banker on Monday.

Next paragraph brings in velocity and quantity in a very Hegelian manner. Multiplication as a dialectical triad: first each of the factors kept constant, then multiplied.

\[
\text{Mass of circulating money} = \frac{\text{total sum of prices}}{\text{turnover number of each coin}}.
\]

Quantity of money determined by total sum of prices and average turnover number. Turnover number determined by:

Diese Anzahl der Umläufe oder die Geschwindigkeit des Geldumlaufs ist ihrerseits wieder bestimmt oder drückt nur aus die Durchschnittsgeschwindigkeit, worin die Waren die verschiedenen Phasen ihrer Metamorphose durchlaufen, worin diese Metamorphosen sich als ketten fortsetzen und worin die Waren, die ihre metamorphosen durchlaufen haben, durch neue Waren im Zirkulationsprozeß ersetzt werden.

See figure contribu-1080.
The fact that the velocity enters the formula for the quantity of money seems remarkable to him:

Das Dasein des Goldes als Zirkulationsmittel (ist) bestimmt nicht durch seine isolierte Beziehung auf die einzelnen ruhenden Waren, sondern durch sein bewegtes Dasein in der prozessierenden Warenwelt; ... Sein wirkliches Vorhandensein im Zirkulationsprozeß, d.h. die wirkliche Masse Gold, die zirkuliert, ist also nun bestimmt durch sein funktionierendes Dasein im Gesamtprozeß selbst.

Does this mean, the quantity of money is systemically determined? Compare that to mainstream economics.

338:1 We have seen that money simultaneously realises a given sum of prices comprising the motley purchases and sales which coexist in space, and that it changes places with each commodity only once. But, on the other hand, in so far as the movements of complete metamorphoses of commodities and the concatenation of these

83:1 Wir haben gesehen, daß das Geld in den räumlich bunt nebeneinander fallenden Käufen und Verkäufen eine gegebene Masse von Preisen gleichzeitig realisiert und nur einmal die Stelle mit den Waren wechselt. Andrerseits aber, soweit in seiner Bewegung die Bewegung der Gesamtmetamorphosen der Waren und die Verkettung dieser Me-
metamorphoses are reflected in the movement of money, the same coin realises the prices of various commodities and thus makes a larger or smaller number of circuits. Hence, if we consider the process of circulation in a country during a definite period, for instance a day, then the amount of gold required for the realization of prices and accordingly for the circulation of commodities is determined by two factors: on the one hand, the sum total of prices and, on the other hand, the average number of circuits which the individual gold coins make. The number of circuits or the velocity of money circulation is in its turn determined by, or simply reflects, the average velocity of the commodities passing through the

Geldstück die Preise verschiedener Waren und vollzieht so eine größere oder geringere Anzahl von Umläufen. Nehmen wir also den Zirkulationsprozeß eines Landes in einem gegebenen Zeitabschnitt, einem Tag z.B., so wird die zur Realisation der Preise und daher zur Zirkulation der Waren erheischte Goldmasse bestimmt sein durch das doppelte Moment einerseits der Gesamtsumme dieser Preise, andererseits der Durchschnittsanzahl der Umläufe derselben Goldstücke. Diese Anzahl der Umläufe oder die Geschwindigkeit des Geldumlaufes ist ihrerseits wieder bestimmt oder drückt nur aus die Durchschnittsgeschwindigkeit, worin die Waren die verschiedenen Pha-
various phases of their metamorphosis, the speed with which the metamorphoses constituting a chain follow one another, and the speed with which new commodities are thrown into circulation to replace those that have completed their metamorphosis. Whereas during the determination of prices the exchange-value of all commodities is nominally turned into a quantity of gold of the same value and in the two separate transactions, $M - C$ and $C - M$, the same value exists twice, on the one hand in the shape of commodities and on the other in the form of gold; yet gold as a medium of circulation is determined not by its isolated relation to individual static commodities, but by its dynamic existence in the fluid world of
commodities. The function of gold is to represent the transformation of commodities by its changes of place, in other words to indicate the speed of their transformation by the speed with which it moves from one point to another. Its function in the process as a whole thus determines the actual amount of gold in circulation, or the actual quantity which circulates.

Look at numerator:

\[ \text{total sum of prices} = \text{total mass of commodities} \times \text{price of each commodity}. \]

If elasticity is less than one, reduction of quantity is outweighed by increase in price, and quantity of money increases.

Commodity circulation is the prerequisite of money circulation; money, moreover, circulates commodities which

\[ \text{84 Die Voraussetzung der Geldzirkulation ist die Warenzirkulation, und zwar zirkuliert das Geld Waren, die Preise haben, d.h.} \]

\[ \text{total sum of prices} = \text{total mass of commodities} \times \text{price of each commodity}. \]
have prices, that is commodities which have already been equated nominally with definite quantities of gold.

In other words, the commodities do not get their prices from the money which circulates them, but they get their prices before they even enter circulation, and the amount of money necessary to circulate them depends on these prices.

The determination of the prices of commodities presupposes that the value of the quantity of gold which serves as the standard measure, or the value of gold, is given. According to this assumption, the quantity of gold required for circulation is in the first place determined therefore by the sum of the commodity-prices to be realized. This sum, however, is in its turn determined by the following factors: 1. the price level, the relative magnitude of the exchange-values of
commodities in terms of gold, and 2. the quantity of commodities circulating at definite prices, that is the number of purchases and sales at given prices. 72 If a quarter of wheat costs 60s., then twice as much gold is required to circulate it or to realise its price as would be required if it cost only 30s. Twice as much gold is needed to circulate 500 quarters at 60s. as is needed to circulate 250 quarters at 60s. Finally only half as much gold is needed to circulate 10 quarters at 100s. as is needed to circulate 40 quarters at 50s. It follows therefore that the quantity of gold required for the circulation of commodities can fall despite rising prices, if the mass of commodities in circulation decreases faster than the total sum of the Waren und 2. durch die Masse der zu bestimmten Preisen zirkulierenden Waren, also durch die Masse der Käufe und Verkäufe zu gegebenen Preisen. 72 Kostet ein Quarter Weizen 60 sh., so ist noch einmal soviel Gold nötig, um ihn zu zirkulieren oder seinen Preis zu realisieren, als wenn er nur 30 sh. kostet. Zur Zirkulation von 500 Quarter zu 60 sh. ist noch einmal soviel Gold nötig, als zur Zirkulation von 250 Quarter zu demselben Preis. Endlich zur Zirkulation von 10 Quarter zu 100 sh. ist nur halb soviel Gold nötig, als zur Zirkulation von 40 Quarter zu 50 sh. Es folgt daher, daß die zur Warenzirkulation erheischte Quantität von Gold fallen kann, trotz dem Steigen der Preise, wenn die Masse der zirkulierten
prices increases, and conversely the amount of means of circulation can increase while the mass of commodities in circulation decreases provided their aggregate prices rise to an even greater extent.

72 The amount of money is a matter of indifference “provided there is enough of it to maintain the prices determined by the commodities.” Boisguillebert, *Le detail de la France*, p. 209. “If the circulation of commodities of four hundred millions required a currency of forty millions, and . . . this proportion of one-tenth was the due level . . . then, if the value of commodities to be circulated increased to four hundred and fifty millions, from natural causes . . . the currency, in order to continue at its level, must be increased to forty-five millions.” William Blake, *Observations*.

Waren in größerem Verhältnis abnimmt, als die Gesamtsumme der Preise wächst, und daß umgekehrt die Masse der Zirkulationsmittel steigen kann, wenn die Masse der zirkulierten Waren fällt, aber ihre Preissumme in größerem Verhältnis steigt.

72 Die Masse des Geldes ist gleichgültig, „vorausgesetzt, daß genug vorhanden ist, um die durch die Waren gegebenen Preise aufrechtzuerhalten“. Boisguillebert, „Le detail de la France, l.c. pag. 209. „Wenn die Zirkulation von Waren von 400 Millionen Pfd.St. eine Masse Gold von 40 Millionen erheischt und diese Proportion von 1/10 das adäquate Niveau war, dann, wenn der Wert der zirkulierenden Waren aus natürlichen Gründen zu 450 Millionen steigt, müßte die Goldmasse, um auf ihrem Niveau zu bleiben, zu 45 Millionen wachsen.“ W. Blake, „Observati-
The offsetting of price and quantity effects is by no means only a theoretical possibility, but prices and quantities often move in opposite directions, so that the quantity of circulating money does not move as much:

Thus excellent investigations carried out in great detail by Englishmen have shown that in England, for instance, the amount of money in circulation grows during the early stages of a grain shortage, because the aggregate price of the smaller supply of grain is larger than was the aggregate price of the bigger supply of grain, and for some time the other commodities continue to circulate as before at their old prices. The amount of money in circulation decreases, however, at a later stage of the grain shortage,
because along with the grain either fewer commodities are sold at their old prices, or the same amount of commodities is sold at lower prices.

Variations in the speed of circulation can make up for changes in prices and quantities. But only to a limited extent, because sales and purchases are splintered, fall apart in space.

340:1 But the quantity of money in circulation is, as we have seen, determined not only by the sum of commodity-prices to be realized, but also by the velocity with which money circulates, i.e., the speed with which this realization of prices is accomplished during a given period. If in one day one and the same sovereign makes ten purchases each consisting of a commodity worth one sovereign, so that it changes hands ten times, it transacts the same amount of busi-

entweder weil neben dem Getreide weniger Waren zu den alten Preisen oder ebensoviel Waren zu niedrigern Preisen verkauft werden.

85:1 Die Quantität des zirkulierenden Geldes ist aber, wie wir sahen, nicht nur durch die Gesamtsumme der zu realisierenden Warenpreise bestimmt, sondern zugleich durch die Geschwindigkeit, womit das Geld umläuft oder in einem gegebenen Zeitabschnitt das Geschäft dieser Realisation vollbringt. Wenn derselbe Sovereign an demselben Tage zehn Käufe macht, jedesmal von Ware zum Preis eines Sovereign, also 10mal die Hände wechselt, vollbringt
ness as ten sovereigns each of which makes only one circuit a day.\textsuperscript{73} The velocity of circulation of gold can thus make up for its quantity: in other words, the stock of gold in circulation is determined not only by gold functioning as an equivalent alongside commodities, but also by the function it fulfils in the movement of the metamorphoses of commodities. But the velocity of currency can make up for its quantity only to a certain extent, for an endless number of separate purchases and sales take place simultaneously at any given moment.

\textsuperscript{73} “It is due to the velocity of the circulation of money and not to the quantity of the metal, that much or little money appears to be available”

\textsuperscript{73} er exakt dasselbe Geschäft wie 10 Sovereigns, deren jeder in einem Tag nur einmal umläuft.\textsuperscript{73} Geschwindigkeit im Umlauf des Goldes kann also seine Quantität ersetzen, oder das Dasein des Goldes im Zirkulationsprozeß ist nicht nur durch sein Dasein als Äquivalent neben der Ware, sondern auch durch sein Dasein innerhalb der Bewegung der Warenmetamorphose bestimmt. Die Geschwindigkeit des Geldumlaufs ersetzt jedoch seine Quantität nur zu einem bestimmten Grad, da unendlich zersplitterte Käufe und Verkäufe in jedem gegebenen Zeitpunkt räumlich nebeneinanderfallen.

\textsuperscript{73} „Es ist die Schnelligkeit des Geldumlaufs und nicht die Menge des Metalls, was macht, daß viel oder wenig Geld vorhanden zu sein scheint.“
Due to the effects of velocity, situations are common where prices rise and the amount of money in circulation falls at the same time! Marx calls this one of the best documented phenomena in the history of prices.

340:2/o If the aggregate prices of the commodities in circulation rise, but to a smaller extent than the velocity of currency increases, then the volume of money in circulation will decrease. If, on the contrary, the velocity of circulation decreases at a faster rate than the total price of the commodities in circulation, then the volume of money in circulation will grow. A general fall in prices accompanied by an increase in the quantity of the medium of circulation and a general rise in prices accompanied by a decrease in the quantity of the medium of 

85:2/o Steigen die Gesamtpreise der zirkulierenden Waren, aber in kleinerem Verhältnis als die Geschwindigkeit des Geldumschlags wächst, so wird die Masse der Zirkulationsmittel fallen. Nimmt umgekehrt die Geschwindigkeit der Zirkulation ab in größerem Verhältnis als der Gesamtpreis der zirkulierenden Warenmasse fällt, so wird die Masse der Zirkulationsmittel steigen. Wachsende Quantität der Zirkulationsmittel mit allgemein fallenden Preisen, abnehmende Quantität der Zirkulationsmittel mit allgemein steigenden Preisen ist eins der best
circulation are among the best documented phenomena in the history of prices.

The reasons why a rise in prices coincides with a rise in the speed of circulation, and vice versa, lie outside circulation and can therefore not be discussed here. Marx only hints at it that this has to do with the phases of the business cycle:

But the causes occasioning a rise in the level of prices and at the same time an even larger rise in the velocity of currency, as also the converse development, lie outside the scope of an investigation into simple circulation. We may mention by way of illustration that in periods of expanding credit the velocity of currency increases faster than the prices of commodities, whereas in periods of contracting credit the velocity of currency declines faster than the prices of commodities.
Geschwindigkeit der Zirkulation.

But the fact alone that we cannot explain this here tells us something about circulation: circulation is a superficial phenomenon, it is determined by factors outside circulation. It is a sign of the superficial and formal character of simple money circulation that the quantity of means of circulation is determined by factors—such as the amount of commodities in circulation, prices, increases or decreases of prices, the number of purchases and sales taking place simultaneously, and the velocity of currency—all of which are contingent on the metamorphosis proceeding in the world of commodities, which is in turn contingent on the general nature of the mode of production, the size of the population, the relation of town and countryside, the development of the means of transportation.

of transport, the more or less advanced division of labor, credit, etc., in short on circumstances which lie outside the framework of simple money circulation and are merely mirrored in it.

In the next paragraph Marx looks at the third factor, prices. Says that prices are independent variables, and quantity of money in circulation the dependent one, not vice versa!

341:1 If the velocity of circulation is given, then the quantity of the means of circulation is simply determined by the prices of commodities. Prices are thus high or low not because more or less money is in circulation, but there is more or less money in circulation because prices are high or low. This is one of the principal economic laws, and the detailed substantiation of it based on the history of prices is perhaps the only
achievement of the post-Ricardian English economists.

↑ Marx thought of Tooke here, as 407:2/o and 415/417 show.

↓ Although there are occasional wild fluctuations in the amount of gold in circulation, (the footnote gives an example of a very low metallic circulation in 1859), the amount of gold in circulation usually does not change much, even if prices rise or fall. In other words, the law according to which the quantity of money in circulation should be proportional to the price level is often not confirmed by the empirical phenomena. The constancy of metallic circulation is the consequence of opposite movements in the factors determining its quantity. Empirical data show that, despite temporary fluctuations, and sometimes very intense fluctuations,\(^{74}\) over longer periods the level of metallic currency or the volume of gold and silver in circulation in a particular country may remain on the whole stable, deviations from the average level amount-
ing merely to small oscillations. This phenomenon is simply due to the contradictory nature of the factors determining the volume of money in circulation. Changes occurring simultaneously in these factors neutralise their effects and everything remains as it was.

An example of a remarkable fall of the metallic currency below its average level occurred in England in 1858 as the following passage from the London Economist shows: “From the nature of the case” (i.e., owing to the fragmentation of simple circulation) “very exact data cannot be procured as to the amount of cash that is fluctuating in the market, and in the hands of the not banking classes. But, perhaps, the activity or the inactivity of the mints of the great commercial perioden sich gleichbleibt und die Abweichungen vom Durchschnittsniveau nur zu schwachen Oszillationen fortgehn, so erklärt sich dies Phänomen einfach aus der gegensätzlichen Natur der Umstände, die die Masse des zirkulierenden Geldes bestimmen. Ihre gleichzeitige Modifikation paralysiert ihre Wirkung und läßt alles beim alten.

cial nations is one of the most likely indications in the variations of that amount. Much will be manufactured when it is wanted; and little when little is wanted. . . . At the English mint the coinage was in 1855 9,245,000; 1856, 6,476,000; 1857, 5,293,858. During 1858 the mint had scarcely anything to do.” *Economist*, July 10, 1858. But at the same time about eighteen million pounds sterling were lying in the bank vaults.

¶ Last factor: quantity also depends on value of gold. I do not even have that in my equation!

341:2/o The law that, if the speed of circulation of money and the sum total of the commodity-prices are given, the amount of geschäfte treiben. Aber vielleicht ist die Aktivität oder Unaktivität der Münzstätten der großen Handelsnationen eins der richtigsten Anzeichen für die Veränderungen jener Menge. Es wird viel erzeugt werden, wenn viel gebraucht wird, und wenig, wenn wenig gebraucht wird . . . In der englischen Münze betrug die Prägung im Jahre 1855: 9 245 000 Pfd.St., 1856: 6 476 000 Pfd. St., 1857: 5 293 858 Pfd.St. Während des Jahres 1858 hatte die Münze kaum etwas zu tun.“ „Economist“, 10. Juli 1858. Gleichzeitig aber lagen im Bankkeller ungefähr 18 Millionen Pfund Sterling Gold.

86:2/o Das Gesetz, daß bei gegebener Umlaufsgeschwindigkeit des Geldes und gegebener Preissumme der Waren die Quan-
the medium of circulation is determined, can also be expressed in the following way: if the exchange-values of commodities and the average speed of their metamorphoses are given, then the quantity of gold in circulation depends on its own value. Thus, if the value of gold, i.e. the labor-time required for its production, were to increase or to decrease, then the prices of commodities would rise or fall in inverse proportion and, provided the velocity remained unchanged, this general rise or fall in prices would necessitate a larger or smaller amount of gold for the circulation of the same amount of commodities. The result would be similar if the previous standard of value were to be replaced by a more valuable or a less valuable
metal. For instance, when, in deference to its creditors and impelled by fear of the effect the discovery of gold in California and Australia might have, Holland replaced gold currency by silver currency, 14 to 15 times more silver was required than formerly was required of gold to circulate the same volume of commodities.

If the quantity of the circulating medium is this variable, then there must be ways for money to enter circulation and to withdraw from it. How this is implemented will be shown later.

342:1 Since the quantity of gold in circulation depends upon two variable factors, the total amount of commodity-prices and the velocity of circulation, it follows that it must be possible to reduce and expand maß durch ein wertvolleres oder wertloses Metall verdrängt würde. So bedurfte Holland, als es aus zarter Rücksicht auf die Staatsgläubiger und aus Furcht vor den Wirkungen der kalifornischen und australischen Entdeckungen das Goldgeld durch Silbergeld ersetzte, 14- bis 15mal mehr Silber als früher Gold, um dieselbe Warenmasse zu zirkulieren.

87:1 Aus der Abhängigkeit des zirkulierenden Goldquantums von der wechselnden Summe der Warenpreise und von der wechselnden Zirkulationsgeschwindigkeit folgt, daß die Masse der metallischen Zirkulati-
the quantity of metallic currency; in short, in accordance with the requirements of the process of circulation, gold must sometimes be put into circulation and sometimes withdrawn from it. We shall see later how the process of circulation itself realizes these conditions.

Coin and Token of Value

342:2 Gold functioning as means of circulation assumes a specific shape, it becomes a *coin*.

Is Fasson the same as form? Is it a form accruing to gold in its Umlauf, as announced in 336:2/o? Definition of coin is gold coin. Has local and political character, hence inner sphere of circulation is separated from the the general circulation.

87:2 Das Gold in seiner Funktion als Zirkulationsmittel erhält eigene Fasson, es wird *Münze*.
In order to prevent its circulation from being hampered by technical difficulties, gold is minted according to the standard of the money of account. Coins are pieces of gold whose shape and imprint signify that they contain weights of gold as indicated by the names of the money of account, such as pound sterling, shilling, etc. Both the establishing of the mint-price and the technical work of minting devolve upon the State. Coined money assumes a local and political character, it uses different national languages and wears different national uniforms, just as does money of account. Coined money circulates therefore in the internal sphere of circulation of commodities, which is circumscribed by the

Damit sein Umlauf nicht durch technische Schwierigkeiten aufgehalten werde, wird es dem Maßstab des Rechengeldes entsprechend gemünzt. Goldstücke, deren Gepräge und Figur anzeigt, daß sie die in den Rechennamen des Geldes, Pfd.St., sh. usw. vorgestellten Gewichtsteile Gold enthalten, sind Münzen. Wie die Bestimmung des Münzpreises, so fällt das technische Geschäft der Münzung dem Staat anheim. Wie als Rechengeld, so erhält das Geld als Münze lokalen und politischen Charakter, spricht verschiedene Landessprachen und trägt verschiedene Nationaluniform. Die Sphäre, worin das Geld als Münze umläuft, scheidet sich daher als innere durch die Grenzen eines Gemeinwesens umschriebe-
boundaries of a given community and separated from the universal circulation of the world of commodities.

Difference between coin and gold bars is only one of the shape. But I assume this is only “at first.”

But the only difference between gold in the form of bullion and gold in the form of coin is that between the denomination of the coin and denomination of its metal weight. What appears as a difference of denomination in the latter case, appears as a difference of shape in the former. Gold coins can be thrown into the crucible and thus turned again into gold *sans phrase*, just as conversely gold bars have only to be sent to the mint to be transformed into coin. The conversion and reconversion of

87:3/o Indes Gold im Barrenzustande und Gold als Münze unterscheiden sich nicht mehr als sein Münzname und sein Gewichtname. Was in dem letzten Fall Namensunterschied, erscheint jetzt als bloßer Unterschied der Figur. Die Goldmünze kann in den Schmelztiegel geworfen und damit wieder in Gold sans phrase verwandelt werden, wie umgekehrt der Goldbarren nur auf die Münze geschickt zu werden braucht, um die Münzform zu erhalten. Die Verwandlung und Rückverwandlung aus der einen Figur
one form into the other appears as a purely technical operation.

The replacement of the quantity by speed of circulation is called idealization.

343:1 In exchange for 100 pounds or 1,200 ounces troy of 22-carat gold one receives £4,672 1/2 or 4,672 1/2 gold sovereigns from the English mint, and if one puts these sovereigns on one side of a pair of scales and 100 pounds of gold bars on the other, the two will balance. This proves that the sovereign is simply a quantity of gold—with a specific shape and a specific imprint—the weight of which is denoted by this name in the English monetary scale. The 4,672 1/2 gold sovereigns are thrown into circulation at different points and, once in the current, they make a certain number of moves each

88:1 Für 100 Pfunde oder 1200 Unzen troy 22karätiges Gold erhält man von der englischen Münze 4672 1/2 Pfd.St. oder Goldsovereigns, und legt man diese Sovereigns auf die eine Seite der Waagschale, 100 Pfund Barrengold auf die andere, so wiegen sie gleich schwer, und so ist der Beweis geliefert, daß der Sovereign nichts andres ist, als das mit diesem Namen im englischen Münzpreis angezeigte Gewichtteil Gold, mit eigener Figur und eigenem Stempel. Die 4672 1/2 Goldsovereigns werden von verschiedenen Punkten in Zirkulation geworfen, und von ihr ergriffen vollziehen sie
day, some sovereigns more and others less. If the average number of moves made by
one ounce of gold during a day were ten, then the 1,200 ounces of gold would realise
a total of commodity-prices amounting to 12,000 ounces or 46,725 sovereigns. An
ounce of gold, no matter how one may twist and turn it, will never weigh ten ounces.
But here in the process of circulation, one ounce does indeed amount to ten ounces.
In the process of circulation a coin is equal to the quantity of gold contained in it mul-
tiplied by the number of moves it makes. In addition to its actual existence as an in-
dividual piece of gold of a certain weight, the coin thus acquires a nominal existence
which arises from the function it performs.

an einem Tage eine bestimmte Anzahl von
Umläufen, der eine Sovereign mehr, der an-
dere weniger, Wäre die Durchschnittszahl
der täglichen Umläufe von je einer Unze 10,
so würden die 1200 Unzen Gold eine Ge-
samtsumme von Warenpreisen zum Belauf
von 12 000 Unzen oder 46 725 Sovereigns
realisieren. Man mag eine Unze Gold dre-
hen und wenden wie man will, sie wird nie
10 Unzen Gold wiegen. Hier im Zirkulati-
onsprozeß wiegt aber in der Tat 1 Unze 10
Unzen. Das Dasein der Münze innerhalb
des Zirkulationsprozesses ist gleich dem in
ihr enthaltenen Goldquantum multipliziert
mit der Zahl ihrer Umläufe. Außer ihrem
wirklichen Dasein als einzelnes Goldstück
von bestimmtem Gewicht erhält die Münze
But whether the sovereign makes one or ten moves, in each particular purchase or sale it nevertheless acts merely as a single sovereign. The effect is the same as in the case of a general who on the day of battle replaces ten generals by appearing at ten different places at the crucial time, but remains the same general at each point. The nominalization of the medium of circulation, which arises as a result of the replacement of quantity by velocity, concerns only the functioning of coins within the process of circulation but does not affect the status of the individual coins.

Also weight loss by friction is called idealization. Exploited for falsification.
343:2–345:0 But the circulation of money is an external movement, and the sovereign, although *non olet*, keeps mixed company. The coin, which comes into contact with all sorts of hands, bags, purses, pouches, tills, chests and boxes, wears away, leaves a particle of gold here and another there, thus losing increasingly more of its intrinsic content as a result of abrasion sustained in the course of its worldly career. While in use it is getting used up. Let us consider a sovereign at a moment when its original solid features are as yet hardly impaired.

“A baker who takes a sovereign one day, and pays it away to his miller the next, does not pay the veritable sovereign itself; it is a little


„Ein Bäcker, der heute einen nagelneuen Sovereign frisch von der Bank erhält und ihn morgen an den Müller wegzahlt, zahlt nicht
lighter than when he received it.”


“It being obvious that the coinage, in the very nature of things, must be for ever, unit by unit, falling under depreciation by the mere action of ordinary and unavoidable abrasion ... It is a physical impossibility at any time, even for a single day, utterly to exterminate light coins from circulation.”

*The Currency Theory Reviewed* ... By a Banker, Edinburgh, 1845, p. 69. “If a slightly worn coin were to be considered to be worth less than a completely new one, then circulation would be continuously impeded, and not a single payment could be made without argument” (G. denselben wahrhaften (veritable) Sovereign, er ist leichter als zur Zeit, wo er ihn erhielt.”

Dodd, „Curiosities of industry etc.“, London 1854 [p. 16].

„Es ist klar, daß die Münze durch die Natur der Dinge selbst stets Stück für Stück in Depre‐ ziation fallen muß, infolge der bloßen Wirkung der gewöhnlichen und unvermeidlichen Abschleifung. Es ist eine physische Unmöglich‐ lichkeit, zu irgendeiner Zeit selbst für einen einzigen Tag leichte Münzen ganz von der Zir‐ kulation auszuschließen.“

„The currency theory reviewed etc. by a banker etc.“, Edinburgh 1845, pag. 69 etc. „Wenn ein etwas gebrauchter Taler für etwas weniger wert gälte als ein ganz neuer Taler, dann würde sich die Zirkulation beständig aufgehalten finden, und es würde keine einzige Zahlung oh‐

Jacob estimates that of the £380 million which existed in Europe in 1809, £19 million had completely disappeared as a result of abrasion by 1829, that is in the course of 20 years. Whereas the commodity having taken its first step, bringing it into the sphere of circulation, drops out of it again, the coin, after making a few steps in the sphere of circulation, represents a greater metal content than it actually possesses. The longer a coin circulates at a given velocity, or the more rapidly it circulates in a given period of time, the greater becomes the divergence between its existence as a coin and its existence as a piece of gold.

Jacob schätzt, daß von den 380 Millionen Pfd.St., die 1809 in Europa existierten, 1829, also in einem Zeitraum von 20 Jahren, 19 Millionen Pfd.St. durch Abschleifen völlig verschwunden waren. Wie also die Ware beim ersten Schritt, den sie in die Zirkulation hinein tut, aus ihr herausfällt, so stellt die Münze nach ein paar Schritten in der Zirkulation mehr Metallgehalt vor als sie hat. Je länger die Münze umläuft bei gleichbleibender Zirkulationsgeschwindigkeit, oder je lebhafter ihre Zirkulation in demselben Zeitraum wird, um so mehr löst sich ihr Dasein als Münze von ihrem goldenen oder silbernen Dasein ab. Was
or silver. What remains is magni nominis umbra, the body of the coin is now merely a shadow. Whereas originally circulation made the coin heavier, it now makes it lighter, but in each individual purchase or sale it still passes for the original quantity of gold. As a pseudo-sovereign, or pseudo-gold, the sovereign continues to perform the function of a legal gold coin. Although friction with the external world causes other entities to lose their idealism, the coin becomes increasingly ideal as a result of practice, its golden or silver substance being reduced to a mere pseudo-existence. This second idealization of metal currency, that is, the disparity between its nominal content and its real content, brought about by the practice, its golden or silver substance being reduced to a mere pseudo-existence. This second idealization of metal currency, that is, the disparity between its nominal content and its real content, brought about by the
process of circulation itself, has been taken advantage of both by governments and individual adventurers who debased the coinage in a variety of ways. The entire history of the Monetary System from the early Middle Ages until well into the eighteenth century is a history of such bilateral and antagonistic counterfeiting, and Custodi’s voluminous collection of works of Italian economists is largely concerned with this subject.


This weight loss reason for the decreasing quantities of gold represented by a monetary unit. First step to deal with it: fix the amount of weight loss below which it is no longer valid.

77 Jacob, W., „An historical inquiry into the production and consumption of the precious metals“, London 1831, vol. II, ch. XXVI [p. 322].
2.2

345:1/o But the “ideal” existence of gold within the confines of its function comes into conflict with its real existence. In the course of circulation some gold coins have lost more of their metal content, others less, and one sovereign is now indeed worth more than another. Since they are however equally valid while they function as coin—the sovereign that weighs a quarter of an ounce is valued no more highly than the sovereign which only represents a quarter of an ounce—some unscrupulous owners perform surgical operations on sovereigns of standard weight to achieve the same result artificially which circulation has brought about spontaneously in the case of lighter coins. Sovereigns are clipped and debased

90:1/o Das Scheindasein des Goldes innerhalb seiner Funktion tritt jedoch in Konflikt mit seinem wirklichen Dasein. Eine Goldmünze hat mehr, die andere weniger von ihrem Metallgehalt im Umlauf eingebüßt, und der eine Sovereign ist daher jetzt in der Tat mehr wert als der andere. Da sie aber in ihrem funktionellen Dasein als Münze gleich viel gelten, der Sovereign, der 1/4 Unze ist, nicht mehr als der Sovereign, der 1/4 Unze scheint, werden die vollwichtigen Sovereigns teilweise in den Händen gewissenloser Besitzer chirurgischen Operationen unterworfen, und künstlich an ihnen vollbracht, was der Umlauf selbst natürlich an ihren leichten Brüdern vollzog. Sie werden gekippt und gewippt
and the surplus gold goes into the melting pot. When 4,672 1/2 gold sovereigns placed on the scales weigh on the average only 800 ounces instead of 1,200, they will buy only 800 ounces of gold on the gold market: in other words, the market-price of gold has risen above the mint-price. All sovereigns, even those retaining the standard weight, would be worth less as coin than in the shape of bars. Sovereigns of standard weight would be reconverted into bars, a form in which a greater quantity of gold has a greater value than a smaller quantity of gold. When the decline of the metal content has affected a sufficient number of sovereigns to cause a permanent rise of the market-price of gold over its mint-price, the

coins will retain the same names of account but these will henceforth stand for a smaller quantity of gold. In other words, the standard of money will be changed, and henceforth gold will be minted in accordance with this new standard. Thus, in consequence of its idealization as a medium of circulation, gold in its turn will have changed the legally established relation in which it functioned as the standard of price. A similar revolution would be repeated after a certain period of time; gold both as the standard of price and the medium of circulation in this way being subject to continuous changes, so that a change in the one aspect would cause a change in the other and vice versa. This accounts for the phenomenon mentioned zu bewirken, würden die Rechennamen der Münze dieselben bleiben, aber künftig ein geringeres Quantum Gold anzeigen. In anderen Worten, der Maßstab des Geldes würde sich ändern und das Gold künftig diesem neuen Maßstab entsprechend gemünzt werden. Durch seine Idealisierung als Zirkulationsmittel hätte das Gold rückschlagend die gesetzlich festgesetzten Verhältnisse, worin es Maßstab der Preise war, verändert. Dieselbe Revolution würde sich nach einem gewissen Zeitraum wiederholen, und so wäre das Gold sowohl in seiner Funktion als Maßstab der Preise wie als Zirkulationsmittel einem beständigen Wechsel unterworfen, so daß der Wechsel in der einen Form den in der andern hervorbrächte und
earlier, namely that, as the history of all modern nations shows, the same monetary titles continued to stand for a steadily diminishing metal content. The contradiction between gold as coin and gold as the standard of price becomes also the contradiction between gold as coin and gold as the universal equivalent, which circulates not only within the boundaries of a given territory but also on the world market. As a measure of value gold has always retained its full weight, because it has served only nominally as gold. When serving as an equivalent in the separate transaction $C - M$, gold reverts from movement immediately to a state of rest; but when it serves as a coin, its natural substance comes into constant umgekehrt. Dies erklärt das früher erwähnte Phänomen, daß in der Geschichte aller modernen Völker derselbe Geldname einem sich stets vermindernenden Metallgehalt verblieb. Der Widerspruch zwischen dem Gold als Münze und dem Gold als Maßstab der Preise wird ebenso zum Widerspruch zwischen dem Gold als Münze und dem Gold als allgemeinem Äquivalent, als welches es nicht nur innerhalb der Landesgrenzen, sondern auf dem Weltmarkt zirkuliert. Als Maß der Werte war Gold stets vollwichtig, weil es nur als ideelles Gold diente. Als Äquivalent in dem isolierten Akt $W - G$ fällt es aus seinem bewegten Dasein sofort in sein ruhendes zurück, aber als Münze tritt seine natürliche Substanz in fortwährenden
conflict with its function. The transformation of gold sovereigns into nominal gold cannot be entirely prevented, but legislation attempts to preclude the establishment of nominal gold as coin by withdrawing it from circulation when the coins in question have lost a certain percentage of their substance. According to English law, for instance, a sovereign which has lost more than 0.747 grain of weight is no longer legal tender. Between 1844 and 1848, 48 million gold sovereigns were weighed by the Bank of England, which possesses scales for weighing gold invented by Mr. Cotton. This machine is not only able to detect a difference between the weights of two sovereigns amounting to one-hundredth of a grain, but

like a rational being it flings the light-weight coin onto a board from which it drops into another machine that cuts it into pieces with oriental cruelty.

Thus gold has become a symbol of itself, which is not possible. Therefore silver- or copper tokens.

346:1/oo Under these conditions, however, gold coins would not be able to circulate at all unless they were confined to a definite sphere of circulation where they wear out less quickly. In so far as a gold coin in circulation is worth a quarter of an ounce, whereas it weighs only a fifth of an ounce, it has indeed become a mere token or symbol for one-twentieth of an ounce of gold, and in this way the process of circulation converts all gold coins to some extent
into mere tokens or symbols representing their substance. But a thing cannot be its own symbol. Painted grapes are no symbol of real grapes, but are imaginary grapes. Even less is it possible for a light-weight sovereign to be the symbol of a standard-weight sovereign, just as an emaciated horse cannot be the symbol of a fat horse. Since gold thus becomes a symbol of itself but cannot serve as such a symbol it assumes a symbolic existence—quite separate from its own existence—in the shape of silver or copper counters in those spheres of circulation where it wears out most rapidly, namely where purchases and sales of minute amounts go on continuously. A certain proportion of the total number of gold coins, lationsprozeß selbst mehr oder minder in ein bloßes Zeichen oder Symbol ihrer Substanz verwandelt. Aber kein Ding kann sein eigenes Symbol sein. Gemalte Trauben sind nicht das Symbol wirklicher Trauben, sondern Scheintrauben. Noch minder aber kann ein leichter Sovereign das Symbol eines vollwichtigen sein, so wenig wie ein abgemagertes Pferd Symbol eines fetten Pferdes sein kann. Da also Gold zum Symbol seiner selbst wird, aber nicht als Symbol seiner selbst dienen kann, erhält es in den Kreisen der Zirkulation, worin es sich am schnellsten abnutzt, d.h. in den Kreisen, wo Käufe und Verkäufe in den kleinsten Proportionen beständig erneuert werden, ein von seinem Golddasein getrenntes
although not always the same coins, perpetually circulate in these spheres. This proportion of gold coins is replaced by silver or copper tokens. Various commodities can thus serve as coin alongside gold, although only one specific commodity can function as the measure of value and therefore also as money within a particular country. These subsidiary means of circulation, for instance silver or copper tokens, represent definite fractions of gold coins within the circulation. The amount of silver or copper these tokens themselves contain is, therefore, not determined by the value of silver or copper in relation to that of gold, but is arbitrarily established by law. They may be issued only in amounts not exceeding those in which symbolisches, silbernes oder kupfernes Dasein. Obgleich nicht dieselben Goldstücke, würde stets eine bestimmte Proportion des gesamten Goldgeldes sich in diesen Kreisen als Münze umtreiben. In dieser Proportion wird das Gold durch silberne oder kupferne Marken ersetzt. Während also nur eine spezifische Ware als Maß der Werte und darum als Geld innerhalb eines Landes funktionieren kann, können verschiedene Waren neben dem Gold als Münze dienen. Diese subsidiären Zirkulationsmittel, silberne oder kupferne Marken z.B., repräsentieren innerhalb der Zirkulation bestimmte Fraktionen der Goldmünze. Ihr eigener Silber- oder Kupfergehalt ist daher nicht bestimmt durch das Wertverhält-
the small fractions of gold coin they represent would constantly circulate, either as small change for gold coin of higher denominations or to realise correspondingly low prices of commodities. The silver tokens and copper tokens will belong to distinct spheres of retail trade. It is self-evident that their velocity of circulation stands in inverse ratio to the price they realise in each individual purchase and sale, or to the value of the fraction of the gold coin they represent. The relatively insignificant total amount of subsidiary coins in circulation indicates the velocity with which they perpetually circulate, if one bears in mind the huge volume of retail trade daily transacted in a country like England. A recently published parliamen-

Historical report shows, for instance, that in 1857 the English Mint coined gold to the amount of £4,859,000 and silver having a nominal value of £733,000 and a metal value of £363,000. In the ten-year period ending December 31, 1867, the total amount of gold coined came to £55,239,000 and that of silver to only £2,434,000. The nominal value of copper coins issued in 1857 was only £6,720, while the value of the copper contained in them was £3,492; of this total £3,136 was issued as pennies, £2,464 as halfpennies and £1,120 as farthings. The total nominal value of the copper coin struck during the last ten years came to £141,477, and their metal value to £73,503. Just as gold coin is prevented from perpetually den ungeheuren Umfang des kleinen täglichen Verkehrs in einem Land wie England, so zeigt das relativ unbedeutende Verhältnis der Gesamtquantität der zirkulierenden subsidiären Münzen die Geschwindigkeit und Beständigkeit ihres Umlaufs. Aus einem vor kurzem ausgegebenen parlamentarischen Bericht ersehen wir z.B., daß 1857 die englische Münze Gold zum Belauf von 4.859.000 Pfd. münzte, Silber zum Nominalwert von 373.000 Pfd. und einem Metallwert von 363.000 Pfd. Der Gesamtbetrag des in den zehn am 31. Dezember 1857 abgelaufenen Jahren gemünzten Goldes war 55.239.000 Pfd. und nur 2.434.000 Pfd. St. in Silber. Die Kupfermünze belief sich 1857 auf nur 6.720 Pfd. Nominalwert mit
functioning as coin by the statutory provision that on losing a certain quantity of metal it is demonetized, so conversely by laying down the price level which they can legally realize silver and copper counters are prevented from moving into the sphere of gold coin and from establishing themselves as money. Thus for example in England, copper is legal tender for sums up to 6d. and silver for sums up to 40s. The issue of silver and copper tokens in quantities exceeding the requirements of their spheres of circulation would not lead to a rise in commodity-prices but to the accumulation of these tokens in the hands of retail traders, who would in the end be forced to sell them as metal. In 1798, for instance, English copper coins had a copper value of 3492 Pfd.St., of which 3136 Pfd.St. in Pence, 2464 in Halfpence and 1120 in Farthings. The total value of copper coins minted in the last ten years was 141,477 Pfd.St. Nominal value with a metal value of 73,503 Pfd.St. How is the gold coin prevented from entering into the sphere of circulation of silver and copper tokens in quantities exceeding the requirements of their spheres, and how would this lead to a rise in commodity prices but to the accumulation of these tokens in the hands of retail traders, who would end up being forced to sell them as metal. For example, in 1798, English copper coins had a copper value of 6d. and silver for sums up to 40s. The issue of silver and copper tokens in quantities exceeding the requirements of their spheres of circulation would not lead to a rise in commodity prices but to the accumulation of these tokens in the hands of retail traders, who would in the end be forced to sell them as metal.
per coins to the amounts of £20, £30 and £50, spent by private people, had accumulated in the tills of shopkeepers and, since their attempts to put the coins again into circulation failed, they finally had to sell them as metal on the copper market.  

\[78\] David Buchanan, *Observations on the Sub-

\[78\] David Buchanan, „Observations on the sub-

Pence, Silber nur zum Belauf von 40 sh. in Zahlung angenommen zu werden. Würden Silber- und Kupfermarken in größern Quantitäten ausgegeben als die Bedürfnisse ihrer Zirkulationssphären erheischen, so würden die Warenpreise nicht dadurch steigen, sondern Akkumulation dieser Marken bei den Detailverkäufern stattfinden, die schließlich gezwungen wären, sie als Metall zu verkaufen. So hatten sich 1798 englische Kupfermünzen, von Privatleuten ausgegeben, zum Betrag von 20, 30, 50 Pfd.St. bei Krämern akkumuliert, die sie vergeblich wieder in Umlauf zu setzen suchten und schließlich als Ware auf den Kupfermarkt werfen mußten.  

\[78\] David Buchanan, *Observations on the Sub-
Next step: make value of silver- or copper tokens independent of its metal content.

348:1 The metal content of the silver and copper tokens, which represent gold coin in distinct spheres of home circulation, is determined by law; but when in circulation they wear away, just as gold coins do, and, because of the velocity and constancy of their circulation, they are reduced even faster to a merely imaginary, or shadow existence. If one were to establish that silver and copper tokens also, on losing a certain amount of metal, should cease to function as coin, it would be necessary to replace them in turn in certain sections of their own

93:1 Die Silber- und Kupfermarken, die die Goldmünze in bestimmten Sphären der innern Zirkulation repräsentieren, besitzen einen gesetzlich bestimmten Silber- und Kupfergehalt, aber von der Zirkulation ergriffen schleifen sie ab wie die Goldmünze und idealisieren sich, der Geschwindigkeit und Beständigkeit ihres Umlaufs entsprechend, noch rascher zu bloßen Schattenleibern. Sollte nun wieder eine Grenzlinie der Entmetallung gezogen werden, auf der Silber- und Kupfermarken ihren Münzcharakter einbüßen, so müßten sie innerhalb
sphere of circulation by some other symbolic money, such as iron or lead; and in this way the representation of one type of symbolic money by other types of symbolic money would go on for ever. The needs of currency circulation itself accordingly compel all countries with a developed circulation to ensure that silver and copper tokens function as coin independently of the percentage of metal they lose. It thus becomes evident that they are, by their very nature, symbols of gold coin not because they are made of silver or copper, not because they have value, but they are symbols in so far as they have no value.

bestimmter Kreise ihrer eigenen Zirkulationssphäre selbst wieder durch anderes symbolisches Geld, sage Eisen und Blei, ersetzt werden, und diese Darstellung von symbolischem Geld durch anderes symbolisches Geld wäre ein Prozeß ohne Ende. In allen Ländern entwickelter Zirkulation zwingt daher die Notwendigkeit des Geldumlaufs selbst den Münzcharakter der Silber- und Kupfermarken von jedem Grad ihres Metallverlustes unabhängig zu machen. Es erscheint damit, was in der Natur der Sache lag, daß sie Symbole der Goldmünze sind, nicht weil sie aus Silber oder Kupfer gemachte Symbole sind, nicht weil sie einen Wert haben, sondern soweit sie keinen haben.
Next step: valueless slips of paper.

Relatively worthless things, such as paper, can function as symbols of gold coins. Subsidiary coins consist of metal, silver, copper, etc., tokens principally because in most countries the less valuable metals circulated as money—e.g., silver in England, copper in the ancient Roman Republic, Sweden, Scotland, etc.—before the process of circulation reduced them to the status of small coin and put a more valuable metal in their place. It is in the nature of things moreover that the monetary symbol which directly arises from metallic currency should be, in the first place, once again a metal. Just as the portion of gold which would constantly have to circulate as small change is
replaced by metal tokens, so the portion of gold which as coin remains always in the sphere of home circulation, and must therefore circulate perpetually, can be replaced by tokens without intrinsic value. The level below which the volume of currency never falls is established in each country by experience. What was originally an insignificant divergence of the nominal content from the actual metal content of metallic currency can therefore reach a stage where the two things are completely divorced. The names of coins become thus detached from the substance of money and exist apart from it in the shape of worthless scraps of paper. In the same way as the exchange-value of commodities is crystallized into gold money as Gold, die stets als Scheidemünze zirkulieren müßte, durch Metallmarken ersetzt wird, kann die Portion Gold, die stets von der Sphäre der innern Zirkulation als Münze absorbiert wird, also beständig umlaufen muß, durch wertlose Marken ersetzt werden. Das Niveau, worunter die Masse der umlaufenden Münze nie sinkt, ist in jedem Lande erfahrungsmäßig gegeben. Die ursprünglich unscheinbare Differenz zwischen dem Nominalgehalt und dem Metallgehalt der Metallmünze kann also bis zur absoluten Scheidung fortgehen. Der Münzname des Geldes löst sich ab von seiner Substanz und existiert außer ihr in wertlosen Papierzetteln. Wie der Tauschwert der Waren durch ihren Austauschprozeß sich in Goldgeld kristallisiert,
a result of exchange, so gold money in circulation is sublimated into its own symbol, first in the shape of worn gold coin, then in the shape of subsidiary metal coin, and finally in the shape of worthless counters, scraps of paper, mere tokens of value.

But this replacement can only be done in circulation. Marx has an interesting argument from practice:

349:1 But the gold coin gave rise first to metallic and then to paper substitutes only because it continued to function as a coin despite the loss of metal it incurred. It circulated not because it was worn, but it was worn to a symbol because it continued to circulate. Only in so far as in the process of circulation gold currency becomes a mere token of its own value can mere tokens of
value be substituted for it.

This seems now, for the first time, a theoretical explanation of why the underweight coins continued to circulate. Because as means of circulation, gold represents only the *vanishing money-being* (verschwindendes Geldsein) of the commodities. This is why it can be replaced by tokens.

349:2 In so far as the circuit $C - M - C$ is the dynamic unity of the two aspects $C - M$ and $M - C$, which directly change into each other, or in so far as the commodity undergoes the entire metamorphosis, it evolves its exchange-value into price and into money, but immediately abandons these forms again to become once more a commodity, or rather a use-value. The exchange-value of the commodity thus only seems to acquire independent existence. We have seen, on the other hand, that gold, when it functions only

94:2 Sofern die Bewegung $W - G - W$ prozessierende Einheit der zwei unmittelbar ineinander umschlagenden *Momente* $W - G$, $G - W$ ist, oder soweit die Ware den Prozeß ihrer Gesamtmetamorphose durchläuft, entwickelt sie ihren Tauschwert im Preis und im Geld, um sofort diese Form wieder aufzuheben, wieder Ware zu werden oder vielmehr Gebrauchswert. Sie geht also zu nur *scheinbarer Verselbständigung* ihres Tauschwerts fort. Wir sahen andererseits, daß das Gold, soweit es nur als Münze
as specie, that is when it is perpetually in circulation, does indeed represent merely the interlinking of the metamorphoses of commodities and *their ephemeral existence as money*. Gold realises the price of one commodity only in order to realise that of another, but it never appears as exchange-value in a state of rest or even a commodity in a state of rest. The reality which in this process the exchange-value of commodities assumes, and which is expressed by gold in circulation, is merely the reality of an electric spark. Although it is real gold, it functions merely as apparent gold, and in this function therefore a token of itself can be substituted for it.

Several points, concluding paragraph before the historical section.
349:3/oo The token of value, say a piece of paper, which functions as a coin, represents the quantity of gold indicated by the name of the coin, and is thus a *token of gold*. A definite quantity of gold as such does not express a value relation, nor does the token which takes its place. The gold token represents value in so far as a definite quantity of gold, because it is materialized labor-time, possesses a definite value. But the amount of value which the token represents depends in each case upon the value of the quantity of gold represented by it. As far as commodities are concerned, the token of value represents the *reality of their price* and constitutes a token of their price and a token of their value only be-

94:3/o Das Wertzeichen, sage Papier, das als Münze funktioniert, ist Zeichen des in seinem Münznamen ausgedrückten Quan-
tums Gold, also *Goldzeichen*. So wenig ein bestimmtes Quantum Gold an sich ein Wertverhältnis ausdrückt, so wenig das Zeichen, das an seine Stelle tritt. Sofern ein bestimmtes Quantum Gold als *vergegenständlichte Arbeitszeit* eine bestimmte Wertgröße besitzt, *stellt* das Goldzeichen Wert vor. Die von ihm vorgestellte Wertgröße hängt aber jedesmal ab von dem Wert des von ihm vorgestellten Goldquantums. Den Waren gegenüber *stellt* das Wertzeichen die *Realität ihres Preises vor*, ist signum pretii und Zeichen ihres Werts nur, weil ihr Wert aus-

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cause their value is expressed in their price. In the circuit \( C - M - C \), in so far as it expresses merely the dynamic unity of the two metamorphoses or the direct transformation of one metamorphosis into the other—and this is how it appears in the sphere of circulation, within which the token of value operates—the exchange-value of commodities assumes in the price merely a nominal existence and in money merely an imaginary or symbolic existence. Exchange-value thus appears to be something purely conceptual or an imagined entity but possessing no reality except in the commodities, in so far as a definite amount of labor-time is materialized in them. The token of value therefore seems to represent the value of commodities \( W - G - W \), soweit er als nur prozessierende Einheit oder unmittelbares Ineinanderumschlagen der beiden Metamorphosen sich darstellt—und so stellt er sich dar in der Zirkulationssphäre, worin das Wertzeichen funktioniert—, erhält der Tauschwert der Waren im Preis nur ideelle, im Geld nur vorgestellte, symbolische Existenz. Der Tauschwert erscheint so nur als gedachter oder dinglich vorgestellter, aber besitzt keine Wirklichkeit außer in den Waren selbst, sofern ein bestimmtes Quantum Arbeitszeit in ihnen vergegenständlicht ist. Es scheint daher, als ob das Wertzeichen den Wert der Waren unmittelbar repräsentiere, indem es nicht als Zeichen von Gold, sondern als Zeichen des im Preis nur ausge-
directly, since it appears to be not a token of gold but a token of the exchange-value which exists solely in the commodity and is merely expressed in the price. But the appearance is deceptive. The token of value is directly only a token of price, that is a token of gold, and only indirectly a token of the value of the commodity. Gold, unlike Peter Schlemihl, has not sold its shadow, but uses its shadow as a means of purchase. Thus the token of value is effective only when in the process of exchange it signifies the price of one commodity compared with that of another or when it represents gold with regard to every commodity-owner. First of all custom turns a certain, relatively worthless object, a piece of leather, a scrap of drückten, aber in der Ware allein vorhandenen Tauschwerts sich darstellt. Dieser Schein ist aber falsch. Das Wertzeichen ist unmittelbar nur Preiszeichen, also Goldzeichen, und nur auf einem Umweg Zeichen des Werts der Ware. Das Gold hat nicht wie Peter Schlemihl seinen Schatten verkauft, sondern kauft mit seinem Schatten. Das Wertzeichen wirkt daher nur, soweit es innerhalb des Prozesses den Preis der einen Ware gegenüber der andern oder jedem Warenbesitzer gegenüber Gold vorstellt. Ein bestimmtes relativ wertloses Ding, Stück Leder, Papierzettel usw., wird zunächst gewohnheitsmäßig Zeichen des Geldmaterials, behauptet sich jedoch nur als solches, indem sein Dasein als Symbol durch den
paper, etc., into a token of the material of which money consists, but it can maintain this position only if its function as a symbol is guaranteed by the general intention of commodity-owners, in other words if it acquires a legal conventional existence and hence a legal rate of exchange. Paper money issued by the state and given a legal rate is an advanced form of the *token of value*, and the only kind of paper money which directly arises from metallic currency or from simple commodity circulation itself. *Credit money* belongs to a more advanced stage of the social process of production and conforms to very different laws. Symbolic paper money indeed does not differ at all from subsidiary metal coin except in having a wider sphere allgemeinen Willen der Warenbesitzer garantiert wird, d.h. indem es gesetzlich konventionelles Dasein und daher Zwangskurs erhält. Staatspapiergeld mit Zwangskurs ist die vollendete Form des *Wertzeichens*, und die einzige Form des Papiergelds, die unmittelbar aus der metallischen Zirkulation oder der einfachen Warenzirkulation selbst herauswächst. *Kreditgeld* gehört einer höheren Sphäre des gesellschaftlichen Produktionsprozesses an und wird durch ganz andere Gesetze geregelt. Symbolisches Papiergeld ist in der Tat durchaus nicht verschieden von der subsidiären Metallmünze, nur in weiterer Zirkulationssphäre wirkend. Wenn die bloß technische Entwicklung des Maßstabs der Preise oder des Münzpreises und weiter
of circulation. Even the merely technical development of the standard of price, or of the mint-price, and later the external transformation of gold bars into gold coin led to state intervention and consequently to a visible separation of internal circulation from the general circulation of commodities, this division being completed by the transformation of coin into a token of value. Money as a simple medium of circulation can after all acquire an independent existence only within the sphere of internal circulation.

(1) Tokens do not represent value itself but gold! This is important; since they are tokens one thinks they are tokens of value, necessary ideology!

Das Gold hat nicht wie Peter Schlemihl seinen Schatten verkauft, sondern kauft mit seinem Schatten.

Gold buys with its shadow (and then an allusion to Peter Schlemihl who has sold its shadow,
but there is no deeper sense in this sentence; he is not implying that gold in any sense sold its shadow). “Zwangskurs” means: it is not legally convertible into gold but has to circulate by state decree.

He says that value tokens were not created by an agreement or by edict of the state, but from circulation itself. Historical examples of spontaneous origin of these tokens.

351:1/o Our exposition has shown that gold in the shape of coin, that is tokens of value divorced from gold substance itself, originates in the process of circulation itself and does not come about by arrangement or state intervention. Russia affords a striking example of a spontaneously evolved token of value. At a time when hides and furs served as money in that country, the contradiction between the perishable and unwieldy material and its function as a medium of circulation led to the custom of

substituting small pieces of stamped leather for it; these pieces thus became money orders payable in hides and furs. Later they were called kopeks and became mere tokens representing fractions of the silver ruble and as such were used here and there until 1700, when Peter the Great ordered their replacement by small copper coins issued by the State. 79 In antiquity writers, who were able to observe only the phenomena of metallic currency, among them Plato 80 and Aristotle 81 , already understood that gold coin is a symbol or token of value. Paper money with a legal rate of exchange arises early in countries such as China, which have not evolved a credit system. 82 Later advocates of paper money also refer expressly to the
transformation of the metal coin into a token of value which is brought about by the circulation process itself. Such references occur in the works of Benjamin Franklin and Bishop Berkeley.

Henry Storch, *Cours d’économie politique* . . . avec des notes par J. B. Say, Paris, 1823, tome IV, p. 79. Storch published his work in French in St. Petersburg. J. B. Say immediately brought out a reprint in Paris supplemented by so-called notes, which in fact contain nothing but platitudes. Storch’s reaction to the annexation of his work by the “prince de la science” was not at all polite (see his *Considérations sur le nature du revenu national*, Paris, 1824).

Plato, De Republica, L. II. “The coin is a token of exchange” (Opera omnia etc., ed. G. Stall-
Plato analyses only two aspects of money, i.e., money as a standard of value and a token of value; apart from the token of value circulating within the country he calls for another token of value serving in the commerce of Greece with other countries (cf. book 5 of his *Laws*).

81 *Aristotele, Ethica Nicomachea*, L. 5, C. 8 [p. 98]. “But money has become by convention a sort of representative of demand; and this is why it has the name ‘money’—because it exists not by nature but by ‘law’, and it is in our power to change it and make it useless.” [The English translation is from Aristotle, *Ethica Nicomachea*, Oxford, 1925, 1133a.] Aristotle’s conception of money was considerably more complex and profound than that of Plato. In the following passage he describes very well how as a result of barter between different communities the necessity entspringt, einer spezifischen Ware,
2.2

sity arises of turning a specific commodity, that is a substance which has itself value, into money. “When the inhabitants of one country became more dependent on those of another, and they imported what they needed, and exported what they had too much of, money necessarily came into use ... and hence men agreed to employ in their dealings with each other something which was intrinsically useful and easily applicable to the purposes of life, for example, iron, silver and the like.” (Aristotele, De Republica, L. I, C. 9, loc. cit [p. 14]. [The English translation is from Aristotle, Politica, by Benjamin Jowett, Oxford, 1966, 1257a.]) Michel Chevalier, who has either not read or not understood Aristotle, quotes this passage to show that according to Aristotle the medium of circulation must be a substance which is itself valuable. Aristotle, however, states plainly that money regarded simply as also selbst wertvollen Substanz, den Charakter des Geldes zu geben. „Denn als die gegenseitige Hilfeleistung durch Einfuhr des Fehlenden und Ausfuhr des Überschusses sich über größere Entfernungen erstreckte, entstand aus Notwendigkeit die Verwendung des Geldes ... Man kam überein, beim gegenseitigen Austausch nichts anderes zu geben und zu nehmen, als was selbst etwas Wertvolles, den Vorteil handlichen Gebrauchs hätte ... wie Eisen und Silber oder etwas anderes Derartiges.“ (Aristoteles, „De Republica“, L. I, C. 9 l.c. [p. 14].) Diese Stelle zitiert Michel Chevalier, der den Aristoteles entweder nicht gelesen oder nicht verstanden hat, um zu beweisen, daß nach Aristoteles’ Ansicht das Zirkulationsmittel aus einer selbst wertvollen Substanz bestehen müsse. Aristotle sagt vielmehr ausdrücklich, daß das Geld als bloßes Zirkulationsmittel bloß konventionelles oder gesetzliches
medium of circulation is merely a conventional or legal entity, as even its name indicates, and its use-value as specie is in fact only due to its function and not to any intrinsic use-value. “Others maintain that coined money is a mere sham, a thing not natural, but conventional only, because, if the users substitute another commodity for it, it is worthless, and because it is not useful as a means to any of the necessities of life.” (Aristotle, De Republica [p. 15]. [The English translation is from Aristotle, Politica, 1257b.])

Sir John Mandeville, Voyages and Travels, London, 1705, p. 105: “This Emperor (of Cattay or China) may dispende ols mucche as he wile withouten estymacion. For he despendethe not, nor makethe no money, but of lether emprendeth, or of papyre. And when that money hathe ronne so longe that it begynethe to waste, then men beren it to the Emperoure Tresorye, and

Dasein zu haben scheine, wie schon sein Name (greek) anzeige, und wie es in der Tat seinen Gebrauchswert als Münze nur von seiner Funktion selbst erhalte, nicht von einem ihm selbst angehörigen Gebrauchswert. „Nichtig scheint das Geld zu sein und ganz und gar durch Gesetz, aber nichts von Natur, so daß es außer Umlauf gesetzt keinerlei Wert hat und unbrauchbar ist zu irgend etwas Notwendigem.“ (l.c. [p. 15].)

Mandeville (Sir John), „Voyages and Travels“, London, ed. 1705, p. 105: „Dieser Kaiser (von Cattay oder China) kann so viel ausgeben, wie es ihm beliebt, ohne Beschränkung. Denn er ist nicht abhängig und macht Geld nur aus bedrucktem Leder oder Papier. Und wenn dies Geld so lange umgelaufen ist, daß es anfängt, sich aufzulösen, dann bringt man es in des Kai-
then they taken newe Money for the old. And
that money gothe thorghe out all the contree, and
thorge out all his Provynces . . . They make no
money nouther of Gold nor of Sylver,” and Man-
deville adds, “therefore he may despended ynew
and outrageously.”

83 Benjamin Franklin, Remarks and Facts Re-
ative to the American Paper Money, 1764, op.
cit., p. 348: “At this very time, even the silver
money in England is obliged to the legal tender
for part of its value; that part which is the dif-
ference between its real weight and its denomi-
nation. Great part of the shillings and sixpences
now current are by wearing become 6, 10, 20,
and some of the sixpences even 50%, too light.
For this difference between the real and the nom-
inal you have no intrinsic value; you have not so
much as paper, you have nothing. It is the le-
sers Schatzamt, und dann nimmt man neues Geld
an Stelle des alten. Und dieses Geld läuft um
im ganzen Land und in allen seinen Provinzen
. . . man macht Geld weder aus Gold noch aus
Silber“, und, meint Mandeville, „deshalb kann
er immer von neuem und übermäßig viel ausge-
ben.“

83 Benjamin Franklin, „Remarks and facts re-
late to the American paper money“, 1764, pag.
348 l.c.: „Zu eben der Zeit wird sogar das Sil-
bergeld in England zu einem Teil seines Werts
zwangsmäßig zum gesetzlichen Zahlungsmittel
gemacht: dieser Teil ist der Unterschied zwi-
schen seinem wirklichen Gewicht und seinem
Nennwert. Ein großer Teil der jetzt umlaufenden
Shilling- und Sechspencestücke ist durch Abnut-
zung 5, 10, 20 und einige der Sechspencestücke
sogar 50% zu leicht geworden. Für diesen Un-
terschied zwischen Real- und Nominalwert hat man
gal tender, with the knowledge that it can easily be repassed for the same value, that makes three pennyworth of silver pass for a sixpence.”

84 Berkeley, op. cit. [p. 81]. “Whether the denominations being retained, although the bullion were gone ... might not nevertheless ... a circulation of commerce (be) maintained?”

⇓ Quantity of paper money determined by quantity of gold that it replaces.

352:1/o How many reams of paper cut into fragments can circulate as money? In this form the question is absurd. Worthless tokens become tokens of value only when they represent gold within the process of circulation, and they can represent it only

84 Berkeley, l.c. [p .3]. „Wenn die Denomination der Münze beibehalten wird, nachdem ihr Metall den Weg alles Fleisches gegangen, würde nicht dennoch die Zirkulation des Handels fortbestehn?“

97:1/o Wieviel Ries Papier können in Zettel zerschnitten als Geld zirkulieren? So gestellt wäre die Frage abgeschmackt. Die wertlosen Marken sind Wertzeichen, nur soweit sie das Gold innerhalb des Zirkulationsprozesses vertreten, und sie vertre-
to the amount of gold which would circulate as coin, an amount which depends on the value of gold if the exchange-value of the commodities and the velocity of their metamorphoses are given. The number of pieces of paper with a denomination of £5 which could be used in circulation would be one-fifth of the number of pieces of paper with a denomination of £1, and if all payments were to be transacted in shilling notes, then twenty times more shilling notes than pound notes would have to circulate. If gold coin were represented by notes of different denomination, e.g., £5 notes, £1 notes and 10s. notes, the number of the different types of tokens of value needed would not just be determined by the quantity of

gold required in the sphere of circulation as a whole, but by the quantity needed in the sphere of circulation of each particular type of note. If £14 million were the level below which the circulation of a country never fell (this is the presupposition of English Banking legislation, not however with regard to coin but to credit money), then 14 million pieces of paper, each a token of value representing £1, could circulate. If the value of gold decreased or increased because the labor-time required for its production had fallen or risen then the number of pound notes in circulation would increase or decrease in inverse ratio to the change in the value of gold, provided the exchange-value of the same mass of commodities remained through das für die Gesamtzirkulation, sondern durch das für den Zirkulationskreis jeder besonderen Sorte nötige Quantum Gold. Wären 14 Millionen Pfd.St. (dies ist die Annahme der englischen Bankgesetzgebung, aber nicht für die Münze, sondern für das Kreditgeld) das Niveau, worunter die Zirkulation eines Landes nie fiel, so könnten 14 Millionen Papierzettel, jeder das Wertzeichen für 1 Pfd.St., zirkulieren. Fiele oder stiege der Wert des Goldes, weil die zu seiner Produktion erheischte Arbeitszeit gefallen oder gestiegen wäre, so würde bei gleichbleibendem Tauschwert derselben Warenmasse die Anzahl der zirkulierenden Pfd.-St.-Zettel steigen oder fallen, im umgekehrten Verhältnis zum Wertwechsel des
unchanged. Supposing gold were superseded by silver as the standard of value and the relative value of silver to gold were 1:15, then 210 million pound notes would have to circulate henceforth instead of 14 million, if from now on each piece of paper was to represent the same amount of silver as it had previously represented of gold. The number of pieces of paper is thus determined by the quantity of gold currency which they represent in circulation, and as they are tokens of value only in so far as they take the place of gold currency, their value is simply determined by their quantity. Whereas, therefore, the quantity of gold in circulation depends on the prices of commodities, the value of the paper in circulation, on the other hand, Goldes. Würde das Gold als Maß der Werte durch Silber ersetzt, wäre das Wertverhältnis von Silber zu Gold wie 1:15, repräsentierte künftig jeder Zettel dasselbe Quantum Silber, das er vorher von Gold repräsentier- te, so müßten statt 14 Millionen künftig 210 Millionen Pfd.-St.-Zettel zirkulieren. Die Quantität der Papierzettel ist also bestimmt durch die Quantität des Goldgeldes, das sie in der Zirkulation vertreten, und da sie nur Wertzeichen sind, sofern sie es vertreten, ist ihr Wert einfach durch ihre Quantität be- stimmt. Während also die Quantität des zirkulierenden Goldes von den Warenpreisen abhängt, hängt umgekehrt der Wert der zirkulierenden Papierzettel ausschließlich von ihrer eigenen Quantität ab.
depends solely on its own quantity.

The last sentence above ↑ does not yet seem to belong here.

↓ If state prints too much money, value of paper money falls. After the state has released the paper bills, his control over them ceases, and they obey the economic laws of circulation.

353:1/o The intervention of the State which issues paper money with a legal rate of exchange—and we speak only of this type of paper money—seems to invalidate the economic law. The State, whose mint price merely provided a definite weight of gold with a name and whose mint merely imprinted its stamp on gold, seems now to transform paper into gold by the magic of its imprint. Because the pieces of paper have a legal rate of exchange, it is impossible to prevent the State from thrusting any arbitrarily chosen number of them into cir-

calculation and to imprint them at will with any monetary denomination such as £1, £5, or £20. Once the notes are in circulation it is impossible to drive them out, for the frontiers of the country limit their movement, on the one hand, and on the other hand they lose all value, both use-value and exchange-value, outside the sphere of circulation. Apart from their function they are useless scraps of paper. But this power of the State is mere illusion. It may throw any number of paper notes of any denomination into circulation but its control ceases with this mechanical act. As soon as the token of value or paper money enters the sphere of circulation it is subject to the inherent laws of this sphere.

Let us assume that £14 million is the amount of gold required for the circulation of commodities and that the State throws 210 million notes each called £1 into circulation: these 210 million would then stand for a total of gold worth £14 million. The effect would be the same as if the notes issued by the State were to represent a metal whose value was one-fifteenth that of gold or that each note was intended to represent one-fifteenth of the previous weight of gold. This would have changed nothing but the nomenclature of the standard of prices, which is of course purely conventional, quite irrespective of whether it was brought about directly by a change in the monetary standard or indirectly by an increase in the supply of notes.
crease in the number of paper notes issued in accordance with a new lower standard. As the name pound sterling would now indicate one-fifteenth of the previous quantity of gold, all commodity-prices would be fifteen times higher and 210 million pound notes would now be indeed just as necessary as 14 million had previously been. The decrease in the quantity of gold which each individual token of value represented would be proportional to the increased aggregate value of these tokens. The rise of prices would be merely a reaction of the process of circulation, which forcibly placed the tokens of value on a par with the quantity of gold which they are supposed to replace in the sphere of circulation.
Question 37 In the History of English and French falsifications of money one finds again and again that prices did not rise in the same proportion as the coins were falsified. Explain why.

Lists contradictions: Contradiction between measure of values and means of circulation!

354:2/o One finds a number of occasions in the history of the debasement of currency by English and French governments when the rise in prices was not proportional to the debasement of the silver coins. The reason was simply that the increase in the volume of currency was not proportional to its debasement; in other words, if the exchange-value of commodities was in future to be evaluated in terms of the lower standard of value and to be realized in coins corresponding to this lower standard, then an inadequate number of coins with lower
metal content had been issued. This is the solution of the difficulty which was not resolved by the controversy between Locke and Lowndes. The rate at which a token of value—whether it consists of paper or bogus gold and silver is quite irrelevant—can take the place of definite quantities of gold and silver calculated according to the mint-price depends on the number of tokens in circulation and by no means on the material of which they are made. The difficulty in grasping this relation is due to the fact that the two functions of money—as a standard of value and a medium of circulation—are governed not only by conflicting laws, but by laws which appear to be at variance with the antithetical features sprechende Münzen realisiert werden. Dies löst die in dem Duell zwischen Locke und Lowndes ungelöste Schwierigkeit. Das Verhältnis, worin das Wertzeichen, sei es Papier oder gefälschtes Gold und Silber, dem Münzpreis gemäß berechnete Gold- und Silbergewichte vertritt, hängt ab, nicht von seinem eignen Material, sondern von seiner in Zirkulation befindlichen Quantität. Die Schwierigkeit im Verständnis dieses Verhältnisses entspringt daher, daß das Geld in den beiden Funktionen als Maß der Werte und als Zirkulationsmittel nicht nur umgekehrten, sondern dem Gegensatz beider Funktionen scheinbar widersprechenden Gesetzen unterworfen ist. Für seine Funktion als Maß der Werte, wo das Geld nur
of the two functions. As regards its function as a standard of value, when money serves solely as money of account and gold merely as nominal gold, it is the physical material used which is the crucial factor. Exchange-values expressed in terms of silver, or as silver prices, look of course quite different from exchange-values expressed in terms of gold, or as gold prices. On the other hand, when it functions as a medium of circulation, when money is not just imaginary but must be present as a real thing side by side with other commodities, its material is irrelevant and its quantity becomes the crucial factor. Although whether it is a pound of gold, of silver or of copper is decisive for the standard measure, mere number makes

als Rechengeld dient und das Gold nur als ideelles Gold, kommt alles auf das natürliche Material an. In Silber geschätzt oder als Silberpreise stellen sich die Tauschwer- te natürlich ganz anders dar als in Gold geschätzt oder als Goldpreise. Umgekehrt in seiner Funktion als Zirkulationsmittel, wo das Geld nicht nur vorgesteilt ist, sondern als ein wirkliches Ding neben den andern Waren vorhanden sein muß, wird sein Material gleichgültig, während alles von seiner Quantität abhängt. Für die Maßeinheit ist es entscheidend, ob sie ein Pfund Gold, Silber oder Kupfer ist; während bloße Anzahl die Münze zur entsprechenden Verwirklichung jeder dieser Maßeinheiten macht, welches immer ihr eigenes Material sei. Es wider-
the coin an adequate embodiment of any of these standard measures, quite irrespective of its own material. But it is at variance with common sense that in the case of purely imaginary money everything should depend on the physical substance, whereas in the case of the corporeal coin everything should depend on a numerical relation that is nominal.

About the duel between Locke and Lowndes see 314:1–316:2.

And I think the sentence: dem Gegensatz beider Funktionen scheinbar widersprechenden Gesetzen should read: dem Gegensatz beider Funktionen entsprechend scheinbar widersprechenden Gesetzen

355:1 The rise or fall of commodity-prices corresponding to an increase or decrease in the volume of paper notes—the latter where paper notes are the sole medium
of circulation—is accordingly merely a forcible assertion by the process of circulation of a law which was mechanically infringed by extraneous action; i.e., the law that the quantity of gold in circulation is determined by the prices of commodities and the volume of tokens of value in circulation is determined by the amount of gold currency which they replace in circulation. The circulation process will, on the other hand, absorb or as it were digest any number of paper notes, since, irrespective of the gold title borne by the token of value when entering circulation, it is compressed to a token of the quantity of gold which could circulate instead.

356:1 In the circulation of tokens of value

100:2/o In der Zirkulation der Wertzei-
all the laws governing the circulation of real money seem to be reversed and turned upside down. Gold circulates because it has value, whereas paper has value because it circulates. If the exchange-value of commodities is given, the quantity of gold in circulation depends on its value, whereas the value of paper tokens depends on the number of tokens in circulation. The amount of gold in circulation increases or decreases with the rise or fall of commodity-prices, whereas commodity-prices seem to rise or fall with the changing amount of paper in circulation. The circulation of commodities can absorb only a certain quantity of gold currency, the alternating contraction and expansion of the volume of money in circulation erscheinen alle Gesetze der wirklichen Geldzirkulation umgekehrt und auf den Kopf gestellt. Während das Gold zirkuliert, weil es Wert hat, hat das Papier Wert, weil es zirkuliert. Während bei gegebenem Tauschwert der Waren die Quantität des zirkulierenden Goldes von seinem eigenen Wert abhängt, hängt der Wert des Papiers von seiner zirkulierenden Quantität ab. Während die Quantität des zirkulierenden Goldes steigt oder fällt mit dem Steigen oder Fallen der Warenpreise, scheinen die Warenpreise zu steigen oder zu fallen mit dem Wechsel in der Quantität des zirkulierenden Papiers. Während die Warenzirkulation nur bestimmte Quantität Goldmünze absorbieren kann, daher abwechselnde Kon-
lation manifesting itself accordingly as an inevitable law, whereas any amount of paper money seems to be absorbed by circulation. The State which issues coins even 1/100 of a grain below standard weight debases gold and silver currency and therefore upsets its function as a medium of circulation, whereas the issue of worthless pieces of paper which have nothing in common with metal except the denomination of the coinage is a perfectly correct operation. The gold coin obviously represents the value of commodities only after the value has been assessed in terms of gold or expressed as a price, whereas the token of value seems to represent the value of commodities directly. It is thus evident that a person who
restricts his studies of monetary circulation to an analysis of the circulation of paper money with a legal rate of exchange must misunderstand the inherent laws of monetary circulation. These laws indeed appear not only to be turned upside down in the circulation of tokens of value but even nullled; for the movements of paper money, when it is issued in the appropriate amount, are not characteristic of it as token of value, whereas its specific movements are due to infringements of its correct proportion to gold, and do not directly arise from the metamorphosis of commodities.
2.3. Money

This derivation here differs from chapter Three of *Capital I*. Marx begins the discussion of money with a comparison of \( C - M - C \) and \( M - C - M \), i.e., with a discussion which in *Capital* has been moved to chapter Four! In \( M - C - M \), the result is at the same time the starting point.

356:2/o *Money* as distinguished from coin is the result of the circuit \( C - M - C \) and constitutes the starting point of the circuit \( M - C - M \), that is the exchange of money for commodities so as to exchange commodities for money. In the form \( C - M - C \) it is the commodity that is the beginning and the end of the transaction; in the form \( M - C - M \) it is money. Money mediates the exchange of commodities in the first circuit, the commodity mediates the evolution of money into money in the second circuit.

101:1 *Geld* im Unterschied von Münze, das Resultat des Zirkulationsprozesses in der Form \( W - G - W \), bildet den Ausgangspunkt des Zirkulationsprozesses in der Form \( G - W - G \), d.h. Geld gegen Ware austauschen, um Ware gegen Geld auszutauschen. In der Form \( W - G - W \) bildet die Ware, in der Form \( G - W - G \) bildet das Geld den Ausgangspunkt und den Endpunkt der Bewegung. In der ersten Form vermittelt das Geld den Warenaustausch, in der letzteren vermittelt die Ware das Werden des Geldes.
Money, which serves solely as a medium in the first circuit, appears as the goal of circulation in the second, whereas the commodity, which was the goal in the first circuit, appears simply as a means in the second. Because money itself is already the result of the circuit \( C - M - C \), the result of circulation appears to be also its point of departure in the form \( M - C - M \). The exchange of material is the content of \( C - M - C \), whereas the real content of the second circuit, \( M - C - M \), is the commodity in the form in which it emerged from the first circuit.

In the next paragraph Marx says that \( M - C - M \) presupposes the exchange of non-equivalents. I don’t think he maintains that later. But the conclusion he draws from there is still right: it presupposes conditions which are beyond simple circulation. Presumably
because we restricted ourselves to simple circulation he goes back to $C - M - C$.

357:1 In the formula $C - M - C$ the two extremes are commodities of the same value, which are at the same time however qualitatively different use-values. Their exchange, $C - C$, is real exchange of material. On the other hand, in the formula $M - C - M$ both extremes are gold and moreover gold of the same value. But it seems absurd to exchange gold for commodities in order to exchange commodities for gold, or if one considers the final result $M - M$, to exchange gold for gold. But if one translates $M - C - M$ into the formula—to buy in order to sell, which means simply to exchange gold for gold with the aid of an intermediate movement, one will immediately recognise

101:2/o In der Form $W - G - W$ sind beide Extreme Waren von derselben Wertgröße, aber zugleich qualitativ verschiedene Gebrauchswerte. Ihr Austausch $W - W$ ist wirklicher Stoffwechsel. In der Form $G - W - G$ dagegen sind beide Extreme Gold und zugleich Gold von derselben Wertgröße. Gold gegen Ware austauschen, um Ware gegen Gold auszutauschen, oder wenn wir das Resultat $G - G$ betrachten, Gold gegen Gold austauschen, scheint abgeschmackt. Übersetzt man aber $G - W - G$ in die Formel: Kaufen um zu verkaufen, was nichts heißt als durch eine vermittelnde Bewegung Gold gegen Gold austauschen, so erkennt man sofort die herrschende Form
the predominant form of bourgeois production. Nevertheless, in real life people do not buy in order to sell, but they buy at a low price in order to sell at a high price. They exchange money for commodities in order then to exchange these for a larger amount of money, so that the extremes $M, M$ are quantitatively different, even if not qualitatively. This quantitative difference presupposes the *exchange of non-equivalents*, whereas commodities and money as such are merely antithetical forms of the commodity, in other words, different forms of existence of the same value. Money and commodity in the circuit $M - C - M$ therefore imply more advanced relations of production, and within simple circulation the
circuit is merely a reflection of movement of a more complex character. Hence money as distinct from the medium of circulation must be derived from $C - M - C$, the immediate form of commodity circulation.

Marx says here that it was wrong to begin with $M - C - M$, and he goes back to $C - M - C$. What comes now is a new beginning, which also corresponds to the beginning of section 3 of chapter Three in *Capital*, 227:1:

357:2/o Gold, i.e., the specific commodity that serves as standard of value and medium of circulation, becomes *money* without any further effort on the part of society.

Why “without any further effort on the part of society”? Because society has already done two things: it has designated gold as the commodity which always serves as measure of value, and in a second social act it is practically utilizing the immediate exchangeability, which this entails, for commodity circulation. Once gold has obtained these two functions,
it has become money; no further social acts are necessary for this. This combination of two different social acts, first the designation of gold as general equivalent, and then the use of this same metal as means of circulation, yields something new, which one of these functions alone cannot bring.

Next, Marx illustrates by historical counterexample that one function alone is not enough:

In England, silver is neither measure of value nor the prevailing means of circulation, and therefore does not become money, just as gold ceased to be money in Holland as soon as it was deposed from its position of measure of value.

The coincidence of the two uses as measure of value and means of circulation was not given for silver in England or gold in Holland, and therefore these commodities did not become money. How did Marx know that they did not become money? He did not use his theoretical framework to decide this, but he went by the general understanding of what constitutes money in a society.
The next sentence has a “therefore” in it, i.e., Marx uses this empirical example to infer what must be the conditions for money:

A commodity becomes therefore money at first when the functions of measure of value and medium of circulation are united in it, or the unity of measure of value and medium of circulation is money.

In the first half of the above sentence, Marx generalizes the empirical evidence from England and Holland, and in the second half he draws from this what must be a real definition of money. Given this definition of money, Marx derives the “special existence” of money as money:

But as such a unity gold in its turn possesses an independent existence which is distinct from its determinate being in either function.

What is this special existence of gold when it functions in this third function of money (“money as money”)? Simply its bodily existence as the physical gold material.
As measure of value gold is only notional money and notional gold; as mere medium of circulation it is symbolic money and symbolic gold, but in its simple metallic presence gold is money or money is actual gold.

↑ This last sentence has to be read as: “As the standard of value gold is only notional money and therefore, in order to perform this function, it only has to exist as notional gold; as mere medium of circulation it is symbolic money and therefore symbolic gold is sufficient to perform this function, but if it is simply present as a metal then gold performs the function of money as money, or money, in order to perform its function as money, must have the existence of actual gold.”

This also addresses the question one might have: was gold not already money when it functioned as measure of value or means of circulation? Marx’s answer is that gold and silver did not need to be present at all when it functioned as measure of value, and could act through a representative when functioning as means of circulation. Only when it functions as the unit of the two must it be present so-to-say in person.
For the functions of money discussed until now, Marx has pointed out that the presence of gold is not really necessary; not as measure of value and not as means of circulation. However, there are functions in which the presence of gold is necessary, and these will be discussed next. The next paragraph gives an interesting dialectical transition from the previous subordinate functions of money to its function where it is king:

358:1/0 Let us for a moment consider the commodity gold, that is money, in a state of rest, in its relations with other commodities. All prices of commodities signify definite amounts of gold; commodities are thus merely notional gold or notional money, i.e., representatives of gold, just as, on the other hand, in the token of value, money takes the form of a mere representative of the prices of commodities. Since, therefore, all commodities are merely notional money, money is the only real commodity.

102:2/103 Betrachten wir nun einen Augenblick die ruhende Ware Gold, die Geld ist, in ihrem Verhältnis zu den andern Waren. Alle Waren stellen in ihren Preisen eine bestimmte Summe Gold vor, sind also nur vorgestelltes Gold oder vorgestelltes Geld, Repräsentanten des Goldes, wie umgekehrt im Wertzeichen das Geld als bloßer Repräsentant der Warenpreise erschien. Da alle Waren so nur vorgestelltes Geld sind, ist das Geld die einzig wirkliche Ware.
The translation in MECW is blatantly wrong: it says “they are thus merely notional gold or notional money,” instead of “commodities are . . .,” so that the reader must think that prices are meant.

This last sentence should be contrasted with: Since all dreams are only imagined life, life is the only real dream. Since all gods are imagined people, humans are the only real god. Difference: here the things which imagine other things are the derived things (dreams, gods), in the relation between commodity and money the thing which imagines the other thing is the real thing.

85 “Not only are precious metals tokens of things . . . but alternatively things . . . are also tokens of gold and silver.” A. Genovesi, _Lezioni di Economia Civile_, 1765, in Custodi, _Parte Moderna_, t. VIII, p. 281

The main difficulty in understanding this section is that we all have from the beginning the first-hand experience that money is the independent incarnation of wealth, that it is king, not servant. But we have to understand that logically, this arises only now. Until now we only have discussed the functions of money as servant, not as king!

Gold is the _material incarnation of abstract_
wealth in contradistinction to commodities, which merely represent the independent form of exchange-value, of universal social labor and of abstract wealth. So far as use-value is concerned, each commodity represents only one aspect of physical wealth, only one separate facet of wealth, through its relation to a particular need. But money satisfies any need since it can be immediately turned into the object of any need. Its own use-value is realized in the endless series of use-values which constitute its equivalents. All the physical wealth evolved in the world of commodities is contained in a latent state in this solid piece of metal. Thus whereas the prices of commodities represent gold, the universal equivalent ständige Dasein des Tauschwertes, der allgemeinen gesellschaftlichen Arbeit, des abstrakten Reichtums, nur vorstellen, ist Gold das materielle Dasein des abstrakten Reichtums. Nach der Seite des Gebrauchswerts drückt jede Ware nur ein Moment des stofflichen Reichtums aus durch ihre Beziehung auf ein besonderes Bedürfnis, eine nur ver einzelte Seite des Reichtums. Das Geld aber befriedigt jedes Bedürfnis, sofern es in den Gegenstand jedes Bedürfnisses unmittelbar umsetzbar ist. Sein eigener Gebrauchswert ist realisiert in der unendlichen Reihe der Gebrauchswerte, die sein Äquivalent bilden. In seiner gediegenen Metallität enthält es allen stofflichen Reichtum unaufgeschlossen, der in der Welt der Waren entrollt ist.
or abstract wealth, the use-value of gold represents the use-values of all commodities. Gold is, therefore, the material symbol of physical wealth. It is the “epitome of all things” (Boisguillebert), the compendium of social wealth. As regards its form, it is the direct incarnation of universal labor, and as regards its content the quintessence of all concrete labor. It is universal wealth in an individual form. Functioning as a medium of circulation, gold suffered all manner of injuries, it was clipped and even reduced to a purely symbolical scrap of paper. Its golden splendour is restored when it serves as money. The servant becomes the master. The mere underling becomes the god of commodities.

Wenn also die Waren in ihren Preisen das allgemeine Äquivalent oder den abstrakten Reichtum, Gold, repräsentieren, repräsentiert das Gold in seinem Gebrauchswert die Gebrauchswerte aller Waren. Gold ist daher der materielle Repräsentant des stofflichen Reichtums. Es ist der „précis de toutes les choses“ (Boisguillebert), das Kompendium des gesellschaftlichen Reichtums. Es ist zugleich der Form nach die unmittelbare Inkarnation der allgemeinen Arbeit und dem Inhalt nach der Inbegriff aller realen Arbeiten. Es ist der allgemeine Reichtum als Individuum. In seiner Gestalt als Mittler der Zirkulation erlitt es allerlei Unbill, wurde beschnitten und sogar zum bloß symbolischen Papierlappen verflacht. Als Geld wird...
Gold and silver are “universal wealth.” Petty, Political Arithmetick, p. 242

E. Misselden, Free Trade, or the Means to Make Trade Flourish, London, 1622. “The natural matter of Commerce is Merchandize, which Merchants from the end of Trade have stiled Commodities. The Artificiall matter of Commerce is Money, which hath obtained the title of sinewes of Warre and of State … Money, though it be in nature and time after Merchandize, yet forasmuch as it is now in use become the chiefe” (p. 7). He compares the position of commodity and money with that of the descendents of “Old Jacob,” who “blessing his Grandchildren, crost his
hands, and laide his right hand on the yonger, and his left hand on the elder” (l.c.).

87 Boisguillebert, *Dissertation sur la nature des richesses*. “Thus the slave of commerce has become its master ... The misery of the peoples is due to the fact that the slave has been turned into a master or rather into a tyrant” (pp. 395, 399).

88 “These metals (gold and silver) have been turned into idols, and disregarding the goal and purpose they were intended to fulfil in commerce, i.e., to serve as tokens in exchange and reciprocal transfer, they were allowed to abandon this service almost entirely in order to be transformed into *divinities* to whom more goods, important needs and even human beings were sacrificed and continue to be sacrificed, than were
ever sacrificed to the false divinities even in blind antiquity.” (Boisguillebert, o.p. cit., p. 395)

fert hat und immer noch opfert, als jemals das blinde Altertum seinen falschen Göttern geopfert hat etc.“ (l.c. p. 395.)

**Question 38** Explain the following sentence: *Es (i.e., gold) ist zugleich der Form nach die unmittelbare Inkarnation der allgemeinen Arbeit und dem Inhalt nach der Inbegriff aller realen Arbeiten.*

**Hoarding**

Here one sees how money arises without any further action by society: whenever there is a small interruption of circulation, the means of circulation (coin) becomes money, suspended coin. This function of suspended coin is not given in *Capital.*

359:1/0 Gold as money was in the first place divorced from the medium of circulation because the metamorphosis of the commodity was interrupted and the commodity remained in the form of gold. This happens 104 Das Gold schied sich zunächst als Geld vom Zirkulationsmittel dadurch, daß die Ware den Prozeß ihrer Metamorphose abbrach und in ihrer Goldverpuppung verharrte. Es erfolgt dies jedesmal, sobald der
whenever a sale is not immediately turned into a purchase. The fact that gold as money assumes an independent existence is thus above all a tangible expression of the separation of the process of circulation or of the metamorphosis of commodities into two discrete and separate transactions which exist side by side. The coin itself becomes money as soon as its movement is interrupted. In the hands of the seller who receives it in return for a commodity it is money, and not coin; but when it leaves his hands it becomes a coin once more. Everybody sells the particular commodity which he produces, but he buys all other commodities that he needs as a social being. How often he appears on the market as a seller Verkauf nicht in Kauf umschlägt. Die Ver-selbständigung des Goldes als Geld ist also vor allem sinnfälliger Ausdruck des Zerfallens des Zirkulationsprozesses oder der Metamorphose der Ware in zwei getrennte, gleichgültig nebeneinander bestehende Akte. Die Münze selbst wird Geld, sobald ihr Lauf unterbrochen wird. In der Hand des Verkäufers, der sie für eine Ware einlöst, ist sie Geld, nicht Münze; sobald sie seine Hand verläßt, wird sie wieder Münze. Jeder ist Verkäufer der einseitigen Ware, die er produziert, aber Käufer aller andern Waren, deren er zur gesellschaftlichen Exis-tenz bedarf. Während sein Auftreten als Verkäufer von der Arbeitszeit abhängt, die seine Ware zu ihrer Produktion erheischt, ist
depends on the labor-time required to produce his commodity, whereas his appearance as a buyer is determined by the constant renewal of his vital requirements. In order to be able to buy without selling, he must have sold something without buying. The circuit \( C - M - C \) is indeed the dynamic unity of sale and purchase only in so far as it is simultaneously the continuous process of their separation. So that money as coin may flow continuously, coin must continuously congeal into money. The continual movement of coin implies its perpetual stagnation in larger or smaller amounts in reserve funds of coin which arise everywhere within the framework of circulation and which are at the same time a condition for his appearance as a buyer through constant renewal of his vital requirements. In order to be able to buy without selling, he must have sold something without buying. In the act, the circulation \( W - G - W \) is indeed the dynamic unity of sale and purchase only in so far as it is simultaneously the continuous process of their separation. So that money as coin may flow continuously, coin must continuously congeal into money. The continuous movement of coin implies its perpetual stagnation in larger or smaller amounts in reserve funds of coin which arise everywhere within the framework of circulation and which are at the same time a condition for the permanent existence of the Uniform Umlauf der Münze ist bedingt durch ihre beständige Stockung in größern oder kleiner Portionen, in allseitig innerhalb der Zirkulation ebensowohl entspringenden als sie bedingenden Reservefonds von Münze, deren Bildung, Verteilung, Auflösung und Wiederbildung stets wechselt, deren Dasein
of circulation. The formation, distribution, dissolution and re-formation of these funds constantly changes; existing funds disappear continuously and their disappearance is a continuous fact. This unceasing transformation of coin into money and of money into coin was expressed by Adam Smith when he said that, in addition to the particular commodity he sells, every commodity-owner must always keep in stock a certain amount of the general commodity with which he buys. We have seen that \( M - C \), the second member of the circuit \( C - M - C \), splits up into a series of purchases, which are not effected all at once but successively over a period of time, so that one part of \( M \) circulates as coin, while the other part re-

beständig verschwindet, deren Verschwinden beständig da ist. Adam Smith hat diese unaufhörliche Verwandlung der Münze in Geld und des Geldes in Münze so ausgedrückt, daß jeder Warenbesitzer neben der besonderen Ware, die er verkauft, eine gewisse Summe der allgemeinen Ware, womit er kauft, stets vorrätig haben müsse. Wir sahen, daß in der Zirkulation \( W - G - W \) das zweite Glied \( G - W \) sich in eine Reihe Käufe zersplittert, die sich nicht auf einmal, sondern sukzessiv in der Zeit vollziehen, so daß eine Portion von \( G \) als Münze umläuft, während die andere als Geld ruht. Das Geld ist hier in der Tat nur suspendierte Münze und die einzelnen Bestandteile der umlaufenden Münzmasse erscheinen stets wech-
mains at rest as money. In this case, money is in fact only *suspended coin* and the various component parts of the coinage in circulation appear, constantly changing, now in one form, now in another. The first transformation of the medium of circulation into money constitutes therefore merely a technical aspect of the circulation of money.\(^89\)

\(^89\) *Boisguillebert* suspects that the first immobilization of the *perpetuum mobile*, i.e., the negation of its function as the medium of circulation, will immediately render it independent in relation to commodities. Money, he says, must be “in constant motion, which is only the case so long as it moves, but as soon as it becomes immobile all is lost” (*Boisguillebert*, *Le détail de la France*, p. 213). What he overlooks is that this inactivity is the prerequisite of its movement. What he ac-
tually wants is that the value form of commodities should be a quite insignificant aspect of their metabolism, but should never become an end in itself.

90 [There is an alteration in Marx’s hand copy which is taken into the translation]

 deltas Original forms of wealth is products in excess of use or luxury products. Its appropriate form of existence is gold or silver. Hoard is exchange-value, immobilized as money. Formation of hoards important economic factor in antiquity.

360:1/o The first spontaneously evolved form of wealth consists of an overplus or excess of products, i.e. of the portion of products which are not directly required as use-values, or else of the possession of products whose use-value lies outside the range of mere necessity. When considering the transition from commodity to money, we saw

105:1 Die erste naturwüchsige Form des Reichtums ist die des Überflusses oder des Überschusses, der nicht als Gebrauchswert unmittelbar erheischte Teil der Produkte, oder auch der Besitz solcher Produkte, deren Gebrauchswert außerhalb des Kreises bloßer Bedürftigkeit fällt. Bei der Betrachtung des Übergangs von Ware zu Geld sahen
that at a primitive stage of production it is this overplus or excess of products which really forms the sphere of commodity exchange. Superfluous products become exchangeable products or commodities. The adequate form of this surplus is gold and silver, the first form in which wealth as abstract social wealth is kept. It is not only possible to store commodities in the form of gold and silver, i.e., in the material shape of money, but gold and silver constitute wealth in preserved form. Every use-value fulfils its function while it is being consumed, that is destroyed, but the use-value of gold as money is to represent exchange-value, to be the embodiment of universal labor-time as an amorphous raw material. As amorphous
metal exchange-value possesses an imperishable form. Gold or silver as money thus immobilized constitutes a hoard. In the case of nations with purely metallic currency, such as the ancients, hoarding becomes a universal practice extending from the individual to the State, which guards its State hoard. In Asia and Egypt, during their early period, these hoards were in the custody of kings and priests and served mainly as evidence of their power. In Greece and Rome the creation of State hoards became a principle of public policy, for excess wealth in this form is always safe and can be used at any moment. The rapid transfer of such hoards by conquerors from one country to another and their sudden effusion in part into the werts zu sein, als formloser Rohstoff Materiatur der allgemeinen Arbeitszeit. Als formloses Metall besitzt der Tauschwert eine unvergängliche Form. Gold oder Silber so als Geld immobilisiert, ist Schatz. Bei Völkern von rein metallischer Zirkulation, wie bei den Alten, zeigt sich Schatzbildung als ein allseitiger Prozeß vom einzelnen bis zum Staat, der seinen Staatsschatz hütet. In den ältern Zeiten, in Asien und Ägypten, erscheinen diese Schätze in der Hut der Könige und der Priester mehr als Zeugen ihrer Macht. In Griechenland und Rom wird es Politik, Staatsschätze zu bilden, als die stets gesicherte und stets schlagfertige Form des Überflusses. Das schnelle Überführen solcher Schätze von einem Land in das andere
sphere of circulation are characteristics of the economy of antiquity.

durch Eroberer und ihre teilweise plötzliche Ausgießung in die Zirkulation bilden eine Eigentümlichkeit der antiken Ökonomie.

\( C - M \) is becoming not a transitory moment in the metabolism but its own purpose, instead of form it becomes content. But this arises out of circulation, it cannot be prior to circulation. Although gold is objectified labor prior to circulation, it counts as incarnation of general labor (In CI, Marx would probably have said: abstract labor) only through the circulation process.

361:1/o As materialized labor-time gold is a pledge for its own magnitude of value, and, since it is the embodiment of universal labor-time, its continuous function as exchange-value is vouched for by the process of circulation. The simple fact that the commodity-owner is able to retain his commodities in the form of exchange-value, or to retain the exchange-value as com-

105:2/o Als vergegenständlichte Arbeitszeit bürgt das Gold für seine eigene Wertgröße, und da es Materiatur der allgemeinen Arbeitszeit ist, bürgt ihm der Zirkulationsprozeß für seine stete Wirkung als Tauschwert. Durch die bloße Tatsache, daß der Warenbesitzer die Ware in ihrer Gestalt als Tauschwert oder den Tauschwert selbst als Ware festhalten kann, wird der
modities, makes the exchange of commodities, in order to recover them transformed into gold, the specific motive of circulation. The metamorphosis of commodities $C - M$ takes place for the sake of their metamorphosis, for the purpose of transforming particular physical wealth into general social wealth. Change of form—instead of exchange of matter—becomes an end in itself. Exchange-value, which was merely a form, is turned into the content of the movement. Commodities remain wealth, that is commodities, only while they keep within the sphere of circulation, and they remain in this liquid state only in so far as they ossify into silver and gold. They remain liquid as the crystallization of the process of circulation, the specific motive of circulation, or the Metamorphose der Ware $W - G$ finds statt um ihrer Metamorphose willen, um sie aus besonderm natürlichen Reichtum in allgemeinen gesellschaftlichen Reichtum zu verwandeln. Statt des Stoffwechsels wird der Formwechsel Selbstzweck. Aus der bloßen Form schlägt der Tauschwert um in den Inhalt der Bewegung. Als Reichtum, als Ware erhält sich die Ware nur, sofern sie sich innerhalb der Sphäre der Zirkulation erhält, und sie erhält sich nur in diesem flüssigen Zustand, soweit sie zu Silber und Gold verknochert. Sie bleibt im Fluß als Kristall des Zirkulationsprozesses. Gold und Silber fi-
lation. But gold and silver establish themselves as money only in so far as they do not function as means of circulation. They become money as non-means of circulation. The withdrawal of commodities from circulation in the form of gold is thus the only means of keeping them continuously in circulation.

At the end of the paragraph Marx makes some paradoxical remarks, already foreshadowing the “in circulation and not in circulation” of capital, here leading to a derivation of the economic determination of a hoard, its contradictory relation to circulation.

Condition of hoarding is: sell much (i.e., work much), buy little. Avarice (Geiz). Contradiction that in order to obtain surplus, one has to abstain from luxury.

The owner of commodities can recover as money from circulation only as much as he put into it in the form of commodities. Looked at from the standpoint of xieren sich indes selber nur als Geld, sofern sie nicht Zirkulationsmittel sind. Als Nicht-Zirkulationsmittel werden sie Geld. Das Entziehen der Ware aus der Zirkulation in der Form des Goldes ist also das einzige Mittel, sie beständig innerhalb der Zirkulation zu halten.

Der Warenbesitzer kann von der Zirkulation nur als Geld zurückhalten, was er ihr als Ware gibt. Beständiges Verkaufen, fortwährendes Werfen von Waren in
the circulation of commodities, the first condition of hoarding is constant selling, the incessant throwing of commodities into circulation. On the other hand, money as a medium of circulation constantly disappears in the process of circulation itself, since it is all the time being realized in use-values and dissolved in ephemeral enjoys. It must, therefore, be withdrawn from the stream of circulation; in other words commodities must be retained in the first stage of their metamorphosis in order to prevent money from functioning as means of purchase. The owner of commodities who has now become a hoarder of money must sell as much as possible and buy as little as possible, as even old Cato preached—*patrem familias*

Zirkulation, ist daher erste Bedingung der Schatzbildung vom Standpunkte der Warenzirkulation. Andrerseits verschwindet das Geld beständig als Zirkulationsmittel im Zirkulationsprozeß selbst, indem es sich stets in Gebrauchswerten verwirklicht und in vergängliche Genüsse auflöst. Es muß also dem verzehrenden Strom der Zirkulation entrissen, oder die Ware muß in ihrer ersten Metamorphose festgehalten werden, indem es verhindert wird, seine Funktion als Kaufmittel zu vollziehen. Der Warenbesitzer, der nun zum Schatzbildner geworden ist, muß möglichst viel verkaufen und möglichst wenig kaufen, wie schon der alte Cato lehrte: *patrem familias vendacem, non emacem esse*. Wie Arbeitsamkeit die positive, ist Spar-
vendacem, non emacem esse. [The head of the family should be eager to sell, not eager to buy. Cato The Elder, De re rustica.—Ed.] Parsimony is the negative pre-condition of hoarding, just as industry is its positive pre-condition. The smaller the proportion that is withdrawn from circulation as an equivalent for the commodities [thrown into it] consisting of particular commodities or use-values, the larger the proportion that consists of money or exchange-value. The appropriation of wealth in its general form therefore implies renunciation of the material reality of wealth. Hence the motive power of hoarding is avarice, which desires not commodities as use-values, but exchange-value as a commodity. So as to take possession
of superfluous wealth in its general form, particular needs must be treated as luxuries and superfluities. For instance, in 1593 the Cortes sent a petition to Philip II, which among other matters contains the following passage:

“The Cortes of Valladolid requested Your Majesty in 1586 not to permit the further importation into this kingdom of candles, glassware, jewellery, knives and similar articles coming from abroad, which, though they are of no use to human life, have to be exchanged for gold, as though the Spaniards were Indians.”

91 “The more the stock ... is ... encreased in wares, the more it decreaseth in treasure.” E. Misselden, op. cit., p. 23

II. eine Vorstellung, worin es unter anderm heißt:

„Die Cortes von Valladolid vom Jahre 1506 baten Ew. Majestät, nicht ferner die Einfuhr in das Königreich zu erlauben von Kerzen, Glaswaren, Bijouterien, Messern und ähnlichen Dingen, die vom Ausland kommen, um diese dem menschlichen Leben so unnützen Dinge auszutauschen gegen Gold, als ob die Spanier Indianer wären.“

91 „Je mehr der Vorrat in Waren wächst, um so mehr nimmt der als Schatz (in treasure) existierende ab.“ E. Misselden, l.c. p. 23.

At the end of this long paragraph several quotes about: forgo consumption in order to
have money, the false distinction between perishable and non-perishable wealth, bury gold.

The hoarder of money scorns the worldly, temporal and ephemeral enjoyments in order to chase after the eternal treasure which can be touched neither by moths nor by rust, and which is wholly celestial and wholly mundane.

In the above-quoted work Misselden writes: "The general remote cause of our want of money is the great excess of this Kingdom in consuming the Commodities of Forreine Countries, which prove to us discommodities, in hindering us of so much treasure, which otherwise would bee brought in, in lieu of those toyes ... Wee ... consume amongst us, that great abundance of the Wines of Spaine, of France, of the Rhene, of the Levant ... the Raisins of Spaine, the Corints of the Levant, 

Der Schatzbildner verachtet die weltlichen, zeitlichen und vergänglichen Genüsse, um dem ewigen Schatz nachzujagen, den weder die Motten noch der Rost fressen, der ganz himmlisch und ganz irdisch ist.

„Die allgemeine entfernte Ursache unseres Mangels an Gold“, sagt Misselden in der angeführten Schrift, „ist der große Exzeß dieses Königsreichs im Konsum von Waren fremder Länder, die sich uns statt als commodities als discommodities erproben, indem sie uns von ebenso vielem Schatze abschneiden, der sonst an die Stelle dieser Spielsachen (toys) importiert würde. Wir konsumieren unter uns einen viel zu großen Überfluß an Weinen von Spanien, Frankreich, Rheinland, Levante, die
the Lawnes and Cambricks of Hannaults … the Silkes of Italie, the Sugers and Tobaco of the West Indies, the Spices of the East Indies: All which are of *no necessetie* unto us, and yet are bought with ready mony.”

*92* E. Misselden, op. cit., pp. 11–13 *passim.*

Wealth in the shape of gold and silver is imperishable because exchange-value is represented by an indestructible metal and especially because gold and silver are prevented from functioning as means of circulation and thus from becoming a merely transient monetary aspect of commodities. The perishable content is thus sacrificed to the non-perishable form.

Rosinen von Spanien, die Korinthen der Levante, die Lawns (Sorte feiner Leinwand) und Cambrics von Hainaut, die Seidenzeuge von Italien, Zucker und Tabak von Westindien, die Gewürze von Ostindien, alles das ist kein *absolutes Bedürfnis* für uns, und dennoch werden diese Dinge gekauft mit hartem Gold.”

*92* l.c. p. 11–13 *passim.*

Als Gold und Silber ist der Reichtum unvergänglich, sowohl weil der Tauschwert in unverwüstlichem Metall existiert, als namentlich weil das Gold und Silber verhindert wird, als Zirkulationsmittel zur nur verschwindenden Geldform der Ware zu werden. Der vergängliche Gehalt wird so der unvergänglichen Form geopfert.
“Suppose that Money be taken (by means of Taxation) from one who spendeth the same ... in superfluous eating and drinking, or any other perishing Commodity; and the same transferred to one that bestoweth it on Cloaths. I say, that even in this case the Commonwealth hath some little advantage; because Cloaths do not altogether perish so soon as Meats and Drinks. But if the same be spent in Furniture of Houses, the advantage is yet a little more, if in Building of houses yet more; if in improving of Lands, working of Mines, Fishing, etc. yet more; but most of all, in bringing Gold and Silver into the Country; because those things are not only not perishable, but are esteemed for Wealth at all times and everywhere; whereas other Commodities [which are perishable, or whose value depends upon the Fashion; or which are contingently scarce..."

"Wird das Geld durch die Steuer von einem genommen, der es verißt und vertrinkt und einem gegeben, der es in Verbesserung des Landes, Fischfang, Minenwerken, Manufakturen oder selbst in Kleidern verwendet, so ist immer ein Vorteil für das Gemeinwesen vorhanden, denn selbst Kleider sind nicht so vergänglich als Mahlzeiten und Getränke. Wird es in Hausmöbeln verwandt, so ist der Vorteil um so größer, im Bauen von Häusern noch größer usw., am größten von allem, wenn Gold und Silber in das Land gebracht wird, weil diese Dinge allein nicht vergänglich sind, sondern zu allen Zeiten und allen Orten als Reichtum geschätzt werden; alles andere ist nur Reichtum pro hic et nunc."
and plentiful,] are Wealth, but pro hic et nunc.”
[At a particular place and a particular time.—Ed.]\(^{93}\)

\(^{93}\) *Petty, Political Arithmetick*, p. 196

An outward expression of the desire to withdraw money from the stream of circulation and to save it from the social metabolism is the *burying* of it, so that social wealth is turned into an imperishable subterranean hoard with an entirely furtive private relationship to the commodity-owner. Doctor Bernier, who spent some time at Aurangzeb’s court at Delhi, relates that merchants, especially non-Moslem heathens, in whose hands nearly the entire commerce and all money are concentrated—secretly bury their money deep in the ground,

\(^{93}\) *Petty, „Political Arithmetic“,* l.c. p. 196.

Das Entreißen des Geldes aus dem Strom der Zirkulation und Retten vor dem gesellschaftlichen Stoffwechsel zeigt sich auch äußerlich im Vergraben, so daß der gesellschaftliche Reichtum als unterirdischer unvergänglicher Schatz in ein ganz heimliches Privatverhältnis zum Warenbesitzer gebracht wird. Doktor Bernier, der sich eine Zeitlang zu Delhi am Hofe Aurangzebs aufhielt, erzählt, wie die Kaufleute ihr Geld heimlich und tief vergraben, besonders aber die nichtmohammedanischen Heiden, die fast allen Handel und alles Geld in der Hand
“being held in thrall to the belief that the money they hide during their lifetime will serve them in the next world after their death.”

Incidentally, in so far as the hoarder of money combines asceticism with assiduous diligence he is intrinsically a Protestant by religion and still more a Puritan.

“It cannot be denied that buying and selling are necessary practices, which cannot be dispensed with and may surely be used in a Christian manner, especially as regards things that serve necessity and honour; for thus cattle, wool, corn, butter, milk and other goods were

hhaben,

„befangen wie sie sind im Glauben, daß das Gold und Silber, welches sie während ihres Lebens verbergen, ihnen nach dem Tode in der andern Welt dienen wird“


Der Schatzbildner ist übrigens, soweit sein Asketismus mit tatkräftiger Arbeitsamkeit verbunden ist, von Religion wesentlich Protestant und noch mehr Puritaner.

„Das kann man nicht leugnen, daß Kaufen und Verkaufen ein nötig Ding ist, das man nicht entbehren, und wohl christlich brauchen kann, sonderlich in Dingen, die zur Not und Ehre dienen, denn also haben auch die Patriarchen verkauft und gekauft, Vieh, Wolle, Ge-
bought and sold by the patriarchs. These are gifts of God, which He produces from the soil and divides among men. But foreign trade, which brings merchandise from Calicut and India and other places—merchandise such as precious silks and jewellery and spices, which are used only for display and serve no need—and drains money from the country and the people, should not be permitted if we had a government and princes. But I do not want to write of this now, for I consider that in the end when we have no more money, it will have to be abandoned, and finery and gluttony as well; for all writing and preaching will be in vain until we are compelled by necessity and poverty."

Doctor Martin Luther, *Bücher vom Kaufhandel und Wucher*, 1524. Luther writes in the same

Doktor Martin Luther, „Bücher vom Kaufhandel und Wucher“, 1524. An derselben Stel-
passage: “God has brought it about that we Ger-
mans must thrust our gold and silver into for-
eign countries making all the world rich while
we ourselves remain beggars. England would
surely have less gold if Germany refused to take
her cloth, and the King of Portugal, too, would
have less, if we refused to take his spices. If you
calculate how much money is extracted, without
need or cause from the German territories dur-
ing one fair at Frankfurt, you will wonder how
it comes about that even a single farthing is still
left in Germany. Frankfurt is the silver and gold
drain through which everything that arises and
grows, that is minted or struck here flows out of
the country; if this hole were plugged one would
not hear the present complaint that there is every-
where unmitigated debts and no money, that the
entire country and all the towns are despoilt by
usury. But never mind things will nevertheless
le sagt Luther: „Gott hat uns Deutsche dahin
geschleudert, daß wir unser Gold und Silber
müssen in fremde Länder stoßen, alle Welt reich
machen und selbst Bettler bleiben. England soll-
te wohl weniger Goldes haben, wenn Deutsch-
land ihm sein Tuch ließe, und der König von
Portugal sollte auch weniger haben, wenn wir
ihm seine Würze ließen. Rechne Du, wie viel
Geldes eine Messe zu Frankfurt aus deutschen
Landen geführt wird, ohne Not und Ursache: so
wirst Du Dich wundern, wie es zugehe, daß noch
ein Heller in deutschen Landen sei. Frankfurt
ist das Silber- und Goldloch, dadurch aus deut-
schem Lande fließt, was nur quillet und wächst,
gemünzt oder geschlagen wird bei uns: wäre das
Loch zugestopft, so dürft man jetzt der Klage nicht
hören, wie allenthalben eitel Schuld und kein
Geld, alle Land und Städte ausgewuchert sind.
Aber laß gehen, es will doch also gehen: wir
continue in this way: we Germans have to remain Germans, we do not desist unless we have to.”

In the above-quoted work Misselden wants gold and silver to be retained at all events within the bounds of Christendom: “The other forreine remote causes of the want of money, are the Trades maintained out of Christendome to Turky, Persia and the East Indies, which trades are maintained for the most part with ready money, yet in a different manner from the trades of Christendome within it selfe. For although the trades within Christendome are driven with ready monies, yet those monies are still contained and continued within the bounds of Christendome. There is indeede a fluxus and refluxus, a flood and ebbe of the monies of Christendome traded within it selfe; for sometimes there is more in one part of Christendome, sometimes there is Deutsche müssen Deutsche bleiben! wir lassen nicht ab, wir müssen denn.“ [p. 4/5.]

lesse in another, as one Countrey wanteth and another aboundeth: It cometh and goeth, and wirleth about the Circle of Christendome, but is still contained within the compass thereof. But the money that is traded out of Christendome into the parts aforesaid is continually issued out and never returneth againe.

Purpose of hoarding even in developed capitalism: save the social connection in its compact form from the social flux, Keynes’s liquidity preference!

364:3/o Even in advanced bourgeois societies hoards of money are buried at times of upheaval in the social metabolic process. This is an attempt to save social cohesion—for the commodity-owner this cohesion is represented by the commodity and the adequate embodiment of the commodity is money—in its compact form from the social movement. The social sinews of things

108:5/o In Zeiten der Erschütterung des gesellschaftlichen Stoffwechsels findet selbst in der entwickelten bürgerlichen Gesellschaft das Vergraben des Geldes als Schatz statt. Der gesellschaftliche Zusammenhang in seiner kompakten Form—für den Warenbesitzer besteht dieser Zusammenhang in der Ware und das adäquate Dasein der Ware ist Geld—wird gerettet vor der gesellschaft-
are buried alongside the body whose sinews they are.

Now he mentions the tension between hoard and the sphere of circulation, which I already mentioned in 361:1/o. He says it is in the essence of the hoard to be increased.

365:1 If the hoard were not constantly in tension with circulation, it would now simply be a heap of useless metal, its monetary soul would have disappeared and nothing but burnt-out ashes of circulation, its *caput mortuum*, would remain. Money, i.e., exchange-value which has assumed an independent existence, is by nature the embodiment of abstract wealth; but, on the other hand, any given sum of money is a quantitatively finite magnitude of value. The quantitative delimitation of exchange-value con-
flicts with its qualitative universality, and the hoarder regards the limitation as a restriction, which in fact becomes also a qualitative restriction, i.e., the hoard is turned into a merely limited representation of material wealth. Money as the universal equivalent may be directly expressed, as we have seen, in terms of an equation, in which it forms one side while the other side consists of an endless series of commodities. The degree in which the realization of exchange-value approaches such an infinite series, in other words how far it corresponds to the concept of exchange-value, depends on its magnitude. After all, movement of exchange-value as such, as an automaton, can only be expansion of its quantitative limits. But in bildner empfindet die Grenze als Schranke, die in der Tat zugleich in qualitative Schranken umschlägt, oder den Schatz zum bloß beschränkten Repräsentanten des stofflichen Reichtums macht. Geld, als das allgemeine Äquivalent, stellt sich, wie wir sahen, unmittelbar dar in einer Gleichung, worin es selbst die eine Seite, die unendliche Reihe der Waren aber die andere Seite bildet. Von der Größe des Tauschwerts hängt es ab, wieweit es sich annähernd als solche unendliche Reihe realisiert, d.h. seinem Begriff als Tauschwert entspricht. Die Bewegung des Tauschwerts als Tauschwert, als Automat, kann überhaupt nur die sein, über seine quantitative Grenze hinauszugehen. Indem aber eine quantitative Grenze des Schatzes
passing one set of quantitative limits of the hoard new restrictions are set up, which in turn must be abolished. What appears as a restriction is not a particular limit of the hoard, but any limitation of it. The formation of hoards therefore has no intrinsic limits, no bounds in itself, but is an unending process, each particular result of which provides an impulse for a new beginning. Although the hoard can only be increased by being preserved, on the other hand it can only be preserved by being increased.

Money not only object of avarice, but also its source!

Money is not just an object of the passion for enrichment, it is the object of it. This urge is essentially auri sacra famæ. [The accursed greed for gold.—
Ed.] The passion for enrichment by contrast with the urge to acquire particular material wealth, i.e., use-values, such as clothes, jewellery, herds of cattle, etc., becomes possible only when general wealth as such is represented by a specific thing and can thus be retained as a particular commodity. Money therefore appears both as the object and the source of the desire for riches. The underlying reason is in fact that exchange-value as such becomes the goal, and consequently also an expansion of exchange-value. Avarice clings to the hoard and does not allow money to become a medium of circulation, but greed for gold preserves the monetary soul of the hoard and maintains it in constant tension with circulation.

Unterschied von der Sucht nach besonderm natürlichen Reichtum oder Gebrauchswerten, wie Kleider, Schmuck, Herden usw., ist nur möglich, sobald der allgemeine Reichtum als solcher in einem besonderen Ding individualisiert ist und daher als einzelne Ware festgehalten werden kann. Das Geld erscheint also ebensosehr als Gegenstand wie Quelle der Bereicherungssucht. Was in der Tat zugrunde liegt, ist, daß der Tauschwert als solcher und damit seine Vermehrung zum Zweck wird. Der Geiz hält den Schatz fest, indem er dem Geld nicht erlaubt, Zirkulationsmittel zu werden, aber die Goldgier erhält seine Geldseele, seine beständige Spannung gegen die Zirkulation.
“But from money first springs avarice … this grows by stages into a kind of madness, no longer merely avarice but a positive hunger for gold.” (Plinius, *Historia naturalis*, L. XXXIII, C. III.)

Contrast accumulation of use-values and of money.

The activity which amasses hoards is, on the one hand, the withdrawal of money from circulation by constantly repeated sales, and on the other, simple piling up, *accumulation*. It is indeed only in the sphere of simple circulation, and specifically in the form of hoards, that accumulation of wealth as such takes place, whereas the other so-called forms of accumulation, as we shall see later, are quite improperly, and only by analogy with simple accumu-

„Im Geld liegt der Ursprung des Geizes … allmählich entbrennt hier eine Art Tollheit, schon nicht mehr Geiz, sondern Goldgier.“ (Plinius, „Historia naturalis“, L. XXXIII, C. III, Sect. 14.)

Die Tätigkeit nun, wodurch der Schatz gebildet wird, ist einerseits Entziehen des Geldes aus der Zirkulation durch beständig wiederholten Verkauf, anderseits einfaches Aufspeichern, *Akkumulieren*. Es ist in der Tat nur in der Sphäre der einfachen Zirkulation, und zwar in der Form der Schatzbildung, daß die Akkumulation des Reichtums als solche stattfindet, während, wie wir später sehen werden, die andern sog. Formen der Akkumulation nur miß-
lation of money, regarded as accumulation. All other commodities are accumulated either as use-values, and in this case the manner of their accumulation is determined by the specific features of their use-value. Storing of corn, for example, requires special equipment; collecting sheep makes a person a shepherd; accumulation of slaves and land necessitates relations of domination and servitude, and so on. Unlike the simple act of piling things up, the formation of stocks of particular types of wealth requires special methods and develops special traits in the individual. Or wealth in the shape of commodities may be accumulated as exchange-value, and in this case accumulation becomes a commercial or specifically bräuchlich, nur durch Erinnerung an die einfache Geldakkumulation, als Akkumulation gelten. Alle andern Waren werden aufgehäuft entweder als Gebrauchswerte, und dann ist die Art ihrer Aufhäufung bestimmt durch die Besonderheit ihres Gebrauchswerts. Aufhäufen von Getreide z.B. erfordert besondere Vorrichtungen. Schafe aufhäufen macht mich zum Hirten, Sklaven und Land aufhäufen macht Herrschafts- und Knechtschaftsverhältnisse nötig usw. Die Vorratbildung des besonderen Reichtums erfordert besondere Prozesse, unterschieden vom einfachen Akt des Aufhäufens selbst, und entwickelt besondere Seiten der Individualität. Oder der Reichtum in der Form von Waren wird als Tauschwert aufgehäuft,
economic operation. The one concerned in it becomes a corn merchant, a cattle-dealer, and so forth. Gold and silver constitute money not as the result of any activity of the person who accumulates them, but as crystals of the process of circulation which takes place without his assistance. He need do nothing but put them aside, piling one lot upon another, a completely senseless activity, which if applied to any other commodity would result in its devaluation.\footnote{Horace, therefore, knows nothing of the philosophy of hoarding treasures, when he says (Satir. L. II, Satir. III): “If a man were to buy harps, and soon}

\footnote{Horaz versteht also nichts von der Philosophie der Schatzbildung, wenn er sagt („Satiren“, L. II, Satire III): „Kaufte sich jemand Lauten und häufte}
as bought were to pile them together, though feeling no interest in the harp or any Muse; if, though no cobbler, he did the same with shoes, knives and lasts; with ships’ sails, though set against a trader’s life—everyone would call him crazy and mad, and rightly too. How differs from these the man who hoards up silver and gold, though he knows not how to use his store, and fears to touch it as though hallowed?” [Horace, Satires, Epistles, Ars Poetica, London, 1942, p. 163.]

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97 ctd Herr Senior versteht die Sache besser: „Das Geld scheint das einzige Ding zu sein, nach dem das Verlangen allgemein ist, und zwar deshalb, weil das Geld ein abstrakter Reichtum ist und weil die Menschen, wenn sie es besitzen, alle ihre Bedürfnisse befriedigen können, welcher
polilique, traduit par le Comte Jean Arrivabene, Paris, 1836, p. 221 [The English passage is taken from Senior Political Economy, 1850, p. 27]. And Storch as well: “As money represents all other forms of wealth, one needs only to accumulate it in order to obtain all other kinds of wealth that exist on earth” (op. cit., t. II, p. 135)

⇓ Paradoxes about hoarder, so-to-say as a summary of this development.

367:1 Our hoarder is a martyr to exchange-value, a holy ascetic seated at the top of a metal column. He cares for wealth only in its social form, and accordingly he hides it away from society. He wants commodities in a form in which they can always circulate and he therefore withdraws them from circulation. He adores exchange-value and he consequently refrains from exchange. The liquid form of wealth and its petrifi-
cation, the elixir of life and the philosophers’ stone are wildly mixed together like an alchemist’s apparitions. His imaginary boundless thirst for enjoyment causes him to renounce all enjoyment. Because he desires to satisfy all social requirements, he scarcely satisfies the most urgent physical wants. While clinging to wealth in its metallic corporeality the hoarder reduces it to a mere chimaera. But the accumulation of money for the sake of money is in fact the barbaric form of production for the sake of production, i.e., the development of the productive powers of social labor beyond the limits of customary requirements. The less advanced is the production of commodities, the more important is

ge Form des Reichtums und sein Petrefakt, Elixier des Lebens und Stein der Weisen, spuken alchimistisch toll durcheinander. In seiner eingebildeten schrankenlosen Genußsucht entsagt er allem Genusse. Weil er alle gesellschaftlichen Bedürfnisse befriedigen will, befriedigt er kaum die natürliche Notdurft. Indem er den Reichtum in seiner metallischen Leiblichkeit festhält, verdunstet er ihn zum bloßen Hirngespinst. In der Tat aber ist das Aufhäufen des Geldes um des Geldes willen die barbarische Form der Produktion um der Produktion willen, d.h. Entwicklung der Produktivkräfte der gesellschaftlichen Arbeit hinaus über die Schranken herkömmlicher Bedürfnisse. Je unentwickelter die Warenproduktion, um so
hoarding—the first form in which exchange-value assumes an independent existence as money—and it therefore plays an important role among ancient nations, in Asia up to now, and among contemporary agrarian nations, where exchange-value has not yet penetrated all relations of production. Before, however, examining the specific economic function that hoarding fulfils in relation to metallic currency, let us note another form of hoarding.

Other forms of hoarding: gold and silver articles.

367:2/oo Gold and silver articles, quite irrespective of their aesthetic properties, can be turned into money, since the material of which they consist is the material of money,
just as gold coins and gold bars can be transformed into such articles. Since gold and silver are the material of abstract wealth, their employment as concrete use-values is the most striking manifestation of wealth, and although at certain stages of production the commodity-owner hides his treasures, he is impelled to show to other commodity-owners that he is a rich man, whenever he can safely do so. He bedecks himself and his house with gold. In Asia, and India in particular, where the formation of hoards does not play a subordinate part in the total mechanism of production, as it does in bourgeois economy, but where this form of wealth is still considered a final goal, gold and silver articles are in fact merely hoards in an aesthetic sense.
esthetic form. The law in mediaeval England treated gold and silver articles simply as a kind of treasure-hoard, since the rough labor applied to them added little to their value. They were intended to be thrown again into circulation and the fineness of the metal of which they were made was therefore specified in the same way as that of coin. The fact that increasing wealth leads to an increased use of gold and silver in the form of luxury articles is such a simple matter that ancient thinkers clearly understood it, whereas modern economists put forward the incorrect proposition that the use of silver and gold articles increases not in proportion to the rise in wealth but in proportion to the fall in the value of precious metals. Festgehalten wird, sind Gold- und Silberwaren eigentlich nur ästhetische Form der Schätze. Im mittelalterigen England waren Gold- und Silberwaren, da ihr Wert nur wenig durch die zu gefügte rohe Arbeit vermehrt wurde, gesetzlich als bloße Form des Schatzes betrachtet. Ihr Zweck war, wieder in Zirkulation geworfen zu werden und ihre Feinheit daher ganz ebenso vorgeschrieben, wie die der Münze selbst. Der wachsende Gebrauch von Gold und Silber als Luxusgegenstände mit wachsendem Reichtum ist eine so einfache Sache, daß sie den Alten völlig klar war, während die modernen Ökonomen den falschen Satz aufgestellt haben, daß der Gebrauch silberner und golden Waren nicht zunehme im Verhältnis zum
There is therefore always a flaw in their otherwise accurate explanations regarding the use of Californian and Australian gold, for according to their views the increased employment of gold as raw material is not justified by a corresponding fall in its value. As a result of the fight between the American colonies and Spain and the interruption of mining by revolutions, the average annual output of precious metals decreased by more than one-half between 1810 and 1830. The amount of coin circulating in Europe decreased by almost one-sixth in 1829 as compared with 1809. Although the output thus decreased and the costs of production (provided they changed at all) increased, nevertheless an exceptionally rapid rise in the
use of precious metals as articles of luxury took place in England even during the war and on the continent following the Treaty of Paris. Their use increased with the growth of wealth in general.\textsuperscript{100} It may be regarded as a general law that the conversion of gold and silver coin into luxury goods predominates in times of peace, while their reconvension into bars and also into coin only predominates in turbulent periods.\textsuperscript{101} How considerable a proportion of the gold and silver stock exists in the shape of luxury articles compared with the amount used as money is shown by the fact that in 1829, according to Jacob, the ratio was as 2 to 1 in England, while in Europe as a whole and America, 25 per cent more precious metal so die Quantität der Produktion abgenommen hatte und die Produktionskosten gestiegen, wenn überhaupt verändert waren, nahm nichtsdestoweniger der Konsum der edeln Metalle als Luxusgegenstände außerordentlich zu, in England schon während des Krieges, auf dem Kontinent seit dem Pariser Frieden. Er stieg mit dem Wachstum des allgemeinen Reichtums.\textsuperscript{100} Als allgemeines Gesetz kann aufgestellt werden, daß die Umwandlung von Gold- und Silbergeld in Luxusgegenstände während des Friedens, ihre Rückverwandlung in Barren oder auch Münze aber nur in sturmvollen Zuständen vorwiegt.\textsuperscript{101} Wie bedeutend das Verhältnis des in der Form von Luxusware existierenden Gold- und Silberschatzes zu dem als
was used in luxury goods than in coins.

98 How little the inner man of the individual owner of commodities has changed even when he has become civilized and turned into a capitalist is for instance proved by a London representative of an international banking house who displayed a framed £100,000 note as an appropriate family coat of arms. The point in this case is the derisory and supercilious air with which the note looks down upon circulation.

99 See the passage from Xenophon quoted later

100 Jacob, op. cit., Vol. 11, ch. 25 and 26

Geld dienenden edeln Metall ist, mag daraus ersehn werden, daß 1829 das Verhältnis nach Jacob in England wie 2 zu 1 war, in ganz Europa und Amerika aber 1/4 mehr edles Metall in Luxusgegenständen als in Geld existierte.

98 Wie sehr der inner man des Warenindividuums unverändert bleibt, auch wo es sich zivilisiert und zum Kapitalisten entwickelt hat, beweist z.B. der Londoner Repräsentant eines kosmopolitischen Bankierhauses, der als passendes Familienwappen eine Banknote von 100 000 Pfd.St. in Glas und Rahmen hängen hat. Die Pointe ist hier das spöttisch vornehme Herabssehen der Note auf die Zirkulation.

99 Siehe die später zitierte Stelle von Xenophon.

100 Jacob l.c. t. II, ch. 25 und 26.
“In times of great agitation and insecurity, especially during internal commotions or invasions, gold and silver articles are rapidly converted into money; whilst, during periods of tranquillity and prosperity, money is converted into plate and jewellery” (op. cit., Vol. II, p. 357).

Hoards are the source from which gold can be drawn for circulation. Distinguish between monetary reserve and hoards.

We have seen that the circulation of money is merely a manifestation of the metamorphosis of commodities, or of the transformation which accompanies the social metabolism. The total quantity of gold in circulation must therefore perpetually increase or decrease in accordance with the varying aggregate price of the commodities in circulation, that is in accordance, on the

Wir sahen, daß der Geldumlauf bloß die Erscheinung der Metamorphose der Waren ist oder des Formwechsels, worin sich der gesellschaftliche Stoffwechsel vollzieht. Mit der wechselnden Preissumme der zirkulierenden Waren oder dem Umfang ihrer gleichzeitigen Metamorphosen einerseits, mit der jedesmaligen Geschwindigkeit ihres Formwechsels andererseits, mußte da-
one hand, with the volume of their metamorphoses which take place simultaneously and, on the other hand, with the prevailing velocity of their transformation. This is only possible provided that the proportion of money in circulation to the total amount of money in a given country varies continuously. Thanks to the formation of hoards this condition is fulfilled. If prices fall or the velocity of circulation increases, then the money ejected from the sphere of circulation is absorbed by the reservoirs of hoarders; if prices rise or the velocity of circulation decreases, then these hoards open and a part of them streams back into circulation. The solidification of circulating money into hoards and the flowing of the hoards into her die Gesamtquantität des zirkulierenden Goldes beständig expandieren oder kontrahieren, was nur möglich unter der Bedingung, daß die Gesamtquantität des in einem Lande befindlichen Geldes fortwährend in wechselndem Verhältnis steht zur Quantität des in Zirkulation befindlichen Geldes. Diese Bedingung wird durch die Schatzbildung erfüllt. Fallen die Preise oder steigt die Zirkulationsgeschwindigkeit, so absorbieren die Schatzreservoirs den aus der Zirkulation abgesonderten Teil des Geldes; steigen die Preise oder fällt die Zirkulationsgeschwindigkeit, so öffnen sich die Schätze und strömen teilweise in die Zirkulation zurück. Die Erstarrung des zirkulierenden Geldes in Schatz und das Ergießen der Schätze in
circulation is a continuously changing and oscillating movement, and the prevalence of the one or the other trend is solely determined by variations in the circulation of commodities. The hoards thus act as channels for the supply or withdrawal of circulating money, so that the amount of money circulating as coin is always just adequate to the immediate requirements of circulation. If the total volume of circulation suddenly expands and the fluid unity of sale and purchase predominates, so that the total amount of prices to be realized grows even faster than does the velocity of circulation of money, then the hoards dwindle visibly; whenever an abnormal stagnation prevails in the movement as a whole, that is when the amount of prices to be realized grows even faster than does the velocity of circulation of money, then the hoards dwindle visibly; whenever an abnormal stagnation prevails in the movement as a whole, that is when the

die Zirkulation ist beständig wechselnde oszillatorische Bewegung, worin das Vorwiegen der einen oder der andern Richtung ausschließlich durch die Schwankungen der Warenzirkulation bestimmt ist. Die Schätze erscheinen so als Zufuhr- und Abzugskanäle des zirkulierenden Geldes, so daß immer nur das durch die unmittelbaren Bedürfnisse der Zirkulation selbst bedingte Quantum Geld als Münze zirkuliert. Dehnt sich der Umfang der Gesamtzirkulation plötzlich aus und wiegt die flüssige Einheit von Verkauf und Kauf vor, so daß aber die Gesamtsumme der zu realisierenden Preise noch rascher wächst als die Geschwindigkeit des Geldumlaufs, so entleeren sich die Schätze zu sehends; sobald die Gesamtbewegung un-
separation of sale from purchase predomi-
nates, then the medium of circulation so-
idifies into money to a remarkable extent
and the reservoirs of the hoarders are filled
far above their average level. In countries
which have purely metallic currency or are
at an early stage of development of produc-
tion, hoards are extremely fragmented and
scattered throughout the country, whereas in
advanced bourgeois countries they are con-
centrated in the reservoirs of banks. Hoards
must not be confused with reserve funds of
coin, which form a constituent element of
the total amount of money always in circu-
lation, whereas the active relation of hoard
and medium of circulation presupposes that
the total amount of money decreases or in-
gewöhnlich stockt oder die Trennung von
Verkauf und Kauf sich befestigt, erstarrt das
Zirkulationsmittel in auffallenden Propor-
tionen zu Geld und füllen sich die Schatzre-
servoirs weit über ihr Durchschnittsniveau.
In Ländern rein metallischer Zirkulation
oder unentwickelter Produktionsstufe sind
die Schätze unendlich zersplittert und zer-
streut über die ganze Oberfläche des Lan-
des, während sie in bürgerlich entwickelten
Ländern in den Bankreservoirs konzentriert
werden. Der Schatz ist nicht zu verwech-
seln mit der Münzreserve, die selbst einen
Bestandteil der stets in Zirkulation befindli-
chen Gesamtquantität Geld bildet, während
das aktive Verhältnis von Schatz und Zirku-
lationsmittel das Sinken oder Steigen jener
creases. As we have seen, gold and silver articles also act both as channels for the withdrawal of precious metals and latent sources of supply. Under ordinary circumstances only the former function plays an important role in the economy of metallic currency.  

In the following passage Xenophon discusses money and hoard, two specific and distinct aspects of money: “Of all operations with which I am acquainted, this is the only one in which no sort of jealousy is felt at a further development of the industry . . . the larger the quantity of ore discovered and the greater the amount of silver extracted, the greater the number of persons ready to engage in the operation . . . No one when he has got sufficient furniture for his house dreams of making further purchases on this head,
but of silver no one ever yet possessed so much that he was forced to cry ‘Enough’. On the contrary, if ever anybody does become possessed of an immoderate amount he finds as much pleasure in digging a hole in the ground and hoarding it as an actual employment of it . . . When a state is prosperous there is nothing which people so much desire as silver. The men want money to expend on beautiful armour and fine horses, and houses and sumptuous paraphernalia of all sorts. The women betake themselves to expensive apparel and ornaments of gold. Or when states are sick, either through barrenness of corn and other fruits, or through war, the demand for current coin is even more imperative (whilst the ground lies unproductive), to pay for necessaries or military aid.” (Xenophon De Vectigalibus, C. IV [transl. by H. G. Dakyns, London, 1892, Vol. II, pp. 33i-36].) In Ch. 9, Book I of his Poli-

tics, Aristotle sets forth the two circuits of circulation $C - M - C$ and $M - C - M$, which he calls “economics” and “Chrematistics,” and their differences. The two forms are contrasted with each other by the Greek tragedians, especially Euripides.

Means of Payment

Like the previously discussed hoard and “suspendierte Münze” (money momentarily halting in circulation, discussed in 359:1/o), the means of payment is money as distinct from means of circulation. But unlike these two (hoard and suspended coin), in its determination as means of payment money does enter circulation.

370:1/o Up to now two forms of money which differ from the medium of circulation have been considered, namely suspended coin and hoard. The first form, the temporary transformation of coins into money, re-

115:1 Die beiden Formen, worin Geld sich bisher vom Zirkulationsmittel unterschied, waren die der suspendierten Münze und des Schatzes. Die erste Form reflektierte in der vorübergehenden Verwandlung der
reflects the fact that in a certain sphere of circulation, the second term of $C - M - C$, that is $M - C$ the purchase, must break up into a series of successive purchases. Hoarding, however, is either simply due to the separation of the transaction $C - M$ which does not proceed to $M - C$, or it is merely an independent development of the first metamorphosis of commodities, money, or the alienated form of existence of all commodities as distinct from means of circulation, which represents the always saleable form of the commodity. Coin held in reserve and hoards constitute money only as non-means of circulation, and are non-means of circulation merely because they do not circulate. The distinctive form of money which we now

Münze in Geld, daß das zweite Glied von $W - G - W$, der Kauf $G - W$, sich innerhalb einer bestimmten Zirkulationssphäre zersplittern muß in eine Reihe sukzessiver Käufe. Die Schatzbildung aber beruhte einfach auf Isolierung des Akts $W - G$, der nicht zu $G - W$ fortging, oder war nur selbständige Entwicklung der ersten Metamorphose der Ware, das Geld, entwickelt als das entäußerte Dasein aller Waren im Gegensatz zum Zirkulationsmittel als dem Dasein der Ware in ihrer sich stets veräußernden Form. Münzreserve und Schatz waren nur Geld als Nichtzirkulationsmittel, Nichtzirkulationsmittel aber nur, weil sie nicht zirkulierten. In der Bestimmung, worin wir das Geld jetzt betrachten, zirkuliert es oder tritt in die
consider circulates or enters circulation, but does not function as means of circulation. Money as means of circulation was always means of purchase, but now it does not serve in that capacity.

Modification of the economic characters. Marx derives here the means of payment as the hoard that re-enters circulation.

371:1/o When as a result of hoarding money becomes the embodiment of abstract social wealth and the material representative of physical wealth, money in this capacity acquires specific functions within the process of circulation.

The first sentence gives the transition from the hoard to the means of payment: money obtains its determination as money outside circulation, as a hoard. Then it comes back into circulation and performs functions peculiar to its having the determination of money

Zirkulation, aber nicht in der Funktion des Zirkulationsmittels. Als Zirkulationsmittel war das Geld stets Kaufmittel, jetzt wirkt es als Nichtkaufmittel.

(Bestimmtheit als Geld). The development of these specific money functions themselves Marx starts to talk only in 373:1; first some preparatory steps are necessary.

The first step takes up the rest of the paragraph.

When money circulates simply as a means of circulation and hence as a means of purchase, this presupposes that commodity and money confront each other simultaneously; in other words, that the same value is available twice, as a commodity in the hands of the seller at one pole, and as money in the hands of the buyer at the other pole. The simultaneous existence of the two equivalents at opposite poles and their simultaneous change of place, or their mutual alienation, presupposes in its turn that seller and buyer enter into relation with each other only as owners of actually existing com-

Zirkuliert das Geld als bloßes Zirkulationsmittel und darum als Kaufmittel, so ist unter- stellt, daß Ware und Geld sich gleichzeitig gegenüberstehen, also dieselbe Wertgröße doppelt vorhanden ist, auf dem einen Pol als Ware in der Hand des Verkäufers, auf dem andern Pol als Geld in der Hand des Käufers. Diese gleichzeitige Existenz der beiden Äquivalente auf entgegengesetzten Polen und ihr gleichzeitiger Stellenwechsel oder ihre wechselseitige Entäußerung unter- stellt ihrerseits, daß Verkäufer und Käufer sich nur als Besitzer vorhandener Äquiva- lente aufeinander beziehn. Indes der Prozeß
modities. But the metamorphosis of commodities, in the course of which the various distinct forms of money are evolved, transforms the commodity-owners as well, and alters the social role they play in relation to one another. In the course of the metamorphosis of commodities the keeper of commodities changes his skin as often as the commodity undergoes a change or as money appears in a new form. Commodity-owners thus faced each other originally simply as commodity-owners; then one of them became a seller, the other a buyer; then each became alternately buyer and seller; then they became hoarders and finally rich men. Commodity-owners emerging from the process of circulation are accordingly different from those from which they emerged. In the course of the metamorphosis of the series of commodities the keepers of commodities or the possessor of the commodities which we have considered have undergone changes of various kinds. The metamorphosis of the series of commodities, the various forms of money, and the commodity-owners or their possession of commodities, has occurred during the course of the circulation of money.

In the course of the metamorphosis of commodities the keeper of commodities changes his skin as often as the commodity undergoes a change or as money appears in a new form. Commodity-owners thus faced each other originally simply as commodity-owners; then one of them became a seller, the other a buyer; then each became alternately buyer and seller; then they became hoarders and finally rich men. Commodity-owners emerging from the process of circulation are accordingly different from those from which they emerged. In the course of the metamorphosis of the series of commodities the keepers of commodities or the possessor of the commodities which we have considered have undergone changes of various kinds. The metamorphosis of the series of commodities, the various forms of money, and the commodity-owners or their possession of commodities, has occurred during the course of the circulation of money.

So kommen die Warenbesitzer nicht aus dem Zirkulationsprozeß heraus, wie sie in ihn eingetreten sind. In der Tat sind die Warenbesitzer oder verändert die gesellschaftlichen Charaktere, worin sie einander erscheinen. In dem Prozeß der Metamorphose der Ware wechselt der Warenhüter ebenso oft die Haut als die Ware wandelt oder das Geld in neuen Formen anschließt. So standen sich die Warenbesitzer ursprünglich nur als Warenbesitzer gegenüber, wurden dann der eine Verkäufer, der andre Käufer, dann jeder abwechselnd Käufer und Verkäufer, dann Schatzbildner, endlich reiche Leute. So kommen die Warenbesitzer nicht aus dem Zirkulationsprozeß heraus, wie sie in ihn eingetreten sind. In der Tat sind die Warenbesitzer oder verändert die gesellschaftlichen Charaktere, worin sie einander erscheinen. In dem Prozeß der Metamorphose der Ware wechselt der Warenhüter ebenso oft die Haut als die Ware wandelt oder das Geld in neuen Formen anschließt. So standen sich die Warenbesitzer ursprünglich nur als Warenbesitzer gegenüber, wurden dann der eine Verkäufer, der andre Käufer, dann jeder abwechselnd Käufer und Verkäufer, dann Schatzbildner, endlich reiche Leute.
from those entering the process. The different forms which money assumes in the process of circulation are in fact only crystallizations of the transformation of commodities, a transformation which is in its turn only the objective expression of the changing social relations in which commodity-owners conduct their exchange. New relations of intercourse arise in the process of circulation, and commodity-owners, who represent these changed relations, acquire new economic characteristics. In the same way as within the sphere of internal circulation money becomes nominal, and a mere piece of paper representing gold is able to function as money, so a buyer or seller who comes forward as a mere representative of

verschiedenen Formbestimmtheiten, die das Geld im Zirkulationsprozeß erhält, nur kristallisierter Formwechsel der Waren selbst, der seinerseits nur gegenständlicher Ausdruck der wandelnden gesellschaftlichen Beziehungen ist, worin die Warenbesitzer ihren Stoffwechsel vollziehn. Im Zirkulationsprozeß entspringen neue Verkehrsverhältnisse, und als Träger dieser veränderten Verhältnisse erhalten die Warenbesitzer neue ökonomische Charaktere. Wie innerhalb der innern Zirkulation das Geld sich idealisiert und bloßes Papier als Repräsentant des Goldes die Funktion des Geldes verrichtet, so gibt derselbe Prozeß dem Käufer oder Verkäufer, der als bloßer Repräsentant von Geld oder Ware in ihn eintritt, d.h.
money or commodities, namely one who represents future money or future commodities, is enabled by the same process to operate as a real buyer or seller.

Formwechsel der Waren ist *Ausdruck* of the core relations.

Marx sets off the function as mere means of circulation from the above mentioned peculiar money-functions in circulation. Therefore he asks: which social characters of the commodity owners (i.e., of buyer and seller) are presupposed if money circulates as mere means of circulation? That they relate to each other only as owners of *present* equivalents. With the word “only” Marx already implied that this is a rather primitive relationship. Then he discusses that the relationships of the commodity owners develop together with the development of the forms of the commodities or money. He gives examples: In the immediate barter they confronted each other as commodity owners; then with the development of one of the commodities bartered to money (cattle, etc.) they became one buyer, the other seller; with the development of the circulation of commodities they were “each in turns buyer and seller”; with the development of money to a hoard they became hoarders, and with the development of money as the representative of social wealth a hoarder became not only one
who has some gold tucked away, but became a rich man. (Marx gave here only the char-
acters of the commodity owners, the corresponding forms of the commodities and money
were filled in by me; in a question one might ask the reader to do it.) Marx concludes with
the ominous sentence: “So kommen die Warenbesitzer nicht aus der Zirkulation heraus wie
sie in ihn eingetreten sind.” The next sentence gives a general relation why one can find
such a correspondence between the commodity owners: because of the fetish character of
the commodities, i.e., the fact that the commodities are objective expressions of social rela-
tions. The sentence: Geld ist kristallisierter Formwechsel der Waren selbst, compare it with
the first sentence of the next paragraph! To understand the new development of the forms
of money one must take into consideration that the economic relations come first: First new
relations between the commodity owners must be established. The last sentence is the only
one which refers specifically to the new functions of money as means of payment, and even
this probably only as a means of payment, and even this probably only as an anticipation?
The systematic development starts only in the next paragraph! The comparison between
the representation of the means of circulation by mere paper and the representation of the
buyer’s future money by the buyer himself shows that the relationship between the com-
modity owners itself becomes the material Träger (possibility?) of the new forms of money
which we are about to discuss.

\[\downarrow\] Modification of the metamorphosis of commodities.

372:1 All the distinct forms evolved by gold as money are merely manifestations of aspects latent in the metamorphosis of commodities, but these aspects did not assume a separate form in the simple circulation of money, in money as it appears as coin and the circuit \(C - M - C\) as a dynamic unity, or else they emerged merely as potentialities, as did for example the interruption of the metamorphosis of commodities.

116:1/o Alle Formbestimmtheiten, wozu sich Gold als Geld entwickelt, sind nur Entfaltung der in der Metamorphose der Waren eingeschlossenen Bestimmungen, die aber in dem einfachen Geldumlauf, der Erscheinung des Gelds als Münze oder der Bewegung \(W - G - W\) als prozessierender Einheit, nicht zu selbständiger Gestalt ausgeschieden wurden, oder auch, wie z.B. die Abbrechung der Metamorphose der Ware, als bloße Möglichkeiten erschienen.

Compare the long sentence \[\uparrow\] with the third sentence before the end of the last paragraph. It seems that the earlier sentence talks about the form determinations measure of value, vanishing means of circulation, coin, and the forms as money, while the sentence here talks only about the forms of money. They have these forms if they are “ausgeschieden zu selb-
ständiger Gestalt,” if they are neither ideal, nor vanishing and therefore representable by paper or coins in lower metals.

We have seen that in the course of the transaction $C - M$ the commodity as a real use-value and nominal exchange-value is brought into relation with money as a real exchange-value and only nominal use-value. By alienating the commodity as use-value the seller realises its exchange-value and the use-value of money. In contrast, by alienating money as exchange-value, the buyer realises its use-value and the price of the commodity. Commodity and money, accordingly, change places. The active process of this bilateral polar antithesis is in its turn separated while it is being carried through. The seller actually alienates the

Wir sahen, daß im Prozeß $W - G$ die Ware als wirklicher Gebrauchswert und ideeller Tauschwert sich auf das Geld als wirklichen Tauschwert und nur ideellen Gebrauchswert bezog. Indem der Verkäufer die Ware als Gebrauchswert veräußerte, realisierte er ihren eigenen Tauschwert und den Gebrauchswert des Geldes. Umgekehrt, indem der Käufer das Geld als Tauschwert veräußerte, realisierte er seinen Gebrauchswert und den Preis der Ware. Es fand dementsprechend Stellenwechsel von Ware und Geld statt. Der lebendige Prozeß dieses doppelseitig polarischen Gegensatzes wird nun wieder in seiner Verwirklichung gespalten.
commodity but realises its price in the first place only nominally. He has sold the commodity at its price, but the price will only be realized at a predetermined later date. The buyer buys as the representative of future money, whereas the seller sells as the owner of a commodity available here and now. On the one hand, the seller actually hands over the commodity as use-value without actually realising its price; on the other hand, the buyer actually realises his money in the use-value of the commodity without actually handing over the money as exchange-value. Just as formerly money was represented by a token of value, so now it is symbolically represented by the buyer himself. Just as formerly the value-token as a universal sym-

Der Verkäufer veräußert die Ware wirklich und realisiert ihren Preis zunächst selbst nur wieder ideell. Er hat sie zu ihrem Preis verkauft, der aber erst in einer später festgesetzten Zeit realisiert wird. Der Käufer kauft als Repräsentant von künftigem Geld, während der Verkäufer als der Besitzer von gegenwärtiger Ware verkauft. Auf der Seite des Verkäufers wird die Ware als Gebrauchswert wirklich veräußert, ohne daß sie als Preis wirklich realisiert wäre; auf der Seite des Käufers wird das Geld wirklich im Gebrauchswerte der Ware realisiert, ohne daß es als Tauschwert wirklich veräußert wäre. Statt daß früher das Wertzeichen, vertritt hier der Käufer selbst symbolisch das Geld. Wie aber früher die allgemei-
bol entailed a State guarantee and a legal rate, so now the buyer as a personal symbol gives rise to private, legally enforcible, contracts among commodity-owners.

To relate this first sentence to the rest of the paragraph where it is described how $M - C - M$ is split up we can perhaps say: In $M - C - M$ money is not yet ausgeschieden zu selbständiger Gestalt, because always either the commodity has a real use-value and an ideal value or money with a real value and an ideal value or money with a real value and an ideal use-value. As soon as the seller realizes the exchange-value of his commodity, he veräußert his use-value, and as soon as the buyer realizes the use-value of his money he veräußert its exchange-value; both are never really together, we only have a prozessierenden Gegensatz, not a Widerspruch. But in the “modified sale” the seller first veräußert only ideell. In this way the money of the buyer realizes its use-value before it veräußert its exchange-value, i.e., for a while both parts stay together and it is why it functions as money.

¶ A similarly modified purchase (prepayment of money) does not give rise to a different form of money, because the money is paid away! Its use-value is veräußert before its
exchange-value is realized.

372:2/o Conversely, in the transaction $M - C$, money as a real means of purchase may be alienated, thus realising the price of the commodity before the use-value of the money is realized, or before the commodity is handed over. This happens, for instance, in the well-known form of advance payment; also in the form of payment used by the English government to buy opium from Indian ryots, and is largely used by foreign merchants living in Russia to buy goods produced in that country. In these cases, however, money functions only in the familiar form of means of purchase and therefore requires no new definition,\(^{103}\) or any further discussion. With regard to the

117:1 Umgekehrt kann im Prozeß $G - W$ das Geld als wirkliches Kaufmittel entäußert und der Preis der Ware so realisiert werden, ehe der Gebrauchswert des Geldes realisiert oder die Ware veräußert wird. Dies findet z.B. statt in der alltäglichen Form der Prämierung. Oder in der Form, worin die englische Regierung das Opium der Ryots in Indien, oder in Rußland ansässige fremde Kauflute großenteils russische Landeserzeugnisse kaufen. So wirkt jedoch das Geld nur in der schon bekannten Form des Kaufmitteis und erhält daher keine neue Formbestimmtheit.\(^{103}\) Wir verweilen daher nicht bei dem letztern Fall, bemerken jedoch mit Bezug auf die verwandelte Gestalt, worin
changed form which the two transactions $M - C$ and $C - M$ assume here, we shall only note that the purely conceptual distinction of purchase and sale as it appears directly in circulation becomes now a real distinction, since there is only money in one case and only commodity in the other; in each of them, however, only the extreme is actually available from which the initiative comes. Both forms, moreover, have in common the fact that in each of them one equivalent exists only by common decision of buyer and seller, a decision which is mutually binding and is given a distinct legal form.

103 Of course capital, too, is advanced in the form of money and it is possible that the money advanced is capital advanced, but this aspect does

beide Prozesse $G - W$ und $W - G$ hier auftreten, daß der bloß gemeinte Unterschied von Kauf und Verkauf, wie er unmittelbar in der Zirkulation erscheint, jetzt zum wirklichen Unterschied wird, indem in der einen Form nur die Ware, in der andern nur das Geld vorhanden ist, in beiden aber nur das Extrem, von dem die Initiative ausgeht. Zudem haben beide Formen gemein, daß in beiden das eine Äquivalent nur in dem gemeinsamen Willen des Käufers und Verkäufers vorhanden ist, ein Wille, der beide bindet und bestimmte gesetzliche Formen erhält.

103 Kapital wird natürlich auch in der Form des Geldes avanciert und das vorgeschobene Geld mag vorgeschobenes Kapital sein, dieser Ge-
not lie within the scope of simple circulation. sichtpunkt fällt aber nicht in den Horizont der einfachen Zirkulation.

The modified metamorphosis in turn again gives new roles to the persons performing these metamorphoses:

<table>
<thead>
<tr>
<th>Hoarder:</th>
<th>Creditor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>comical</td>
<td>terrible</td>
</tr>
<tr>
<td>considers himself</td>
<td>considers the other</td>
</tr>
<tr>
<td>as the form of existence of a certain sum of money</td>
<td>turns himself turns the other</td>
</tr>
<tr>
<td>turns himself</td>
<td>turns the other</td>
</tr>
<tr>
<td>into a martyr of exchange-value</td>
<td>into a martyr of exchange-value</td>
</tr>
<tr>
<td>believer (Gläubig)</td>
<td>creditor (Gläubiger)</td>
</tr>
<tr>
<td>religion</td>
<td>judicature</td>
</tr>
</tbody>
</table>

373:1 Seller and buyer become creditor and debtor. Whereas the commodity-owner as the guardian of a hoard was a rather comical figure, he now becomes terrifying, because he regards, not himself, 117:2–3 Verkäufer und Käufer werden Gläubiger und Schuldner. Wenn der Warenbesitzer als Hütter des Schatzes eher eine komische Figur spielte, wird er nun schreck- lich, indem er nicht sich selbst, sondern sei-
but his neighbour as the embodiment of
a definite sum of money, and turns his
neighbour and not himself into a martyr to
exchange-value. The former believer be-
comes a creditor [In German a pun on the
words “der Gläubige,” the believer, and “der
Gläubiger,” the creditor.—Ed] and turns
from religion to Jurisprudence.

“I stay here on my bond!”

Functions of money in the modified sale functions as measure of value and means of
purchase before it appears; appears as money, as money as general means of payment.

373:2/o In the changed form of $C - M$, in which the commodity is actually on hand
and the money is merely represented, money functions first as the measure of value. The
exchange-value of the commodity is as-
sessed in money as its measure, but the

117:4/o In der veränderten Form $W - G$
also, worin die Ware vorhanden und das
Geld nur repräsentiert ist, funktioniert das
Geld zunächst als Maß der Werte. Der
Tauschwert der Ware wird in Geld als sei-
nem Maß geschätzt, aber als kontraktlich
exchange-value assessed by contract, that is the price, exists not merely in the mind of the seller, but is also the measure of the liabilities of the buyer. Secondly, money functions here as means of purchase, although it is merely its future existence which casts its shadow before it, for it causes the commodity to move from the hands of the seller into those of the buyer. On the settlement day of the contract, money enters circulation, for it moves from the hands of the former buyer into those of the former seller. But it does not come into the sphere of circulation as means of circulation or means of purchase. It fulfilled these functions before it existed, and it appears on the scene after ceasing to perform these functions. It enters cir-
culation as the only adequate equivalent of the commodity, as the absolute embodiment of exchange-value, as the last word of the exchange process, in short as money, and moreover as money functioning as the universal means of payment. Money functioning as means of payment appears to be the absolute commodity, but it remains within the sphere of circulation, not outside it as with the hoard. The difference between means of purchase and means of payment becomes very conspicuous, and unpleasantly so, at times of commercial crises.  

Luther emphasises the distinction which exists between means of purchase and means of payment. [Note in author’s copy.]
After the modified sale the next phase is the sale by the debtor in order to obtain money to pay. Comparison:

Sale originally: Individual necessity for the commodity owner because the commodity can become use-value for him only by Entäußerung. Needs to obtain money as means of purchase (i.e. not in a function as money).

Sale by debtor: Sale is social necessity for him, independently form his individual needs, sale end in itself. Needs to obtain money as means of payment. Contents of his sale comes from the form of the circulation process itself.

Sale by the hoarder: Sale as an end in itself appears as Laune of the commodity owner. Wants to obtain money as hoard.

The conversion of products into money in the sphere of circulation appears originally simply as an individual necessity for the commodity-owner when his own product does not constitute use-value for himself, but has still to become a use-value through alienation. In order to make...
payment on the contractual settlement day, however, he must already have sold commodities. The evolution of the circulation process thus turns selling into a social necessity for him, quite irrespective of his individual needs. As a former buyer of commodities he is forced to become a seller of other commodities so as to obtain money, not as a means of purchase, but as a means of payment, as the absolute form of exchange-value. The conversion of commodities into money as a final act, or the first metamorphosis of commodities as the ultimate goal, which in hoarding appeared to be the whim of the commodity-owner, has now become an economic function. The motive and the content of selling for the sake of
payment constitutes the content of the circulation process, a content arising from its very form.

Now the two phases of the metamorphosis together. Compare our discussion of *Capital I*, 234:1. The last two sentences of this paragraph are not given on this place in *Capital I*; perhaps because this reversion of the order in time does not create but only illustrate the new Formbestimmtheit of the money (is that right? or are we here back to the changed relations between the commodity owners which make such a reversion necessary?

374:2/o In this type of sale, the commodity moves from one position to another, although its first metamorphosis, its conversion into money, is deferred. On the buyer’s side, however, the second metamorphosis is carried through, i.e., money is reconverted into commodities, before the first metamorphosis has taken place, i.e., before the conversion of the commodities into money. In

118:2/o In dieser Form des Verkaufs vollzieht die Ware ihren Stellenwechsel, zirkuliert, während sie ihre erste Metamorphose, ihre Verwandlung in Geld aufschiebt. Auf der Seite des Käufers dagegen wird die zweite Metamorphose vollzogen, d.h. Geld in Ware rückverwandelt, ehe die erste Metamorphose vollzogen ist, d.h. Ware in Geld verwandelt worden ist. Die erste Metamor-
this case, therefore, the first metamorphosis appears to take place later than the second. Hence money, the form of the commodity in its first metamorphosis, acquires a new distinctive aspect. Money, that is the independent development of exchange-value, is no longer an intermediary phase of commodity circulation, but its final result.

375:1/o No proof in detail is needed to show that such purchases on credit, in which the two poles of the transaction are separated in time, evolve spontaneously on the basis of simple circulation of commodities.


⇑ Is this a “Beweis” or rather a Nachweis, closing the circle, that the formal possibility discussed in 372:1 becomes reality in circulation, necessitated by the changed relations of the commodity owners? Which relations?

⇓ (1) Repetition of sale and purchase by the same commodity owners. Sale on order:
money still both means of payment and means of circulation.

At first it happens that in the course of circulation certain commodity-owners confront one another repeatedly as buyers and sellers. Such repeated occurrences do not remain merely accidental, but commodities may, for example, be ordered for a future date at which they are to be delivered and paid for. The sale in this case takes place only nominally, i.e., juridically, without the actual presence of commodities and money. The two forms of money, means of circulation and means of payment, are here still identical, since on the one hand commodities and money change places simultaneously, and on the other, money does not purchase commodities but realises the price of

Zunächst bringt es die Entwicklung der Zirkulation mit sich, daß das wechselseitige Auftreten derselben Warenbesitzer für einander als Verkäufer und Käufer sich wiederholt. Die wiederholte Erscheinung bleibt nicht bloß zufällig, sondern Ware wird z.B. bestellt für einen künftigen Termin, an welchem sie geliefert und bezahlt werden soll. In diesem Fall ist der Verkauf ideell, d.h. hier juristisch vollzogen, ohne daß Ware und Geld leiblich erscheinen. Beide Formen des Geldes als Zirkulationsmittel und Zahlungsmittel fallen hier noch zusammen, indem einmal Ware und Geld gleichzeitig die Stelle wechseln, andererseits das Geld nicht die Ware kauft, sondern den Preis der früher
commodities previously sold. verkauften Ware realisiert.

(2) Use-values which are not given away outright but let for a certain time. Faktische Überlieferung des Gebrauchswerts = Stellenwechsel, beginning of the letting time. Wirkliche Entäußerung des Gebrauchswerts is completed only at the end, therefore also realization of its price afterwards.

Moreover, owing to the specific nature of a number of use-values they are really alienated not by being in fact handed over but only by being leased for a definite period. For example, when one sells the use of a house for a month, its use-value is delivered only at the expiration of the month, although the house changes hands at the beginning of the month. Because in this case the actual transfer of the use-value and its real alienation are separated in time, the realization of its price also takes place later than the date.
on which it changes hands.

⇓ (3) Different production times. Combined with repeated sale and purchase it leads to the function of money as means of payment.

Finally, owing to differences in the period and length of time required for the production of different commodities, one producer comes to the market as a seller before the other can act as a buyer, and if the same commodity-owners repeatedly buy and sell one another’s products, the two aspects of the transaction are separated according to the conditions of production of their commodities.

⇓ (4) With the development of the credit system the function of money as means of payment will increase especially in the sphere of the large business transactions.
This gives rise to relations of creditor and debtor among commodity-owners. These relations can be fully developed even before the credit system comes into being, although they are the natural basis of the latter. It is evident however that the evolution of the credit system, and therefore of the bourgeois mode of production in general, causes money to function increasingly as a means of payment to the detriment of its function both as a means of purchase and even more as an element of hoarding. For instance in England, coin is almost entirely confined to the sphere of retail trade and to petty transactions between producers and consumers, whereas money as means of payment predominates in the sphere of large commercial transactions between producers and consumers, whereas money as means of payment predominates in the sphere of large commercial transactions between producers and consumers.

So entsteht ein Verhältnis von Gläubiger und Schuldner unter den Warenbesitzern, das zwar die naturwüchsige Grundlage des Kreditsystems bildet, aber vollständig entwickelt sein kann, bevor das letztre existiert. Es ist indes klar, daß mit der Ausbildung des Kreditwesens, also der bürgerlichen Produktion überhaupt, die Funktion des Geldes als Zahlungsmittel sich ausdehnen wird auf Kosten seiner Funktion als Kaufmittel und noch mehr als Element der Schatzbildung. In England z.B. ist Geld als Münze beinahe ausschließlich in die Sphäre des Detailhandels und des Kleinhandels zwischen Produzenten und Konsumenten gebannt, während es als Zahlungsmittel die Sphäre der großen Handelstransaktionen beherrscht. 

105
At this occasion Marx makes the important remark that the means of payment can be developed before the credit system exists. (In Capital I, only (3) and (2) are taken up again, not (1) or (4).)

Despite Mr. Macleod’s doctrinaire priggishness about definitions, he misinterprets the most elementary economic relations to such an extent that he asserts that money in general arises from its most advanced form, that is means of payment. He says inter alia that since people do not always require each other’s services at the same time and to the same value, “there would remain a certain difference or amount of service due from the first to the second, and this would constitute a debt.” The owner of this debt may need the services of a third person who does not immediately require his services, and “what could be more natural than for the second to
transfer to the third the debt due to him from the first.” The “evidence of a debt, would pass from hand to hand; ... what is called a currency ... when a person receives an obligation expressed by a metallic currency, he is able to command the services not only of the original debtor, but also those of the whole of the industrious community.” H. D. Macleod, *The Theory and Practice of Banking*, Vol. I, London, 1855, Ch. I [pp. 24, 29].

Very short remark about the extension of the function as means of payment to obligations not arising from the circulation of commodities.

376:1 Money as the universal means of payment becomes the *universal commodity* of contracts, though at first only within the sphere of commodity circulation. But as this function of money develops, all other forms of payment are gradually con-

120:1 Als allgemeines Zahlungsmittel wird Geld die *allgemeine Ware* der Kontrakte—zunächst nur innerhalb der Sphäre der Warentzirkulation. Jedoch mit seiner Entwicklung in dieser Funktion lösen sich allmählich alle andern Formen der Zah-
verted into payments in money. The extent to which money functions as the exclusive means of payment indicates how deep-seated and widespread the domination of production by exchange-value is.  

107 “Money is the general commodity of contract, or that in which the majority of bargains about property, to be completed at a future time, are made.” Bailey, op. cit., p. 3

107 Senior (op. cit., p. 221) says: “Since the value of everything changes within a certain period of time, people select as a means of payment an article whose value changes least and which retains longest a given average ability to buy things. Thus, money becomes the expression or representative of values.” On the contrary, gold, silver, etc., become general means of payment in Geldzahlung auf. Der Grad, worin Geld als ausschließliches Zahlungsmittel entwickelt ist, zeigt den Grad an, worin der Tauschwert sich der Produktion in ihrer Tiefe und Breite bemächtigt hat.  

106 Bailey, l.c. p. 3: „Geld ist die allgemeine Ware der Kontrakte, oder diejenige, in der die Mehrzahl der Eigentumsverträge, die in späterer Zeit erfüllt werden sollen, abgeschlossen werden.“  

106 Senior, l.c. p. 221, sagt: „Da der Wert aller Dinge in einem bestimmten Zeitraum wechselt, so nimmt man als Zahlungsmittel die Sache, deren Wert am wenigsten wechselt, die am längsten eine gegebene Durchschnittsfähigkeit, Sachen zu kaufen, bewahrt. So wird das Geld Ausdruck oder Repräsentant der Werte.“ Umgekehrt. Weil Gold, Silber etc. Geld, d.h. Da-
ment, because they have become money, that is the independent embodiment of exchange-value. It is precisely when the stability of the value of money, mentioned by Mr. Senior, is taken into account, i.e., in periods when force of circumstances establishes money as the universal means of payment, that people become aware of variations in the value of money. Such a period was the Elizabethan age in England, when, because of the manifest depreciation of the precious metals, an Act was shepherded through Parliament by Lord Burleigh and Sir Thomas Smith to compel the universities of Oxford and Cambridge to provide for the payment of one-third of the rent of their lands in wheat and malt.

sein des verselbständigen Tauschwerts geworden sind, werden sie allgemeine Zahlungsmittel. Wo die von Herrn Senior erwähnte Rücksicht auf die Dauer der Wertgröße des Geldes eintritt, d.h. in Perioden, wo das Geld durch die Gewalt der Umstände sich als allgemeines Zahlungsmittel durchsetzt, wird grade auch das Schwanken in der Wertgröße des Geldes entdeckt. Eine solche Periode war in England die Zeit der Elisabeth, und es war zu ihrer Zeit, daß Lord Burleigh und Sir Thomas Smith, mit Rücksicht auf die sichtbar werdende Depreziation der edeln Metalle eine Parlamentsakte durchsetzten, die die Universitäten von Oxford und Cambridge verpflichtet, ein Drittel ihrer Grundrenten sich in Weizen und Malz zu reservieren.

From here to end of chapter: Quantitative aspect.

Mass of the money circulating as means of payment.
1) Determined by the price sum of the already sold commodities, not the commodities for sale

2) Modification by the speed with which the same piece of money performs different payments:
   a) concatenation of relation of debtor and creditor
   b) time length between different payments This chain of payments is qualitatively different from circuit of means of circulation (see the corresponding discussion in Capital I and our long comments to that).

3) Modification by cancellation of sums of money which have to be paid at the same time.

376:2/o The volume of money in circulation as means of payment is first of all determined by the amount of payments due, that is by the aggregate prices of the commodities which have been sold, not of the commodities that are to be sold as is the case with simple money circulation. But the amount thus determined is subject to mod-

120:2/o Zunächst ist die Masse des als Zahlungsmittel zirkulierenden Geldes bestimmt durch den Belauf der Zahlungen, d.h. die Preissumme der veräußerten Waren, nicht der zu veräußernden, wie im einfachen Geldumlauf. Die so bestimmte Summe wird jedoch doppelt modifiziert, erstens durch die Geschwindigkeit, womit
ification by two factors: first by the velocity with which a coin repeats the same operation, or the number of payments which constitute a dynamic chain of payments. A pays B, then B pays C and so on. The velocity with which the same coin can act repeatedly as means of payment depends, on the one hand, on the interconnection of the commodity-owners’ relations as creditors and debtors, in which the same commodity-owner who is a creditor in relation to one person is a debtor in relation to another, and so forth; and on the other hand, on the period of time separating the various dates on which payments are due. The series of payments, or of first metamorphoses carried out subsequently, is qualitatively different from dasselbe Geldstück dieselbe Funktion wiederholt oder sich die Masse der Zahlungen als prozessierende Kette von Zahlungen darstellt. A zahlt B, worauf B C zahlt und so fort. Die Geschwindigkeit, womit dasselbe Geldstück seine Funktion als Zahlungsmittel wiederholt, hängt einerseits ab von der Verkettung der Verhältnisse von Gläubiger und Schuldner unter den Warenbesitzern, so daß derselbe Warenbesitzer der Gläubiger gegenüber dem einen, Schuldner gegenüber dem andern ist usw., andererseits von der Zeitlänge, die die verschiedenen Zahlungstermine trennt. Diese Kette von Zahlungen oder nachträglichen ersten Metamorphosen der Waren ist qualitativ verschieden von der Kette der Metamorphosen, die sich im Um-
the series of metamorphoses represented by the movement of money as means of circulation. The second series does not only appear in temporal succession, but *it comes into being* in this way. A commodity is turned into money, then into a commodity again, thus making it possible for another commodity to be turned into money, and so on: in other words, a seller becomes a buyer and another commodity-owner thereby becomes a seller. This sequence arises fortuitously in the course of commodity exchange itself. But the fact that the money which $A$ pays to $B$ is then used by $B$ to pay $C$, and then by $C$ to pay $D$, etc., and that moreover payments rapidly succeed one another—this external relation is but a mani-

lauf des Gelds als Zirkulationsmittel darstellt. Letztere erscheint nicht nur in zeitlicher Sukzession, sondern wird erst in derselben. Die Ware wird Geld, dann wieder Ware und befähigt so die andere Ware, Geld zu werden usw., oder der Verkäufer wird Käufer, wodurch ein anderer Warenbesitzer Verkäufer wird. Dieser Zusammenhang entsteht zufällig im Prozeß des Warenaustauschs selbst. Daß aber Geld, womit $A$ den $B$ bezahlt hat, von $B$ an $C$, von $C$ an $D$ usw. fortgezahlt wird, und zwar in rasch aufeinanderfolgenden Zeiträumen—in diesem äußerlichen Zusammenhang tritt nur ein schon fertig vorhandener gesellschaftlicher Zusammenhang an den Tag. Dasselbe Geld läuft nicht durch verschiedene Hände,
manifestation of a previously existing social relation. The same coin passes through various hands not because it acts as means of payment; but it is passed on as means of payment because these hands have already been joined. A far more extensive integration of the individual into the process of circulation is accordingly signified by the velocity of money as means of payment, than by the velocity of money as coin or means of purchase.

377:1/o The aggregate of prices of simultaneous, and therefore spatially coexisting, purchases and sales is the limit beyond which the velocity of currency cannot be substituted for its volume. But this barrier does not exist when money functions

121:1/o Die Preissumme gleichzeitiger und daher räumlich nebeneinanderfallender Käufe und Verkäufe bildet die Grenze für Ersetzen der Münzmasse durch Umlaufsgeschwindigkeit. Diese Schranke fällt fort für das als Zahlungsmittel funktionierende
as means of payment. If payments falling due simultaneously are concentrated at one place, which occurs at first spontaneously at the large foci of commodity circulation, then payments offset one another like negative and positive quantities: \( A \) who has to pay \( B \) may receive a payment from \( C \) at the same time, and so on. The amount of money required as means of payment thus depends not on the aggregate amount of payments which are due to be made simultaneously, but on the degree of their concentration and on the size of the balance left over after the negative and positive amounts have been offset against one another. Special devices for this type of balancing arise even if no credit system has been evolved, as was the case with money.

Geld. Konzentrieren sich gleichzeitig zu leistende Zahlungen an einem Platz, was zunächst naturwüchsig nur an den großen Sammelpunkten der Warenzirkulation stattfindet, so gleichen sich die Zahlungen als negative und positive Größen gegeneinander aus, indem \( A \) an \( B \) zu zahlen, zugleich von \( C \) Zahlung zu erhalten hat usw. Die als Zahlungsmittel erheischte Summe Geldes wird daher bestimmt sein nicht durch die Preissumme der gleichzeitig zu realisierenden Zahlungen, sondern durch die größere oder geringere Konzentration derselben und die Größe der Bilanz, die nach ihrem wechselseitigen Aufheben als negative und positive Größen übrigbleibt. Eigne Vorrichtungen zu diesen Ausgleichungen entstehen ohne alle...
case in ancient Rome. But consideration of them is no more relevant here than is consideration of the usual settlement dates, which in every country become established among people of certain social strata. Here we shall merely note that scholarly investigations of the specific influence exerted by these dates on the periodic variations in the quantity of money in circulation have been undertaken only in recent times.

Contradiction, see discussion in *Capital I*. Credit system turns over into the monetarist system; bourgeois economy incapable to explain it.

378:1/o When payments cancel one another as positive and negative quantities, no money need actually appear on the scene. Here money functions merely as measure

122:1/o Soweit sich die Zahlungen ausgleichen als positive und negative Größen, findet gar keine Dazwischenkunft von wirklichem Geld statt. Es entwickelt sich hier
of value with respect to both the price of the commodity and the size of mutual obligations. Apart from its nominal existence, exchange-value does not therefore acquire an independent existence in this case, even in the shape of a token of value, in other words money becomes purely nominal money of account. Money functioning as means of payment thus contains a contradiction: on the one hand, when payments balance, it acts merely as a nominal measure; on the other hand, when actual payments have to be made, money enters circulation not as a transient means of circulation, but as the static aspect of the universal equivalent, as the absolute commodity, in short, as money. Where chains of

nur in seiner Form als Maß der Werte, einerseits im Preis der Ware, andererseits in der Größe der wechselseitigen Obligatio- nen. Außer seinem ideellen Dasein erhält der Tauschwert hier also kein selbständiges Dasein, nicht einmal das Dasein als Wertzeichen, oder das Geld wird nur zu idealem Rechengeld. Die Funktion des Geldes als Zahlungsmittel schließt also den Widerspruch ein, daß es einerseits, soweit sich die Zahlungen ausgleichen, nur ideell als Maß wirkt, andererseits, soweit die Zahlung wirklich zu verrichten ist, nicht als verschwindendes Zirkulationsmittel, sondern als das ruhende Dasein des allgemeinen Äquivalents, als die absolute Ware, mit einem Wort, als Geld in die Zirkulation hereintritt. Wo
payments and an artificial system for adjusting them have been developed, any upheaval that forcibly interrupts the flow of payments and upsets the mechanism for balancing them against one another suddenly turns money from the nebulous chimerical form it assumed as measure of value into hard cash or means of payment. Under conditions of advanced bourgeois production, when the commodity-owner has long since become a capitalist, knows his Adam Smith and smiles superciliously at the superstition that only gold and silver constitute money or that money is after all the absolute commodity as distinct from other commodities—money then suddenly appears not as the medium of circulation but once more as
daher die Kette der Zahlungen und ein künstliches System ihrer Ausgleichung sich entwickelt hat, schlägt bei Erschütterungen, die den Fluß der Zahlungen gewaltsam unterbrechen und den Mechanismus ihrer Ausgleichung stören, das Geld plötzlich aus seiner gasartigen hirngewebten Gestalt als Maß der Werte in hartes Geld oder Zahlungsmittel um. In Zuständen entwickelter bürgerlicher Produktion also, worin der Warenbesitzer längst Kapitalist geworden ist, seinen Adam Smith kennt, und vornehm über den Aberglauben lächelt, daß Gold und Silber allein Geld oder daß Geld überhaupt im Unterschied von andern Waren die absolute Ware sei, erscheint Geld plötzlich wieder nicht als Mittler der Zirkulation, sondern
the only adequate form of exchange-value, as a unique form of wealth just as it is regarded by the hoarder. The fact that money is the sole incarnation of wealth manifests itself in the actual devaluation and worthlessness of all physical wealth, and not in purely imaginary devaluation as for instance in the Monetary System. This particular phase of world market crises is known as monetary crisis. The _summum bonum_, the sole form of wealth for which people clamour at such times, is money, hard cash, and compared with it all other commodities—just because they are use-values—appear to be useless, mere baubles and toys, or as our Doctor Martin Luther says, mere ornament and gluttony. This sudden transformation als allein adäquate Form des Tauschwerths, als der einzige Reichtum, ganz wie es der Schatzbildner auffaßt. Als solch ausschließliches Dasein des Reichtums offenbart es sich nicht, wie etwa im Monetarsystem, in der bloß vorgestellten, sondern in der wirklichen Entwertung und Wertlosigkeit alles stofflichen Reichtums. Es ist dies das besondere _Moment_ der Weltmarktskrisen, das Geldkrise heißt. Das summum bonum, wonacci in solchen _Momenten_ als dem einzigen Reichtum geschrien wird, ist Geld, bares Geld, und daneben erscheinen alle andern Waren, eben weil sie Gebrauchswerte sind, als nutzlos, als Tand, Spielzeug, oder wie unser Doktor Martin Luther sagt, als bloßer Schmuck und Fraß. Dies plötzliche Um-
of the credit system into a monetary system adds theoretical dismay to the actually existing panic, and the agents of the circulation process are overawed by the impenetrable mystery surrounding their own relations.  

Boisguillebert, who wishes to prevent bourgeois relations of production from being pitted against the bourgeoisie themselves, prefers to consider those forms of money in which money appears as a purely nominal or transitory phenomenon. Previously he regarded means of circulation from this point of view and now means of payment. He fails to notice, however, the sudden transformation of the nominal form of money into external reality, and the fact that even the purely conceptual measure of value latentlly contains hard cash. Boisguillebert says, slugen des Kreditsystems in das Monetarsystem fügt den theoretischen Schrecken zum praktischen panic, und die Zirkulationsagenten schaudern vor dem undurchdringlichen Geheimnis ihrer eigenen Verhältnisse.

Boisguillebert, der die bürgerlichen Produktionsverhältnisse verhindern möchte, sich gegen die Bürger selbst auf die Hinterfüße zu stellen, faßt mit Vorliebe die Formen des Geldes auf, worin es nur ideell oder nur verschwindend erscheint. So früher das Zirkulationsmittel. So das Zahlungsmittel. Was er wieder nicht sieht, ist der unvermittelte Umschlag aus der idealen Form des Geldes in seine äußerliche Wirklichkeit, daß das harte Geld schon im nur gedachten Maß der Werte latent enthalten ist. Daß, sagt er, das Geld bloße Form der Waren selbst ist, zeigt sich bei dem
wholesale trade—in which, after “the appraisal of the commodities’, exchange is accomplished without the intervention of money—shows that money is simply an aspect of the commodities themselves. *Le detail de la France*, p. 210

Formation of a reserve fund for payments becomes necessary (this connects means of payment and hoard).

379:1 Payments in their turn necessitate reserve funds, accumulations of money as means of payment. The formation of reserve funds, unlike hoarding, no longer seems an activity extraneous to circulation, or, as in the case of coin reserves, a purely technical stagnation of coin; on the contrary money has to be gradually accumulated so as to be available at definite dates in the future when payments become due. Although with

123:1 Die Zahlungen machen ihrerseits einen Reservefonds, eine Akkumulation von Geld als Zahlungsmittel nötig. Die Bildung dieser Reservefonds erscheint nicht mehr wie bei der Schatzbildung als der Zirkulation selbst äußerliche Tätigkeit, noch wie bei der Münzreserve als bloß technische Stockung der Münze, sondern Geld muß allmählich aufgesammelt werden um an bestimmten künftigen Zahlungsterminen vor-
the development of bourgeois production, therefore, the abstract form of hoarding regarded as enrichment decreases, the form of hoarding necessitated by the exchange process itself increases; a part of the wealth which generally accumulates in the sphere of commodity circulation being drawn into reserve funds of means of payment. The more advanced is bourgeois production, the more these funds are restricted to the indispensable minimum. Locke’s work on the lowering of the rate of interest\textsuperscript{109} contains interesting information about the size of these reserve funds in his time. It shows how substantial a proportion of the money in circulation in England was absorbed by the reserves of means of payment precisely handen zu sein. Während also die Schatzbildung in der abstrakten Form, worin sie als Bereicherung gilt, mit der Entwicklung der bürgerlichen Produktion abnimmt, wächst diese durch den Austauschprozeß unmittelbar erheischte Schatzbildung, oder vielmehr ein Teil der Schätze, die sich überhaupt in der Sphäre der Warenzirkulation bilden, wird als Reservefonds von Zahlungsmitteln absorbiert. Je entwickelter die bürgerliche Produktion ist, um so mehr werden diese Reservefonds auf das notwendige Minimum beschränkt. Locke gibt in seiner Schrift über die Herabsetzung des Zinsfußes\textsuperscript{109} interessante Aufschlüsse über die Größe dieser Reservefonds zu seiner Zeit. Man ersieht daraus, welchen bedeutenden Teil des über-
during the period when banking began to develop.

109 Locke, *Some Considerations on the Lowering of Interest*, p. 17, 18

\[ \text{Now not only the mass of the means of payment but the mass of all money circulating, whether means of circulation or means of payment} \]

379:2/o The law regarding the quantity of money in circulation as it emerged from the examination of simple circulation of money is significantly modified by the circulation of means of payment. If the velocity of money, both as means of circulation and as means of payment, is given, then the aggregate amount of money in circulation during a particular period is determined by the total umlaufenden Geldes die Reservoirs für Zahlungsmittel in England absorbierten grade in der Epoche, wo sich das Bankwesen zu entwickeln begann.

109 Locke, l.c. p. 17, 18.

123:2/o Das Gesetz über die Quantität des zirkulierenden Geldes, wie es sich aus der Betrachtung des einfachen Geldumlaufes ergab, wird wesentlich modifiziert durch den Umlauf des Zahlungsmittels. Bei gegebener Umlaufgeschwindigkeit des Geldes, sei es als Zirkulationsmittel, sei es als Zahlungsmittel, wird die Gesamtsumme des in einem gegebenen Zeitabschnitt zirkulie-
tal amount of commodity-prices to be realized [plus] the total amount of payments falling due during this period minus the payments that balance one another. This does not affect at all the general principle that the amount of money in circulation depends upon commodity-prices, for the aggregate amount of payments is itself determined by the prices laid down in the contracts. It is however quite obvious that the aggregate prices of the commodities in circulation during a definite period, say a day, are by no means commensurate with the volume of money in circulation on the same day, even if the velocity of circulation and the economic methods of payment are assumed to remain unchanged; since a certain quan-

renden Geldes bestimmt sein durch die Gesamtsumme der zu realisierenden Warenpreise [plus] der Gesamtsumme der in derselben Epoche fälligen Zahlungen minus der durch Ausgleichung sich gegeneinander aufhebenden Zahlungen. Das allgemeine Gesetz, daß die Masse des umlaufenden Geldes von den Warenpreisen abhängt, wird dadurch nicht im geringsten berührt, da der Belauf der Zahlungen selbst durch die kontraktlich festgesetzten Preise bestimmt ist. Es zeigt sich aber schlagend, daß selbst Geschwindigkeit des Umlaufs und Ökonomie der Zahlungen als gleichbleibend vorausgesetzt, die Preissumme der in einer bestimmten Periode, z.B. einem Tag, zirkulierenden Warenmassen und die Masse des an dem-
tity of commodities is in circulation whose prices will only be realized in money at a later date, and a certain amount of money in circulation corresponds to commodities which have left the sphere of circulation a long time ago. This amount of money depends in its turn on the value of the payments that fall due on this day, although the relevant contracts were concluded at widely varying dates.

Change in value does not affect the functions as measure of value or money of account. But it becomes important for money as a hoard and means of payment. (This paragraph does not seem to be in Capital I on this place!)

380:1 We have seen that changes in the value of gold and silver do not affect their functions as measure of value and money of

124:1 Wir sahen, daß der Wechsel im Wert des Goldes und Silbers ihre Funktion als Maß der Werte oder Rechengeld nicht
account. But with regard to hoarded money these changes are of decisive importance, since with the rise or fall in the value of gold and silver the value of the hoard of gold or silver will rise or fall. Such changes are of even greater importance for money as means of payment. The payment is effected at a date subsequent to the sale of the commodities; that is to say, money performs two different functions at two different periods, acting first as a measure of value, and then as the means of payment appropriate to this measure. If meanwhile a change has occurred in the value of the precious metals, or in the labor-time needed for their production, the same quantity of gold or silver will have a greater or smaller value when it func-

affiziert. Dieser Wechsel wird jedoch entscheidend wichtig für das Geld als Schatz, denn mit dem Steigen oder Fallen des Gold- und Silberwerts steigt oder fällt die Wertgröße des goldenen oder silbemen Schatzes. Noch wichtiger für das Geld als Zahlungsmittel. Die Zahlung erfolgt erst später als der Verkauf der Ware oder das Geld wirkt zu zwei verschiedenen Zeiträumen in zwei verschiedenen Funktionen, erst als Maß der Werte, dann als dieser Messung entsprechendes Zahlungsmittel. Wechselt in dieser Zwischenzeit der Wert der edeln Metalle, oder die zu ihrer Produktion erheisch-te Arbeitszeit, so wird dasselbe Quantum Gold oder Silber, wenn es als Zahlungsmittel erscheint, mehr oder weniger wert sein
tions as means of payment than at the time it served as measure of value, when the contract was signed. The function which a specific commodity, such as gold or silver, performs as money, or as exchange-value that has assumed an independent form, comes here into conflict with the nature of the specific commodity, whose value depends on variations in its costs of production. It is well-known that the fall in the value of precious metals in Europe gave rise to a great social revolution, just as the ancient Roman Republic at an early stage of its history experienced a reverse revolution caused by a rise in the value of copper, the metal in which the debts of the plebeians were contracted. Even without further examination
of the influence which fluctuations in the value of precious metals exert on the system of bourgeois economy, it is clear that a fall in the value of precious metals favours debtors at the expense of creditors, while a rise in their value favours creditors at the expense of debtors.

**World Money**

\[\downarrow\] instead of not entering circulation we have here that it breaks through the barriers of domestic circulation. (Remember the development of a domestic sphere of circulation when gold became coin!)

381:1 Gold becomes money, as distinct from coin, first by being withdrawn from circulation and hoarded, then by entering circulation as a non-means of circulation, finally however by breaking through the barriers of internal circulation. (Remember the development of a domestic sphere of circulation when gold became coin!)

125:1 Gold wird Geld im Unterschied von Münze, erst indem es sich als Schatz aus der Zirkulation zurückzieht, dann als Nicht-zirkulationsmittel in sie eintritt, endlich aber die Schranken der innern Zirkulation durch-
Marx’s discussion of money goes through two dialectical triads: the first is measure of value—means of circulation—money. Now Marx describes a second triad within the culminating point of the first triad, money: hoard—means of payment—world money.

We have arrived now at the culminating point of this second triad, world money. Although Marx does not say so explicitly, it is his understanding that the division of labor and abstract human labor is formed on a national scale. This is why there is something to “break through” when money circulates internationally. According to Marx’s understanding, money has nationally the economic function to be standard of value, and from this follows also means of circulation and then also the independent incarnation of abstract wealth. All this follows from its function for domestic production, namely, being the the appropriate surface expression of abstract human labor (in other words, money being the social institution which induces the producers to abide by the law of value). Domestically, money is general equivalent because it represents the nation’s abstract human labor. Therefore it tries to be
No longer coins, but count as raw metal. Becomes again means of exchange. I.e., obtains its primitive forms back.

381:2 In the same way as originally the commonly used weights of precious metals served as measures of value, so on the world market the monetary denominations are reconverted into corresponding denominations of weight. Just as amorphous crude metal (aes rude) was the original form of means of circulation, and originally the coined form was simply the official certification of metallic weight, so precious metal serving as universal coin discards its specific shape and imprint and reverts to neu-

125:2 Wie die allgemeinen Gewichtsmaße der edeln Metalle als ursprüngliche Wertmaße dienten, werden innerhalb des Weltmarkts die Rechennamen des Geldes wieder in die entsprechenden Gewichtsnamen verwandelt. Wie das formlose Rohmetall (aes rude) die ursprüngliche Form des Zirkulationsmittels und die Münzform ursprünglich selbst nur offizielles Zeichen des in den Metallstücken enthaltenen Gewichts war, so streift das edle Metall als Weltmünze Figur und Gepräge wieder ab und fällt in
tral bullion form. When national coins, such as Russian imperials, Mexican thalers and English sovereigns, circulate abroad, their titles become irrelevant and what counts is only their substance.

Not only the form, also the function of money becomes more primitive again:

Finally, as international money the precious metals once again fulfil their original function of means of exchange: a function which, like commodity exchange itself, originated at points of contact between different primitive communities and not in the interior of the communities.

All the refinements and developments which money received in domestic circulation are therefore discarded:

Money functioning as world money therefore reverts to its first, spontaneously ac-
quired form. When it leaves domestic cir-
culation, money sheds the particular forms which grew from the development of ex-
change within particular areas, or the lo-
cal forms assumed by money as measure of price—specie, small change, and token of value.

“original natural form” is wrong because “natural form” means “boldly form,” i.e., gold. This is not what Marx is trying to say here.

Next paragraph brings one of the differences between national and international money: In each nation, only one commodity serves as standard of value. But since some nations have gold and others silver, two commodities serve as world money: gold and silver. This illustrates how the functions of world money are the derivatives of the domestic functions of money.

381:3 We have seen that only one com-
modity serves as a measure of value in the

125:3 Wir sahen, daß in der innern Zirku-
lation eines Landes nur eine Ware als
internal circulation of any country. But since in one country gold performs this function, in another silver, a double standard of value is recognized on the world market, and all functions of money are duplicated. The translation of the values of commodities from gold prices into silver prices and vice versa always depends on the relative value of the two metals; this relative value varying continuously and its determination appearing accordingly as a continuous process. Commodity-owners in every country are compelled to use gold and silver alternately for foreign commerce thus exchanging the metal current as money within the country for the metal which they happen to require as money in a foreign country. Ev-

Every nation thus employs both gold and silver as world money.

Next paragraph brings a second difference: Relation of means of purchase and means of payment is reversed. In one-sided trade it is means of purchase, in balanced developed trade it is means of payment for settling the balance.

382:1 Gold and silver in the sphere of international commodity circulation appear not as means of circulation but as *universal means of exchange*. The universal means of exchange act however merely as *means of purchase* and *means of payment*, two forms which we have already described, but their relations are reversed on the world market. When in the sphere of internal circulation money was used as coin, i.e., as the intermediary link in the dynamic unity

125:4/o In der internationalen Warenzirkulation erscheinen Gold und Silber nicht als Zirkulationsmittel, sondern als *allgemeine Tauschmittel*. Das allgemeine Tauschmittel funktioniert aber nur in den beiden entwickelten Formen des *Kaufmittels* und des *Zahlungsmittels*, deren Verhältnis sich jedoch auf dem Weltmarkt umkehrt. In der Sphäre der innern Zirkulation wirkte das Geld, soweit es Münze war, den Mittler der prozessierenden Einheit $W - G - W$ oder die
$C - M - C$ or as the merely transitory form of exchange-value during the perpetual motion of commodities—it functioned exclusively as means of purchase. The reverse is the case on the world market. Here gold and silver act as means of purchase if the interchange is only unilateral and therefore purchase and sale are separated. For example, the border trade at Kyakhta is in fact and according to treaty stipulations barter, in which silver is only used as a measure of value. The war of 1857–5823 induced the Chinese to sell without buying. Thereupon silver suddenly appeared as means of purchase. In deference to the letter of the treaty, the Russians turned French five-franc coins into crude silver articles which were

used as means of exchange. Silver has always served as means of purchase for Europe and America, on the one side, and Asia, where it congeals into hoards, on the other. Precious metals, moreover, serve as international means of purchase when the usual equilibrium in the interchange of products between two nations is suddenly disturbed, e.g., when a bad harvest compels one of them to buy on an extraordinary scale. Precious metals, finally, are used as international means of purchase by the gold and silver producing countries, where they are direct products and also commodities, and not a converted form of commodities. With the development of commodity exchange between different national spheres of circulation, between Europa und Amerika auf der einen Seite, Asien auf der andern, wo es sich als Schatz niederschlägt. Ferner funktionieren die edlen Metalle als internationale Kaufmittel, sobald das herkömmliche Gleichgewicht des Stoffwechsels zwischen zwei Nationen plötzlich unterbrochen wird, Mißernte z.B. die eine derselben in außerordentlichem Maß zu kaufen zwingt. Endlich sind die edlen Metalle internationales Kaufmittel in der Hand der Gold und Silber produzierenden Länder, wo sie unmittelbares Produkt und Ware, nicht die verwandelte Form der Ware sind. Je mehr der Warenaustausch zwischen verschiedenen nationalen Zirkulationssphären sich entwickelt, entwickelt sich die Funktion des Weltgeldes...
tion, the function which world money ful-
stands as *means of payment* for settling in-
ternational balances develops also.

382:2/o International circulation, like do-

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mestic circulation, requires a constantly

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changing amount of gold and silver. Part

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of the accumulated hoards is consequently

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used by every nation as a reserve fund of

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world money, a fund which is sometimes di-

minished, sometimes replenished according
to fluctuations in commodity exchange.110

to fluctuations in commodity exchange.110

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In addition to particular movements of

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money; the points of departure being the

sources of production, from which gold and

sources of production, from which gold and

als Zahlungsmittel zur Ausgleichung der in-
ternationalen Bilanzen.

126:1/o Wie die innere Zirkulation, so er-
heischt die internationale Zirkulation eine

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heischt die internationale Zirkulation eine

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dient daher bei jedem Volk als Reservefonds
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des Weltgeldes, der sich bald entleert, bald

des Weltgeldes, der sich bald entleert, bald

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des Warenaustausches.110 Außer den beson-
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Bewegung, deren Ausgangspunkte an den

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Produktionsquellen liegen, von denen aus

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Gold- und Silberströme sich in verschiede-

Gold- und Silberströme sich in verschiede-
silver flow in various directions to all the markets of the world. Thus gold and silver as commodities enter the sphere of world circulation and in proportion to the labor-time contained in them they are exchanged for commodity equivalents before reaching the area of domestic circulation. They accordingly already have a definite value when they turn up in these areas. Their relative value on the world market is therefore uniformly affected by every fall or rise in their costs of production and is quite independent of the degree to which gold or silver is absorbed by the various national spheres of circulation. One branch of the stream of metal which is caught up in a particular area of the world of commodities immediately
enters the domestic circulation of money as replacement of worn-out coins; another is diverted into various reservoirs where coin, means of payment and world money accumulate; a third is used to make luxury articles and the rest, finally, is turned simply into hoards. Where the bourgeois mode of production has reached an advanced stage the formation of hoards is reduced to the minimum needed by the different branches of the circulation process for the free action of their mechanism. Under these conditions hoards as such consist only of wealth lying idle, unless they represent a temporary surplus in the balance of payments, the result of an interruption in the interchange of products and therefore commodities congealed...
in their first metamorphosis.

383:1/0 Just as in theory gold and silver as money are universal commodities, so world money is the appropriate form of existence of the universal commodity. In the same proportion as all commodities are exchanged for gold and silver these become the transmuted form of all commodities and hence universally exchangeable commodities. They are realized as embodiments of universal labor-time in the degree of the universal commodity. Just as in theory gold and silver as money are universal commodities, so world money is the appropriate form of existence of the universal commodity. In the same proportion as all commodities are exchanged for gold and silver these become the transmuted form of all commodities and hence universally exchangeable commodities. They are realized as embodiments of universal labor-time in the degree of the universal commodity.

110 The accumulated money is added to the sum which, to really in circulation and satisfy the possibilities of trade, departs and leaves the sphere of circulation itself. (G. R. Carli, Note zu Verri, Meditazioni sulla Economia Politica, p. 192, t. XV, Custodi, l.c.)

127:1/0 Wie Gold und Silber als Geld ih-
rem Begriff nach die allgemeine Ware sind, so erhalten sie im Weltgeld die entspre-
chende Existenzform der universellen Ware.

G. R. Carli, Note zu Verri, "Meditazioni sulla Economia Politica", p. 192, t. XV bei Custodi l.c.)
that the interchange of the products of concrete labor becomes world-wide. They become universal equivalents in proportion to the development of the series of particular equivalents which constitute their spheres of exchange. Because the exchange-value of commodities is universally developed in international circulation, it appears transformed into gold and silver as international money. Since as a result of their versatile industry and all-embracing commerce the nations of commodity-owners have turned gold into adequate money, they regard industry and commerce merely as means enabling them to withdraw money in the form of gold and silver from the world market. Gold and silver as international money are realen Arbeiten den Erdboden umspannt. Sie werden allgemeines Äquivalent in dem Grad, worin sich die Reihe der besonderen Äquivalente entwickelt, die ihre Austauschspäre bilden. Weil in der Weltzirkulation die Waren ihren eignen Tauschwert universell entfalten, erscheint dessen in Gold und Silber verwandelte Gestalt als Weltgeld. Während also die Nationen von Warenbesitz zern durch ihre allseitige Industrie und allgemeinen Verkehr Gold zu adäquatem Geld umschaffen, erscheinen ihnen Industrie und Verkehr nur als Mittel, um das Geld in der Form von Gold und Silber dem Weltmarkt zu entziehn. Gold und Silber als Weltgeld sind daher ebensowohl Produkt der allgemeinen Warenzirkulation wie Mittel, ihre
therefore both the products of the universal circulation of commodities and the means to expand its scope. Just as the alchemists, who wanted to make gold, were not aware of the rise of chemistry, so commodity-owners, chasing after a magical form of the commodity, are not aware of the sources of world industry and world trade that are coming into being.

Next sentence says very explicitly that world money, i.e., money that is general equivalent, exists before all labor world-wide has been equalized.

Gold and silver help to create the world market by anticipating its existence in their concept of money. Their magical effect is by no means confined to the infancy of bourgeois society, but is the inevitable consequence of the inverted way in which their own social

Kreise weiter zu ziehn. Wie hinter dem Rücken der Alchimisten, indem sie Gold machen wollten, die Chemie erwuchs, so springen hinter dem Rücken der Warenbesitzer, indem sie der Ware in ihrer verzauberten Gestalt nachjagen, die Quellen der Weltindustrie und des Welthandels auf.

Gold und Silber helfen den Weltmarkt schaffen, indem sie in ihrem Geldbegriff sein Dasein antizipieren. Daß diese ihre Zauberwirkung keineswegs auf die Kinderjahre der bürgerlichen Gesellschaft beschränkt ist, sondern notwendig hervorwächst
labor appears to the representatives of the world of commodities; a proof of this being the remarkable influence which the discovery of gold in various new areas exerted on international trade in the middle of the nineteenth century.

384:1 As money develops into international money, so the commodity-owner becomes a cosmopolitan. The cosmopolitan relations of men to one another originally comprise only their relations as commodity-owners. Commodities as such are indifferent to all religious, political, national and linguistic barriers. Their universal language is price and their common bond is money. But together with the development of international money as against national coins, aus der Verkehrung, worin den Trägern der Warenwelt ihre eigne gesellschaftliche Arbeit erscheint, beweist der außerordentliche Einfluß, den die Entdeckung neuer Goldländer in der Mitte des 19. Jahrhunderts auf den Weltverkehr ausübt.

128:1 Wie sich das Geld zum Weltgeld, entwickelt sich der Warenbesitzer zum Kosmopoliten. Die kosmopolitische Beziehung der Menschen zueinander ist ursprünglich nur ihr Verhältnis als Warenbesitzer. Die Ware ist an und für sich über jede religiöse, politische, nationale und sprachliche Schranke erhaben. Ihre allgemeine Sprache ist der Preis und ihr Gemeinwesen ist das Geld. Aber mit der Entwicklung des Weltgeldes im Gegensatz zur Landesmünze
there develops the commodity-owner’s cosmopolitanism, a cult of practical reason, in opposition to the traditional religious, national and other prejudices which impede the metabolic process of mankind. The commodity-owner realises that nationality “is but the guinea’s stamp,” since the same amount of gold that arrives in England in the shape of American eagles is turned into sovereigns, three days later circulates as napoleons in Paris and may be encountered as ducats in Venice a few weeks later. The sublime idea in which for him the whole world merges is that of a market, the world market.  

The world market is the subsumption of the whole world to one market. This was not yet...
a reality at Marx’s times, and today it is a reality only for some commodities, but the use of money as world money generates the tendency to create the world market.

111 “Intercourse between nations spans the whole globe to such an extent that one may almost say all the world is but a single city in which a permanent fair comprising all commodities is held, so that by means of money all the things produced by the land, the animals and human industry can be acquired and enjoyed by any person in his own home. A wonderful invention.” Montanari, Della Moneta (1683), p. 40

2.4. The Noble Metals

385:1 At first the process of bourgeois production takes possession of metallic cur-

128:2/o Der bürgerliche Produktionspro-zeß bemächtigt sich zunächst der metalli-
rency as an existing and ready-made instrument, which, although it has been gradually reorganized, in its basic structure has nevertheless been retained. The question why gold and silver, and not other commodities, are used as the material of money lies outside the confines of the bourgeois system. We shall therefore do no more than summarise the most important aspects.

385:2 Because universal labor-time itself can only display quantitative differences, the object to be recognized as its specific embodiment must be able to express purely quantitative differences, thus presupposing identical, homogeneous quality. This is the first condition that has to be fulfilled if a commodity is to function as a measure of schen Zirkulation als eines fertig überlieferter Organes, das zwar allmählich umgestaltet wird, jedoch stets seine Grundkonstruktion bewahrt. Die Frage, warum statt anderer Waren Gold und Silber als Material des Geldes dienen, fällt jenseits der Grenze des bürgerlichen Systems. Wir fassen daher nur summarisch die wesentlichsten Gesichtspunkte zusammen.

129:1 Da die allgemeine Arbeitszeit selbst nur quantitative Unterschiede zuläßt, muß der Gegenstand, der als ihre spezifische Inkarnation gelten soll, fähig sein, rein quantitative Unterschiede darzustellen, so daß Dieselbigkeit, Gleichförmigkeit der Qualität vorausgesetzt ist. Es ist dies die erste Bedingung für die Funktion einer Ware als Wert-
value. If, for instance, one evaluates all commodities in terms of oxen, hides, corn, etc., one has in fact to measure them in ideal average oxen, average hides, etc., since there are qualitative differences between one ox and another, one lot of corn and another, one hide and another. Gold and silver, on the other hand, as simple substances are always uniform and consequently equal quantities of them have equal values. Another condition that has to be fulfilled by the commodity which is to serve as universal equivalent and that follows directly from its function of representing purely quantitative differences, is its divisibility into any desired number of parts and the possibility of combining these again, so that money of maß. Schätze ich z.B. alle Waren in Ochsen, Häuten, Getreide usw., so muß ich sie in der Tat in idealem Durchschnitts-Ochsen, Durchschnitts-Haut messen, da Ochs von Ochs, Getreide von Getreide, Haut von Haut qualitativ verschieden ist. Gold und Silber dagegen sind als einfache Körper stets sich selbst gleich und gleiche Quanta derselben stellen daher gleich große Werte dar. Die andre, direkt aus der Funktion rein quantitative Unterschiede darzustellen, hervorgehende Bedingung für die Ware, die als allgemeines Äquivalent dienen soll, ist die Möglichkeit ihrer Zerschneidung in beliebige Teile und deren Wiederzusammensetzbarkeit, so daß das Rechengeld auch sinnlich dargestellt werden kann. Gold und Silber
account can be represented in palpable form too. Gold and silver possess these qualities to an exceptional degree.

112 “A peculiar feature of metals is that in them alone all relations are reduced to a single one, that is their quantity, for by nature they are not distinguished by differences in quality either in their internal composition or in their external form and structure” (Galiani, op. cit., pp. 126–27).

385:3 As means of circulation gold and silver have an advantage over other commodities in that their high specific gravity—representing considerable weight in a relatively small space—is matched by their economic specific gravity, in containing much labor-time, i.e., considerable exchange-value, in a relatively small volume. This
facilitates transport, transfer from one hand to another, from one country to another, enabling gold and silver suddenly to appear and just as suddenly to disappear—in short these qualities impart physical mobility, the *sine qua non* of the commodity that is to serve as the *perpetuum mobile* of the process of circulation.

386:1–2 The high specific value of precious metals, their durability, relative indestructibility, the fact that they do not oxidise when exposed to the air and that gold in particular is insoluble in acids other than *aqua regia*—all these physical properties make precious metals the natural material for hoarding. Peter Martyr, who was apparently a great lover of chocolate, remarks,
therefore, of the sacks of cocoa which in Mexico served as a sort of money.

“Blessed money which furnishes mankind with a sweet and nutritious beverage and protects its innocent possessors from the infernal disease of avarice, since it cannot be long hoarded, nor hidden underground!” (De orbe novo [Alcala, 1530, dec. 5, cap. 4].24)

386:3 Metals in general owe their great importance in the direct process of production to their use as instruments of production. Gold and silver, quite apart from their scarcity, cannot be utilized in this way because, compared with iron and even with copper (in the hardened state in which the ancients used it), they are very soft and, therefore, to a large extent lack the quality...
on which the use-value of metals in general depends. Just as the precious metals are useless in the direct process of production, so they appear to be unnecessary as means of subsistence, i.e., as articles of consumption. Any quantity of them can thus be placed at will within the social process of circulation without impairing production and consumption as such. Their individual use-value does not conflict with their economic function. Gold and silver, on the other hand, are not only negatively superfluous i.e., dispensable objects, but their aesthetic qualities make them the natural material for pomp, ornament, glamour, the requirements of festive occasions, in short, the positive expression of supra-abundance and ser Nutzanwendung und beraubt sie daher in großem Umfang der Eigenschaft, worauf der Gebrauchswert der Metalle überhaupt beruht. So nutzlos, wie sie innerhalb des unmittelbaren Produktionsprozesses sind, so entbehrlieh erscheinen sie als Lebensmittel, als Gegenstände der Konsumtion. Jede beliebige Quantität derselben kann daher in den gesellschaftlichen Zirkulationsprozeß eingehen, ohne die Prozesse der unmittelbaren Produktion und Konsumtion zu beeinträchtigen. Ihr individueller Gebrauchswert gerät nicht in Widerstreit mit ihrer ökonomischen Funktion. Andrerseits sind Gold und Silber nicht nur negativ überflüssige, d.h. entbehrliehliche Gegenstände, sondern ihre ästhetischen Eigenschaften machen sie
wealth. They appear, so to speak, as solidified light raised from a subterranean world, since all the rays of light in their original composition are reflected by silver, while red alone, the colour of the highest potency, is reflected by gold. Sense of colour, moreover, is the most popular form of aesthetic perception in general. The etymological connection between the names of precious metals and references to colour in various Indo-European languages has been demonstrated by Jakob Grimm (see his *History of the German Language*).

zum naturwüchsigen Material von Pracht, Schmuck, Glanz, sonntäglichen Bedürfnissen, kurz zur positiven Form des Überflusses und Reichtums. Sie erscheinen gewissermaßen als gediegenes Licht, das aus der Unterwelt hervorgegraben wird, indem das Silber alle Lichtstrahlen in ihrer ursprünglichen Mischung, das Gold nur die höchste Potenz der Farbe, das Rot, zurückwirft. Farbensinn aber ist die populärste Form des ästhetischen Sinnes überhaupt. Der etymologische Zusammenhang der Namen der edeln Metalle in den verschiedenen indogermanischen Sprachen mit Farbenbeziehungen ist von Jakob Grimm nachgewiesen worden. (Siehe seine Geschichte der deutschen Sprache.)
Finally the fact that it is possible to transform gold and silver from coin into bullion, from bullion into articles of luxury and vice versa, the advantage they have over other commodities of not being confined to the particular useful form they have once been given makes them the natural material for money, which must constantly change from one form into another.

Nature no more produces money than it does bankers or a rate of exchange. But since in bourgeois production, wealth as a fetish must be crystallized in a particular substance, gold and silver are its appropriate embodiment. Gold and silver are not by nature money, but money consists by its

Endlich die Fähigkeit von Gold und Silber, aus der Form der Münze in die Barrenform, aus der Barrenform in die Form von Luxusartikeln und umgekehrt verwandelt zu werden, ihr Vorzug also vor andern Waren, nicht in einmal gegebene, bestimmte Gebrauchsformen gebannt zu sein, macht sie zum natürlichen Material des Geldes, das beständig aus einer Formbestimmtheit in die andre umschlagen muß.

Die Natur produziert kein Geld, so wenig wie Bankiers oder einen Wechselkurs. Da die bürgerliche Produktion aber den Reichtum als Fetisch in der Form eines einzelnen Dings kristallisieren muß, sind Gold und Silber seine entsprechende Inkarnation. Gold und Silber sind von Natur nicht
nature of gold and silver. Gold or silver as crystallization of money is, on the one hand, not only the product of the circulation process but actually its sole stable product; gold and silver are, on the other hand, finished primary products, and they directly represent both these aspects, which are not distinguished by specific forms. The universal product of the social process, or the social process itself considered as a product, is a particular natural product, a metal, which is contained in the earth’s crust and can be dug up.  

113 In the year 760 a crowd of poor people turned out to wash gold from the sand of the river south of Prague, and three men were able in a day


113 Im Jahre 760 wanderte eine Masse armer Leute aus, um den Flußgoldsand südlich von Prag auszuwaschen, und drei Mann waren
to extract a mark [half a pound] of gold; and so
great was the consequent rush to “the diggings”
and the number of hands attracted from agricul-
ture so great, that in the next year the country was
visited by famine. (See M. G. Korner, Abhand-
lung von dem Alterthum des böhmischen Berg-
erks, Schneeberg, 1758 [P. 37 seg.].)

387:2/388 We have seen that gold and sil-
ver cannot comply with the demand that as
money they should have an invariable value.
Their value is nevertheless more stable than
that of other commodities on the average, as
even Aristotle noted. Apart from the gen-
eral effect of an appreciation or depreciation
of the precious metals, variations in the rel-
ative value of gold and silver are of particu-
lar importance, since both are used side by

fähig, in einem Tag eine Mark Cold zu extrahie-
ren. Infolge davon wurde der Zulauf zu den „dig-
gings“ und die Zahl der dem Ackerbau entzo-
gen Hände so groß, daß das Land das nächste
Jahr von Hungersnot heimgesucht wurde. (Siehe
M. G. Körner, „Abhandlung von dem Alterthum
des böhmischen Bergwerks, Schneeberg 1758 [p.
37 seq.].)

131:1/132 Wir haben gesehen, daß Gold
und Silber den Anspruch, der an sie als
Geld gestellt wird, gleichbleibende Wert-
größe zu sein, nicht erfüllen können. Indes
besitzen sie, wie schon Aristoteles bemerkt,
permanentere Wertgröße als der Durch-
schnitt der andern Waren. Abgesehen von
der allgemeinen Wirkung einer Apprezia-
tion oder Depreziation der edeln Metalle,
sind die Schwankungen des Wertverhält-
side as monetary material on the world market. The purely economic reasons of such changes in value—conquests and other political upheavals, which exerted a substantial influence on the value of metals in antiquity, have merely a local and temporary effect—must be attributed to changes in the labor-time required for the production of these metals. This labor-time itself will depend on the relative scarcity of natural deposits and the difficulties involved in procuring them in a purely metallic state. Gold is in fact the first metal that man discovered. On the one hand, it occurs in nature in pure crystalline form, as a separate substance not chemically combined with other substances, or in a virgin state, as the alchemists said; nisses von Gold und Silber von besonderer Wichtigkeit, da beide nebeneinander auf dem Weltmarkt als Materie des Geldes dienen. Die rein ökonomischen Gründe dieses Wertwechsels—Eroberungen und andre politische Umwälzungen, die großen Einfluß auf den Wert der Metalle in der alten Welt ausübten, wirken nur lokal und vorübergehend—müssen auf den Wechsel der zur Produktion dieser Metalle erheischten Arbeitszeit zurückgeführt werden. Diese selbst wird abhängen von ihrer relativen natürlichen Seltenheit, wie von der größern oder mindern Schwierigkeit, die ihre Bemächtigung in rein metallischem Zustand bietet. Gold ist in der Tat das erste Metall, das der Mensch entdeckt. Einer-
on the other hand, nature herself performs the technical work by washing gold on a large scale in rivers. Only the crudest labor is required on the part of man for extracting gold either from rivers or from alluvial deposits; whereas production of silver requires mining and in general a relatively high level of technical development. The value of silver is therefore originally higher than that of gold, although it is absolutely less scarce. Strabo’s statement that an Arabian tribe gave ten pounds of gold for one pound of iron, and two pounds of gold for one pound of silver, is by no means incredible. But the value of silver tends to fall in relation to that of gold, as the productive powers of social labor develop and seits stellt die Natur selbst es in gediegener kristallinischer Form dar, individualisiert, chemisch unverbunden mit andern Körpern, oder wie die Alchimisten sagten, in jungfräulichem Zustand; andrerseits übernimmt die Natur selbst in den großen Goldwäscherreien der Flüsse das Werk der Technologie. Auf seiten des Menschen ist so nur die rohste Arbeit erheischt, sei es für Gewinnung des Flußgoldes, sei es des Goldes in aufgeschwemmtem Land, während die Darstellung des Silbers Minenarbeit und überhaupt eine relativ hohe Entwicklung der Technik voraussetzt. Trotz seiner kleinern absoluten Seltenheit ist daher der ursprüngliche Wert des Silbers relativ größer als der des Goldes. Strabos Versicherung, daß bei einem Stam-
consequently the product of simple labor becomes more expensive compared with that of complex labor, and with the earth’s crust being increasingly opened up the original surface-sources of gold are liable to be exhausted. Finally, at a given stage of development of technology and of the means of communication, the discovery of new territories containing gold or silver plays an important role. The ratio of gold to silver in ancient Asia was 6 to 1 or 8 to 1; the latter ratio was prevalent in China and Japan even in the early nineteenth century; 10 to 1, the ratio obtaining in Xenophon’s time, can be regarded as the average ratio of the middle period of antiquity. The working of the Spanish silver mines by Carthage and later...
by Rome exerted a rather similar influence on the ancient world to that of the discovery of the American mines on modern Europe. During the era of the Roman emperors, 15 or 16 to 1 can be taken as the rough average, although the value of silver in Rome often sank even lower. During the following period reaching from the Middle Ages to modern times, a similar movement which begins with a relative depreciation of gold and ends with a fall in the value of silver takes place. The average ratio in the Middle Ages, as in Xenophon’s time, was 10 to 1, and as a result of the discovery of mines in America the ratio once again becomes 16 or 15 to 1. The discovery of gold in Australia, California and Colombia will probably lead

von Gold zu Silber wie 6 zu 1 oder 8 zu 1, letzteres Verhältnis in China und Japan noch im Anfang des 19. Jahrhunderts; 10 zu 1, das Verhältnis zu Xenophons Zeit, kann als Durchschnittsverhältnis des mittleren Alttums betrachtet werden. Die Ausbeutung der spanischen Silberminen durch Karthago und später durch Rom wirkte annähernd im Alttum wie die Entdeckung der amerikanischen Minen im modemen Europa. Für die römische Kaiserzeit kann 15 oder 16 zu 1 als rauhe Durchschnittszahl genommen werden, obgleich wir häufig tiefere Depreziati des Silbers in Rom finden. Dieselbe Bewegung, beginnend mit der relativen Depeziati des Goldes und endend mit dem Fall des Silberwerts, wiederholt sich in der
The relative value of gold and silver up to now has not been affected by the Australian and other discoveries. Michel Chevalier’s contention that the opposite is the case is worth no more than the socialism of this ex-St.-Simonist. Quotations on the London market show, indeed, that between 1810 and 1858 the average price of silver in terms of gold was nearly 3 per cent higher.

than in the period between 1830 and 1850; but this rise was simply due to the demand of Asian countries for silver. Silver prices between 1852 and 1858 change in different years and months solely in accordance with this demand and by no means in accordance with the supply of gold from the newly discovered sources.

1850 bis 1858 um nicht ganz 3% höher steht als während der Periode 1830–1850. Dies Steigen ist aber einfach aus der asiatischen Silbernachfrage zu erklären. Während 1852–1858 wechselt der Silberpreis in den einzelnen Jahren und Monaten nur mit dieser Nachfrage, keineswegs mit der Goldzufuhr von den neu entdeckten Quellen. Folgendes ist eine Übersicht der Goldpreise des Silbers auf dem Londoner Markt:
### C. Theories about Means of Circulation and Money

The old monetarism (of which mercantilism was a variant) considered only *that* labor productive which produces gold or things that can be turned into gold. This error is understandable, because at that time much labor was devoted to subsistence production and therefore
did not create bourgeois wealth. The early monetarists confused money with capital. The economists contemporary to Marx considered this false, a mere illusion, instead of seeing that it was a primitive theory, naively blurring out the domination of production by exchange-value. Even under the most developed capitalism, monetarism and mercantilism are justified because gold and silver continue to act as money, although in a limited fashion. (What does he mean by that?) Economics was so afraid of the revelations of monetarism that it lost its ability to correctly judge the phenomena of monetary circulation.

389/o Just as in the sixteenth and seventeenth centuries, when modern bourgeois society was in its infancy, nations and princes were driven by a general desire for money to embark on crusades to distant lands in quest of the golden grail,¹¹⁵ so the first interpreters of the modern world, the originators of the Monetary System—the Mercantile System is merely a variant of it—declared that gold and silver, i.e.,
money, alone constitutes wealth. They quite correctly stated that the vocation of bourgeois society was the making of money, and hence, from the standpoint of simple commodity production, the formation of permanent hoards which neither moths nor rust could destroy.

115 “Gold is a wonderful thing! Whoever possesses it is lord of all he wants. By means of gold one can even get souls into Paradise.” (Columbus in a letter from Jamaica, 1503.) [Note im Marx’s private copy.]

Footnote 115 is also in Capital, p. 228:2/oo.

The most obvious critique of the Monetary System does not give justice to this kernel of truth in monetarism:

It is no refutation of the Monetary System to point out that a ton of iron whose price is £3

115 „Gold ist ein wunderbares Ding! Wer das-selbe besitzt, ist Herr von allem, was er wünscht. Durch Gold kann man Seelen in das Paradies gelangen lassen.“ (Columbus in einem Brief aus Jamaica, 1503.) [Note im Handexemplar.]

Es wird dem Monetarsystem nicht damit geantwortet, daß eine Tonne Eisen vom
has the same value as £3 in gold.

Why is this not the right critique? Because the Monetary System places so much importance on money not because money is more value, but because it is value in a form which is more conducive to national wealth:

The point at issue is not the magnitude of the exchange-value, but its adequate form. With regard to the special attention paid by the Monetary and Mercantile systems to international trade and to individual branches of national labor that lead directly to international trade, which are regarded by them as the only real source of wealth or of money, one has to remember that in those times national production was for the most part still carried on within the framework of feudal forms and served as the immediate source
of subsistence for the producers themselves. Most products did not become commodities; they were accordingly neither converted into money nor entered at all into the general process of the social metabolism; hence they did not appear as materialization of universal abstract labor and did not indeed constitute bourgeois wealth. Money as the end and object of circulation represents exchange-value or abstract wealth, not any physical element of wealth, as the determining purpose and driving motive of production. It was consistent with the rudimentary stage of bourgeois production that those misunderstood prophets should have clung to the solid, palpable and glittering form of exchange-value, to exchange-value in the products veränderten sich großenteils nicht in Waren und daher nicht in Geld, gingen überhaupt nicht in den allgemeinen gesellschaftlichen Stoffwechsel ein, erschienen daher nicht als Vergegenständlichung der allgemeinen abstrakten Arbeit und bildeten in der Tat keinen bürgerlichen Reichtum. Geld als Zweck der Zirkulation ist der Tauschwert oder der abstrakte Reichtum, nicht irgend-ein stoffliches Element des Reichtums, als bestimmender Zweck und treibendes Motiv der Produktion. Wie es der Vorstufe der bürgerlichen Produktion entsprach, hielten jene verkannten Propheten an der gedeie-nen, handgreiflichen und glänzenden Form des Tauschwerths fest, an seiner Form als allgemeine Ware im Gegensatz zu allen beson-
form of the universal commodity as distinct from all particular commodities. The sphere of commodity circulation was the strictly bourgeois economic sphere at that time. They therefore analysed the whole complex process of bourgeois production from the standpoint of that basic sphere and confused money with capital.

If the Monetarists were so favorable to capital, why were they met with so much enmity? Because they blurted out the truth of capitalist production too openly:

The unceasing fight of modern economists against the Monetary and Mercantile systems is mainly provoked by the fact that the secret of bourgeois production, i.e., that it is dominated by exchange-value, is divulged in a naively brutal way by these systems. Although drawing the wrong conclu-
sions from it, Ricardo observes somewhere that, even during a famine, corn is imported because the corn-merchant thereby makes money, and not because the nation is starving. Political economy errs in its critique of the Monetary and Mercantile systems when it assails them as mere illusions, as utterly wrong theories, and fails to notice that they contain in a primitive form its own basic presuppositions.

The monetary and mercantile systems not only have historical justification, but some aspects of modern capitalism fully abide by their principles. Just as the commodity is the elementary form of wealth, Marx calls here money the elementary form of value. These systems, moreover, remain not only historically valid but retain their full validity within certain spheres of the modern economy. At every stage of the bour-
geois process of production when wealth assumes the elementary form of commodities, exchange-value assumes the elementary form of money, and in all phases of the productive process wealth for an instant reverts again to the universal elementary form of commodities. The functions of gold and silver as money, in contradistinction to their functions as means of circulation and in contrast with all other commodities, are not abolished even in the most advanced bourgeois economy, but merely restricted; the Monetary and Mercantile systems accordingly remain valid. The catholic fact that gold and silver as the direct embodiment of social labor, and therefore as the expression of abstract wealth, confront other pro-
des bürgerlichen Produktionsprozesses, wo der Reichtum die elementarische Form der Ware annimmt, nimmt der Tauschwert die elementarische Form des Geldes an, und in allen Phasen des Produktionsprozesses fällt der Reichtum immer wieder für einen Augenblick in die allgemeine elementarische Form der Ware zurück. Selbst in der entwickelten bürgerlichen Ökonomie werden die spezifischen Funktionen des Goldes und Silbers als Geld im Unterschied von ihrer Funktion als Zirkulationsmittel und im Gegensatz zu allen übrigen Waren nicht aufgehoben, sondern nur beschränkt, behalten also Monetar- und Merkantililsystem ihr Recht. Die katholische Tatsache, daß Gold und Silber als unmittelbare In-
fane commodities, has of course violated the protestant code of honour of bourgeois economists, and from fear of the prejudices of the Monetary System, they lost for some time any sense of discrimination towards the phenomena of money circulation, as the following account will show.

Marx’s next topic is the quantity theory of money, which is introduced as the opposite of the monetarist and merkantilist theories discussed so far.

Marx begins with a nice metaphor: while monetarists saw money as a crystal, classical economists saw it as a liquid. Classicals considered money only as the disappearing moment in \( C - M - C \), therefore only as means of circulation. They mistook the coin as a mere token of value, therefore applied the quantitative laws covering tokens of value to metallic coins (quantity theory).
It was quite natural that, by contrast with the Monetary and Mercantile systems, which knew money only as a crystalline product of circulation, classical political economy in the first instance should have understood the fluid form of money, that is the form of exchange-value which arises and vanishes within the metamorphosis of commodities. Because commodity circulation is looked at exclusively in the form $C - M - C$, and this in its turn solely as the dynamic unity of sale and purchase, the specific aspect of money as means of circulation is upheld against its specific aspect as money. If the function of means of circulation in serving as coin is isolated, then, as we have seen, it becomes a value-token.

Im Gegensatz zum Monetar- und Merkantilsystem, die das Geld nur in seiner Formbestimmtheit als kristallisches Produkt der Zirkulation kennen, war es ganz in der Ordnung, daß die klassische Ökonomie es zunächst in seiner flüssigen Form auffaßte, als innerhalb der Warenmetamorphose selbst erzeugte und wieder verschwindende Form des Tauschwerts. Wie daher die Warenzirkulation ausschließlich in der Form $W - G - W$ und diese wieder ausschließlich in der Bestimmtheit der prozessierenden Einheit von Verkauf und Kauf aufgefaßt wird, wird das Geld in seiner Formbestimmtheit als Zirkulationsmittel gegen seine Formbestimmtheit als Geld behauptet. Wird das Zirkulationsmittel selbst in sei-
But since classical political economy was at first confronted with metallic currency as the predominant form of currency, it regarded metallic money as coin, and coin as a mere token of value. In accordance with the law relating to the circulation of value-tokens, the proposition is then advanced that the prices of commodities depend on the volume of money in circulation, and not that the volume of money in circulation depends on the prices of commodities. This view is more or less clearly outlined by Italian economists of the seventeenth century; it is sometimes accepted, sometimes repudiated by Locke, and firmly set forth in the Spectator (in the issue of October 19, 1711) as well as in the works of Montesquieu and Hume.
Since *Hume* is by far the most important exponent of this theory in the eighteenth century, we shall begin our survey with him. " (in Nummer vom 19. Oktober 1711), von *Montesquieu* und *Hume*. Da *Hume* bei weitem der bedeutendste Repräsentant dieser Theorie im 18. Jahrhundert ist, eröfnen wir mit ihm unsre Rundschau.

2.5. *[Hume]*

Summary of the next paragraph: An increase in the mass of the means of circulation may coincide with a general rise in prices for two reasons. (a) the value of gold falls, or (b) tokens circulate whose quantity is forcibly increased above the quantity of money that has to stay in circulation. Since the empirical manifestations of these two mechanisms are identical, *Hume* makes the mistake of thinking that the mechanisms themselves are identical as well. Now let’s go through the text in detail:

391:1 Under certain conditions, an increase or decrease in the quantity of either specie in circulation, or of value-tokens in

135:1 Unter bestimmten Voraussetzungen scheint eine Vermehrung oder Vermin- derung in der Quantität, sei es des zirkulie-
circulation, seems to have a similar effect upon commodity-prices.

↓ Here is mechanism (a) that generates empirical phenomena which can be interpreted this way:

If there is a fall or rise in the value of gold and silver, in which the exchange-value of commodities is measured as price, then prices rise or fall because a change has taken place in their standard of value; and an increased or diminished amount of gold and silver is in circulation as coin because the prices have risen or fallen.

But one cannot see that the value of gold has changed. What one sees is the following:

The observable phenomenon, however, is that with an increasing or diminishing volume of means of circulation, prices change...
while the exchange-value of commodities remains constant.

Now mechanism (b), which is quite different, but which leads to the same empirical phenomena:

If, on the other hand, the amount of value-tokens in circulation falls below the requisite level, or rises above it, then it is forcibly reduced to that level by a fall or rise of commodity-prices. In both cases the same effect seems to be brought about by the same cause, and Hume holds fast to this appearance.

Now Marx makes a new beginning; where does it lead us?

391:2–393:0 Any scholarly investigation of the relation between the volume of means of circulation and movements in commodity-prices must assume that the

verminderter Quantität der Zirkulationsmittel.

Fällt oder steigt andererseits die Quantität der zirkulierenden Wertzeichen über oder unter ihr notwendiges Niveau, so werden sie gewaltsam auf dasselbe reduziert durch Fallen oder Steigen der Warenpreise. In beiden Fällen scheint dieselbe Wirkung durch dieselbe Ursache hervorgebracht, und an diesem Schein hielt Hume fest.

135:2–137:0 Jede wissenschaftliche Untersuchung über das Verhältnis von Anzahl der Zirkulationsmittel und Preisbewegung der Waren muß den Wert des Geldmaterials
value of the monetary material is given.

An investigation is scientific if it works out the essential relations. Changes in the value can only be considered after developing the general laws, as circumstances which alter the way they express themselves. Hume exclusively looked at times when the value of noble metals itself changed because of the American gold mines. Therefore his empirical experience was adverse to a scientific penetration of the phenomena. Important point that during certain times the phenomena reveal their inner essence more than during other times. On the other hand, Hume was motivated to believe in the quantity theory because of his polemics against monetarism.

Hume, however, considers exclusively periods when revolutionary changes in the value of the precious metals take place, that is revolutions in the standard of value. The rise in commodity-prices that occurred simultaneously with the increase in the amount of specie consequent upon the discovery of the American mines forms the historical back-
ground of his theory, and its practical motive was the polemic that he waged against the Monetary and Mercantile systems.

A brief sketch how the price changes come about: they first only seize the commodities which are exported and exchanged directly with the countries which sell gold as a commodity. Marx does not elaborate how the price changes generalize, but he says it took 50 years, and also that the quantity of the money circulating rose before prices rose. He refers to recent studies regarding this, without giving references. Therefore one has two effects: an increase in the quantity of gold which generalizes quickly, and a rise in prices of certain commodities which only slowly spreads to other commodities.

It is, of course, quite possible to increase the supply of precious metals while their costs of production remain unchanged. On the other hand, a decrease in their value, that is in the labor-time required to produce them, will in the first place be attested only by an increase in their supply. Hume’s dis-
Schüler von Hume, zeigt sich der verminderte Wert der edlen Metalle in der wachsenden Masse der Zirkulationsmittel und die wachsende Masse der Zirkulationsmittel im Steigen der Warenpreise. In der Tat aber wächst nur der Preis der exportierten Waren, die sich mit Gold und Silber als Ware und nicht als Zirkulationsmittel austauschen. So steigt der Preis dieser Waren, die in Gold und Silber von gesunkenem Wert geschätzt sind, gegenüber allen übrigen Waren, deren Tauschwert fortfährt, in Gold oder Silber nach dem Maßstab ihrer alten Produktionskosten geschätzt zu werden. Diese doppelte Schätzung der Tauschwerte der Waren in demselben Lande kann natürlich nur temporär sein, und die Gold- oder Silberpreise

principles accordingly stated subsequently that the diminished value of the precious metals was reflected in the growing volume of means of circulation, and the growing volume of the means of circulation was reflected in increased commodity-prices. But there is in reality an increase only in the prices of exported commodities which are exchanged for gold and silver as commodities and not as means of circulation. The price of those commodities, which are measured in gold and silver of reduced value, thus rises in relation to all other commodities whose exchange-value continues to be measured in gold and silver in accordance with the scale of their former costs of production. Such a dual evaluation of exchange-values
of commodities in a given country can of course occur only temporarily; gold and silver prices must be adjusted to correspond with the exchange-values themselves, so that finally the exchange-values of all commodities are assessed in accordance with the new value of monetary material. This is not the place for either a description of this process or an examination of the ways in which the exchange-value of commodities prevails within the fluctuations of market-prices. Recent critical investigations of the movement of commodity-prices during the sixteenth century have conclusively demonstrated that in the early stages of the evolution of the bourgeois mode of production, such adjustment proceeds only very gradu-

müssen sich ausgleichen in den durch die Tauschwerte selbst bestimmten Proportionen, so daß schließlich die Tauschwerte aller Waren dem neuen Wert des Geldmaterials entsprechend geschätzt werden. Die Entwicklung dieses Prozesses gehört ebenso wenig hierher wie die Art und Weise, worin überhaupt innerhalb der Schwankungen der Marktpreise der Tauschwert der Waren sich durchsetzt. Daß aber diese Ausgleichung in minder entwickelten Epochen der bürgerlichen Produktion sehr allmählich ist und sich über lange Perioden verteilt, jedenfalls aber nicht gleichen Schritt hält mit der Verme
gen, ist durch neue kritische Untersuchungen über die Bewegung der Warenpreise im 16. Jahrhundert
ally, extending over long periods, and does not by any means keep in step with the increase of ready money in circulation.\footnote{116}

\footnote{116} Incidentally, Hume admits that the adjustment takes place gradually, although this does not accord with his principle. See David Hume, *Essays and Treatises on Several Subjects*, London, 1777, Vol. I, p. 300.

Hume’s pupils like to refer to the rise of prices in Rome because of conquests, but these are exceptions.

Quite inappropriate are references—in vogue among Hume’s disciples—to rising prices in ancient Rome brought about by the conquest of Macedonia, Egypt and Asia Minor. The sudden and forcible transfer of hoarded money from one country to another is a specific feature of the ancient world;
but the temporary lowering of the production costs of precious metals achieved in a particular country by the simple method of plunder does not affect the inherent laws of monetary circulation, any more than, for instance, the distribution of Egyptian and Sicilian corn free of charge in Rome affects the general law which regulates corn prices.

The facts necessary to decide this question would have been: history of commodity prices, statistics about expansion and contraction of the circulating medium, flux of noble metals. Hume did not have those facts.

For a detailed analysis of the circulation of money, Hume, like all other eighteenth-century writers, lacked the necessary material, i.e., on the one hand a reliable history of commodity-prices, and on the other
hand, official and continuous statistics regarding the expansion and contraction of the medium of circulation, the influx or withdrawal of precious metals, etc., in other words material which on the whole only becomes accessible when banking is fully developed.

Three points summarizing Hume’s theory of circulation: (1) Prices of commodities are determined by quantity of money (real money or symbolic money). (2) The money circulating represents all commodities in the country. (3) If quantity of commodities increases, their price falls and value of money rises, if quantity of money increases, prices of commodities rise and value of money falls.

The following propositions summarise Hume’s theory of circulation. 1. Commodity-prices in a given country are determined by the amount of money (real or token money) existing therein. 2. The money circulating in
a given country represents all commodities which are in that country. As the amount of money grows, each unit represents a correspondingly larger or smaller proportion of the things represented. 3. If the volume of commodities increases, then their prices fall or the value of money rises. If the amount of money increases, then, on the contrary, commodity-prices rise and the value of money falls. 117

393:1–396:0 “The dearness of everything,” says Hume, “from plenty of money, is a disadvantage, which attends an established commerce, and sets bounds to it in every country, by enabling the poorer states to undersell the richer in all foreign markets.” 118

137:1–140:0 „Die Teuerkeit aller Dinge“, sagt Hume, „infolge von Geldüberfluß ist ein Nachteil für jeden bestehenden Handel, indem er den ärmeren Ländern erlaubt, reichere zu unterkaufen auf allen fremden Märkten.“ 118

Es kann keine Wirkung, gute oder schlechte, ausüben, wenn wir eine Nation für sich
tity of it is required to represent the same quantity of goods; it can have no effect, either good or bad, taking a nation within itself; any more than it would make an alteration on a merchant’s books, if, instead of the Arabian method of notation, which requires few characters, he should make use of the Roman, which requires a great many. Nay, the greater quantity of money, like the Roman characters, is rather inconvenient, and requires greater trouble both to keep and transport it.”

118 David Hume, l.c. p. 300.
119 David Hume l.c. p. 303.

393:1 are apparently two quotes by Hume put together without quotation signs at the beginning and end. “Unterkaufen” is “undersell” in the original, according to MECW.

General price level only important for international trade; in domestic trade as irrelevant as the use of roman numerals, smaller numbers would rather be more convenient.

118 David Hume, l.c. p. 300.
119 David Hume l.c. p. 303.
The beginning of the next sentence, “Um überhaupt etwas zu beweisen,” seems to mean that Hume’s example does not fit the situation he tries to elucidate. Marx argues: Hume should have stayed with arabic numerals and said that the number of digits used would influence the magnitudes written rather than the other way round.

If this example were to prove anything, Hume would have to show that in a *given* system of notation the quantity of characters employed does not depend on the numerical value, but that on the contrary the numerical value is determined by the quantity of characters employed. It is quite true that there is no advantage in evaluating or “counting” commodity values in gold or silver of diminished value; and as the value of the commodities in circulation increased, therefore, nations invariably decided that it was more convenient to count in silver than in copper,
and in gold than in silver. In the proportion that nations grew richer, they turned the less-valuable metals into subsidiary coin and the more valuable metals into money.

Marx agrees with what is right in Hume’s quote: there is indeed no advantage in having high numbers as prices, this is why silver came to be used instead of copper and gold instead of silver. However Hume is illogical because he forgets that for the function as measure of value gold need not be present; he identifies means of circulation and measure of value.

Hume, moreover, forgets that in order to calculate values in terms of gold and silver, neither gold nor silver need be “present.” Money of account and means of circulation are for him identical phenomena and he regards both as coin. Because a change in the value of the standard of value, i.e. in the precious metals which function as money of account, causes a rise or fall in commodity-
prices, and hence, provided the velocity of money remains unchanged, an increase or decrease in the volume of money in circulation, Hume infers that increases or decreases of commodity-prices are determined by the quantity of money in circulation. Hume could have deduced from the closing down of European mines that not only the quantity of gold and silver grew during the sixteenth and seventeenth centuries, but that simultaneously their cost of production diminished.

394 Hume could have seen that the change in value was primary, not the increased mass of means of circulation, from the closing of the European gold mines.

Now Marx goes through the evidence Hume had for his three necessary consequences (are these identical to the three points enumerated above?) The first because of the fact already mentioned that in the 16th and 17th century the money prices rose together with the mass of circulating gold and silver...
Along with the volume of imported American gold and silver commodity-prices rose in Europe in the sixteenth and seventeenth centuries; commodity-prices are consequently in every country determined by the volume of gold and silver which the country contains. This was the first “necessary consequence” drawn by Hume.  

Secondly, from the time lag between increase in means of circulation and rise in prices Hume concluded that only the money that actually circulates counts, but eventually all money must circulate.

Prices in the sixteenth and seventeenth centuries did not rise in step with the increased amount of precious metals; more than half a century elapsed before any change at all was noticeable in the prices of commodi-
ties, and even after this a considerable time elapsed before the prices of commodities in general were revolutionized, that is before the exchange-values of commodities were generally estimated according to the diminished value of gold and silver. Hume—who quite contrary to the principles of his own philosophy uncritically turns unilaterally interpreted facts into general propositions—concludes that, in consequence, the price of commodities or the value of money is determined not by the absolute amount of money present in a country, but rather by the amount of gold and silver actually in circulation; in the long run, however, all the gold and silver present in the country must be absorbed as coin in the sphere of circula-

währte es noch lange, bevor die Tauschwerte der Waren allgemein dem gesunkenen Wert des Golds und Silbers gemäß geschätzt wurden, also bevor die Revolution die allgemeinen Warenpreise ergriff. Also, schließt Hume, der ganz im Widerspruch mit den Grundsätzen seiner Philosophie einseitig beobachtete Tatsachen unkritisch in allgemeine Sätze verwandelt, also ist der Preis der Waren oder der Wert des Geldes bestimmt nicht durch die absolute Masse des in einem Lande befindlichen Geldes, sondern vielmehr durch die Quantität von Gold und Silber, die wirklich in die Zirkulation eingeht, aber schließlich muß alles in einem Lande befindliche Gold und Silber als Münze von der Zirkulation absorbiert wer-
“It is evident, that the prices do not so much depend on the absolute quantity of commodities, and that of money, which are in a nation, as on that of the commodities which can or may come to market and of the money which circulates. If the coin be locked up in chests, it is the same thing with regard to prices, as if it were annihilated, if the commodities be hoarded in magazines and granaries, a like effect follows. As the money and commodities, in these cases, never meet, they cannot affect each other... The whole (of prices) at last reaches a just proportion with the new quantity of specie which is in the kingdom.” David Hume, op. cit., pp. 303, 307, 308.

Thirdly, the quantity can only determine the value if silver and gold have no value them-
selves; that is a necessary consequence. Of course, this is the brutal opposite to the monetarist theory. It is right that gold and silver is *money* only because of its function in the social circulation process, but not that it derives its *value* from there.

It is clear, that, if gold and silver themselves have value, quite irrespective of all other laws of circulation, only a definite quantity of gold and silver can circulate as the equivalent of a given aggregate value of commodities. Thus, if without reference to the total value of commodities, all the gold and silver that happens to be in the country must participate as means of circulation in the exchange of commodities, then gold and silver have no intrinsic value and are indeed not real commodities. This is Hume’s third “necessary consequence.” According to Hume, commodities without

Es ist klar, daß, wenn Gold und Silber einen eigenen Wert besitzen, von allen andern Gesetzen des Umlaufs abgesehen, nur eine bestimmte Quantität Gold und Silber als Äquivalent für eine gegebene Wertsumme von Waren zirkulieren kann. Muß also jede zufällig in einem Lande befindliche Quantität Gold und Silber ohne Rücksicht auf die Summe der Warenwerte als Zirkulationsmittel in den Warenaustausch eingehn, so besitzen Gold und Silber keinen immanenten Wert und sind daher in der Tat keine wirklichen Waren. Dies ist Humes dritte „notwendige Konsequenz“. Waren oh-
price and gold and silver without value enter the process of circulation. He, therefore, never mentions the value of commodities and the value of gold, but speaks only of their reciprocal quantity. Locke had already said that gold and silver have a purely imaginary or conventional value; this was the first blunt opposition to the contention of the Monetary System that only gold and silver have genuine value. The fact that gold and silver are money only as the result of the function they perform in the social process of exchange is thus taken to mean that their specific value and hence the magnitude of their value is due to their social function. Gold and silver are thus things without value, but in the process of circula-
C
tion, in which they represent commodities,
they acquire a fictitious value. This process
turns them not into money but into value:
a value that is determined by the proportion of their own volume to the volume of
commodities, for the two volumes must balance. Although then, according to Hume,
gold and silver enter the world of commodities as non-commodities, as soon as they
function as coin he transforms them into
plain commodities, which are exchanged for
other commodities by simple barter. Provided the world of commodities consisted of
a single commodity, e.g., one million quarters of corn, it would be quite simple to
imagine that, if two million ounces of gold
existed, one quarter of corn would be ex-

des Zirkulationsprozesses erhalten sie eine
fiktive Wertgröße als Repräsentanten der
Waren. Sie werden durch den Prozeß nicht
in Geld, sondern in Wert verwandelt. Dieser ihr Wert wird bestimmt durch die Proportion zwischen ihrer eignen Masse und
der Warenmasse, indem sich beide Massen
decken müssen. Während also Hume Gold
und Silber als Nichtwaren in die Welt der
Waren eintreten läßt, verwandelt er sie umgekehrt, sobald sie in der Formbestimmtheit der Münze erscheinen, in bloße Waren, die sich durch einfachen Tauschhandel
mit andren Waren austauschen. Bestände
nun die Warenwelt aus einer einzigen Ware, z.B. einer Million Quarter Getreide, so
wäre die Vorstellung sehr einfach, daß ein

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changed for two ounces of gold or, if twenty million ounces of gold existed, one quarter would be exchanged for twenty ounces of gold; the price of the commodity and the value of money would thus rise or fall in inverse ratio to the available quantity of money. But the world of commodities consists of an infinite variety of use-values, whose relative value is by no means determined by their relative quantities. How then does Hume envisage this exchange of commodities for gold? He contents himself with the vague and aconceptual imagination that every commodity being a portion of the total volume of commodities is exchanged for a commensurate portion of the existing volume of gold. The processing movement of

Quarter sich gegen zwei Unzen Gold aus-tauscht, wenn zwei Millionen Unzen Gold vorhanden sind und gegen 20 Unzen Gold, wenn 20 Millionen Unzen Gold vorhanden sind, Preis der Ware und Wert des Geldes also in umgekehrtem Verhältnis zur vorhandenen Quantität Geld steigen oder fallen. Aber die Warenwelt besteht aus unendlich verschiedenen Gebrauchswerten, deren rela-tiver Wert keineswegs durch ihre relative Quantität bestimmt ist. Wie also denkt sich Hume diesen Austausch zwischen der Masse der Waren und der Masse des Goldes? Er begnügt sich mit der begriffslos dumpfen Vorstellung, daß jede Ware als aliquoter Teil der gesamten Warenmasse sich gegen einen entsprechend aliquoten Teil der Goldmasse
commodities, which springs from the contradiction of exchange-value and use-value contained in them, which is reflected in the circulation of money, and which is crystallized in the various form determinations of money, is thus extinguished and replaced by an imagined mechanical equalization of the amount of precious metals present in a particular country and the volume of commodities simultaneously available.

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122 See Law and Franklin on the surplus-value which gold and silver are said to acquire from the function they perform as money. Forbonnais too. [Note in author’s copy.]

123 This invention can actually be found in Montesquieu’s works. [Note in author’s copy.]
2.6. [James Steuart]

396:1–398:0 Sir James Steuart begins his investigation of specie and money with a detailed criticism of Hume and Montesquieu. He is indeed the first to ask whether the amount of money in circulation is determined by the prices of commodities, or the prices of commodities determined by the amount of money in circulation. Although his exposition is tarnished by his fantastic notion of the measure of value, by his inconsistent treatment of exchange-value in general and by arguments reminiscent of the Mercantile System, he discovers the essen-

tial aspects of money and the general laws
of circulation of money, because he does
not mechanically place commodities on one
side and money on the other, but really de-
duces its various functions from different
moments in commodity exchange.

“These uses” (of money in internal circula-
tion) “may be comprehended under two gen-
eral heads. The first, payment of what one
owes; the second, buying what one has occa-
sion for; the one and the other may be called
by the general term of ready-money demands
... Now the state of trade, manufactures,
modes of living, and the customary expense of
the inhabitants, when taken all together, regu-
late and determine what we may call the mass

er die wesentlichen Formbestimmtheiten
des Geldes und all gemeinen Gesetze des
Geldumlaufs, weil er nicht mechanisch die
Waren auf die eine und das Geld auf die
andere Seite stellt, sondern tatsächlich aus
den verschiedenen Momenten des Warenaus-
tausches selbst die verschiedenen Funktionen
entwickelt.

„Der Gebrauch von Geld für inländische
Zirkulation läßt sich zusammenassen unter
zwei Hauptpunkte, Zahlung dessen, was einer
schuldet, Kaufen dessen, was einer braucht;
beides zusammengefaßt bildet die Nachfrage
für bares Geld (ready money demands) ... Der
Stand von Handel, Manufaktur, Lebensweise
und herkömmlichen Ausgaben der Einwoh-
ter, wenn alle zusammengenommen, regel-
und bestimmen die Masse der Nachfrage für
of ready-money demands, that is, of alienation. To operate this multiplicity of payments, a certain proportion of money is necessary. This proportion again may increase or diminish according to circumstances; although the quantity of alienation should continue the same . . . From this we may conclude, that the circulation of a country can only absorb a determinate quantity of money.”

“The standard price of everything” is determined by “the complicated operations of demand and competition,” which “bear no determined proportion whatsoever to the quantity of gold and silver in the country.” “What then will become of the additional quantity of coin?”—“It will be hoarded up in treasures” or converted into luxury articles.

“Der Marktpreis der Ware wird bestimmt durch die verwickelte Operation von Nachfrage und Konkurrenz (demand and competition), die durchaus von der in einem Land befindlichen Gold- und Silbermasse unabhängig sind. Was wird nun aus dem nicht als Münze erheischten Gold und Silber: Es wird als Schatz aufgehäuft oder als Material von Luxusartikeln verarbeitet.
The next quote is also in footnote 127 to paragraph 396:1–398:0 (but Marx’s translation is different).

“If the coin of a country ... falls below the proportion of the produce of industry offered for sale ... inventions such as symbolical money will be fallen upon to provide an equivalent for it. When a favourable balance pours in a superfluity of coin, and at the same time cuts off the demands of trade for sending it abroad, it frequently falls into coffers; where it becomes as useless as if it were in the mine.”

Steuart, l.c. t. I, p. 394 seq.

James Steuart, l.c. t. II, p. 377–379 passim.

l.c. p. 379–380 passim.

Steuart quote; a certain amount of money is necessary for circulation, but the actual amount may be larger and may rise or fall. Prices are determined by demand and competition, which are independent of the total amount of gold and silver. If gold and silver is not needed for circulation it becomes a hoard or luxury good, and if there is not enough, it

Fiele die Gold- und Silbermasse unter das für die Zirkulation erheischte Niveau, so ersetzt man sie durch symbolisches Geld oder andre Auskunftsmittel. Bringt ein günstiger Wechselkurs Überfluß von Geld ins Land und schneidet zugleich die Nachfrage für seine Versendung ins Ausland ab, so fällt es häufig in Koffer, wo es so nutzlos wird, als ob es in Minen läge.“

Steuart, l.c. t. I, p. 394 seq.

James Steuart, l.c. t. II, p. 377–379 passim.

l.c. p. 379–380 passim.
is being replaced by symbolic money or other “Auskunftsmittel.”

The second law discovered by *Steuart* is that currency based on credit returns to its point of departure. Finally he analyses the consequences produced by the diversity in the rate of interest obtaining in different countries on the export and import of precious metals. The last two aspects are mentioned here only for the sake of a complete picture, since they are remote from our subject, namely simple circulation. Symbolical money or credit money—Steuart does not yet distinguish these two forms of money—can function as means of purchase and means of payment in place of the precious metals in domestic circulation, but not on the world market. Paper notes are consequently “money in place of the precious metals in domestic circulation, but not on the world market. Paper notes are consequently “money

Das zweite von Steuart entdeckte Gesetz ist der Reflux der auf Kredit gegründeten Zirkulation zu ihrem Ausgangspunkt. Endlich entwickelt er die Wirkungen, die die Verschiedenheit des Zinsfußes in verschiedenen Ländern auf die internationale Aus- und Einwanderung der edeln Metalle hervorbringt. Die beiden letztern Bestimmungen deuten wir hier nur der Vollständigkeit wegen an, da sie unserm Thema der einfachen Zirkulation fernliegen. Symbolisches Geld oder Kreditgeld—Steuart unterscheidet diese beiden Formen des Geldes noch nicht—können die edeln Metalle als Kaufmittel oder Zahlungsmittel in der innern Zirkulation ersetzen, aber nicht auf
of the society,” whereas gold and silver are “money of the world.”

127 “The additional coin will probably be locked up, or converted into plate . . . As for the paper money, so soon as it has served the first purpose of supplying the demand of him who borrowed it . . . it will return upon the debtor in it, and become realized; . . . Let the specie of a country, therefore, be augmented or diminished in ever so great a proportion, commodities will still rise and fall according to the principles of demand and competition, and these will constantly depend upon the inclinations of those who have property or any kind of equivalent whatsoever to give, but never upon the quantity of coin they are possessed of . . . Let it” (i.e., the quan-

dem Weltmarkt. Papiernoten sind daher das Geld der Gesellschaft (money of the society), während Gold und Silber das Geld der Welt sind (money of the world).

127 „Die zusätzlichen Münzen werden eingeschlossen werden, oder in Silbergeschirr verwandelt. Was das Papiergeld angeht, so wird es, sobald es den ersten Zweck erfüllt, das Bedürfnis dessen zu befriedigen, der es geborgt hat, zu dem Schuldner zurückkehren und realisiert werden . . . Laß das Metallgeld eines Landes deshalb in noch so großer Proportion vermehrt oder vermindert werden, die Waren werden doch steigen oder fallen gemäß den Prinzipien der Nachfrage und der Konkurrenz, und diese werden beständig von den Neigungen jener abhängen, die Eigentum oder irgendwelche Art von Gegenwert zu geben haben, aber niemals von der Menge der Münzen,
quantity of specie in a country) “be diminished ever so low, while there is real property of any denomination in the country, and a competition to consume in those who possess it, prices will be high, by the means of barter, symbolical money, mutual prestations, and a thousand other inventions ... Is it not plain, that if this country has a communication with other nations, there must be a proportion between the prices of many kinds of merchandise, there and elsewhere, and that the sudden augmentation or diminution of the specie, supposing it could of itself operate the effects of raising or sinking prices, would be restrained in its operation by foreign competition?” (Op. cit., Vol. I, pp. 400–01.) “The circulation of every country ... must ever be in proportion to the industry of the inhabitants, producing the commodities which come to market ... If the coin of a country, therefore, falls below the proportion of
the produce of industry offered to sale . . . inventions, such as symbolical money, will be fallen upon to provide an equivalent for it. But if the specie be found above the proportion of the industry, it will have no effect in raising prices, nor will it enter into circulation: it will be hoarded up in treasures . . . Whatever be the quantity of money in any nation, in correspondence with the rest of the world, there never can remain, in circulation, but a quantity nearly proportional to the consumption of the rich, and to the labor and industry of the poor inhabitants” and this proportion is not determined “by the quantity of money actually in the country” (op. cit., p. 407). “All nations will endeavour to throw their ready money, not necessary for their own circulation, into that country where the interest of money is high with respect to their own” (op. cit., Vol. II, p. 5). “The richest nation in Europe may be the poorest in wohner angepaßt sein, welche die auf den Markt kommenden Waren produzieren . . . Wenn das Hartgeld eines Landes unter die Proportion zu dem Preise der zum Verkauf angebotenen Gewerbetätigkeit sinkt, dann wird man zu Erfindungen, wie symbolischem Geld, seine Zuflucht nehmen, um ein Äquivalent dafür zu schaffen. Wenn sich aber herausstellt, daß das Metallgeld über der Proportion zu der Gewerbetätigkeit steht, wird es keine Wirkung der Preiserhöhung haben, noch wird es in die Zirkulation eintreten: es wird in Schätzen aufgehäuft werden . . . Wie groß immer die Menge des Geldes in einem Lande sein mag, im Verhältnis zu der übrigen Welt, so kann niemals etwas in Zirkulation bleiben als die Menge, die der Konsumtion der reichen und der Arbeit und Gewerbetätigkeit der armen Einwohner nahezu proportional ist“, und diese Proportion ist nicht bestimmt „durch die tatsächlich im Lande
circulating specie” (op. cit., Vol. II, p. 6). [Note in author’s copy:] See polemic against Steuart in Arthur Young’s work.

128 Steuart, op. cit, Vol. II, p. 370. Louis Blanc transforms the “money of the society,” which simply means internal, national money, into socialist money, which means nothing at all, and quite consistently turns John Law into a socialist. (See the first volume of his History of the French Revolution.)

↑ Steuarts second discovery was the reflux of credit circulation to its original point of departure. (I.e., excess gold circulation is used as a hoard and excess credit circulation re-
turns to the issuer?) Thirdly he also says something about international interest differentials. A long footnote with additional quotes saying the same thing as the prior Steuart quotes. Steuart also distinguishes between domestic and international money. He does not yet distinguish between symbolic money and credit money.

2.7. [Adam Smith]

398:1/o It is a characteristic of nations with an “historical” development, in the sense given to this term by the Historical School of Law, that they always forget their own history. Thus although during this half century the issue of the relation between commodity-prices and the quantity of currency has agitated Parliament continuously and has caused thousands of pamphlets, large and small, to be published in Eng-

142:1/o Es ist Eigentümlichkeit der Nationen von „historischer“ Entwicklung im Sinn der historischen Rechtsschule, ihre eigne Geschichte beständig zu vergessen. Obgleich daher die Streitfrage über das Verhältnis der Warenpreise zur Quantität der Zirkulationsmittel während dieses halben Jahrhunderts fortwährend das Parla-
ment bewegt, und Tausende von Pamphle-
ten, großen und kleinen, in England hervor-
land, Steuart remained even more of “a dead dog” than Spinoza appeared to be to Moses Mendelssohn in Lessing’s time. Even the most recent historiographer of “currency,” MacClaren, makes Adam Smith the inventor of Steuart’s theory, and Ricardo the inventor of Hume’s theory. whereas Ricardo improves upon Hume’s theory, Adam Smith records the results of Steuart’s research as dead facts.

Last sentence presumably means: although they are already theoretical results, he pretends he was referring to obvious facts.

Maclaren, op. cit., p. 43 seq. A German writer (Gustav Julius), who died prematurely, was induced by patriotism to oppose the old Büsch as an authority to the Ricardian school. The honourable Büsch has translated Steuart’s brilliant English into the Low-German dialect of
Hamburg and distorted the original whenever it was possible.

The Scottish proverb that if one has gained a little it is often easy to gain much, but the difficulty is to gain a little, has been applied by *Adam Smith* to intellectual wealth as well, and with meticulous care he accordingly keeps the sources secret to which he is indebted for the little, which he turns indeed into much.

"Kleinliche Sorgfalt!" Steuart had been completely forgotten. Smith made a lot of him but kept it a secret from where he had the important beginnings of his research.

More than once he prefers to take the sharp edge off a problem when the use of precise definitions might have forced him to settle accounts with his predecessors.
This is, for instance, the case with the theory of money. Adam Smith tacitly accepts Steuart’s theory by relating that a part of gold and silver available in a country is used as coin, a part is accumulated as reserve funds for merchants in countries which have no banks and as bank reserves in countries with a credit system, a part serves as a stock for the adjustment of international payments, and a part is converted into luxury articles. He quietly eliminates the question about the amount of coin in circulation by quite improperly regarding money as a simple commodity.\textsuperscript{130}

\textsuperscript{130} This is inaccurate. On the contrary, in some passages the law is correctly expressed by Smith. [Note in author’s copy.]
This not entirely artless slip of Adam Smith was with much pomposity fashioned into a dogma\textsuperscript{131} by his vulgariser, the insipid J. B. Say, whom the French have designated prince de la science, just as Johann Christoph Gottsched calls his Schönaich a Homer and Pietro Aretino calls himself terror principum and lux mundi.

Did Marx say “nicht ganz naive” because Smith knew Hume very well, but formulated his results as if they had been his own naive empirical observations?

The tension caused by the struggle against the illusions of the Mercantile System prevented Adam Smith, moreover, from objectively considering the phenomena of metallic currency, whereas his views on paper money are original and profound. Just as the palaeontological theories of the eighteenth...
century inevitably contain an undercurrent which arises from a critical or an apologetic consideration of the biblical tradition of the Deluge, so behind the facade of all monetary theories of the eighteenth century a hidden struggle is waged against the Monetary System, the spectre which stood guard over the cradle of bourgeois economy and still cast its heavy shadow over legislation.

131 The distinction between “currency” and “money,” i.e., between means of circulation and money, does not therefore occur in the Wealth of Nations. Misled by the apparent ingenuousness of Adam Smith, who had studied Hume and Steuart closely, honest Maclaren observes: “The theory of the dependence of prices on the extent of the currency had not, as yet, attracted atten-

tion; and Dr. Smith, like Mr. Locke” (Locke’s views vary), “considers metallic money nothing but a commodity.” Maclaren, op. cit., p. 44.

In the Footnote: Der Unterschied zwischen currency and money findet sich daher nicht im “Wealth of Nations.” What does that mean? The polemics against the monetary system prevented him from correctly seeing the phenomena of metallic circulation, while his views about credit money are original and deep. (What did he say about credit money?) Struggle with monetarism is secret background of many theories of 18th century,

2.8. [David Ricardo]

Monetary theory in 19th century was stimulated not by metallic money but by banknote circulation. Metallic circulation was only used to understand the latter. Events giving rise to the debate: suspension of cash payments in 1797, general rise in prices, fall of mint price of gold below its market price, depreciation of banknotes since 1809. The background of the debate was: history of paper money in 18th century, fiasco of Law’s bank, depreciation of
provincial banknotes of colonies in North America, continentall bills, French assignats.

399:1/oo Investigations of monetary matters in the nineteenth century were stimulated directly by phenomena attending the circulation of bank-notes, rather than by those of metallic currency. The latter was merely referred to for the purpose of discovering the laws governing the circulation of bank-notes. The suspension of cash payments by the Bank of England in 1797, the rise in price of many commodities which followed, the fall in the mint-price of gold below its market-price, and the depreciation of bank-notes especially after 1809 were the immediate practical occasion for a party contest within Parliament and a theoretical encounter outside it, both waged with equal

passion. The historical background of the debate was furnished by the evolution of paper money in the eighteenth century, the fiasco of Law’s bank, the growing volume of value-tokens which was accompanied by a depreciation of provincial bank-notes of the British colonies in North America from the beginning to the middle of the eighteenth century; after which came the legally-imposed paper money, the Continental bills issued by the American Government during the War of Independence, and finally the French assignats, an experiment conducted on an even larger scale.


Interesting methodological critique, which also throws light on Marx’s own method: the writers confuse banknote circulation with circulation of tokens of value, and while pretending they explain the phenomena of circulation with tokens of value from the laws of
metallic circulation, they indeed tried to abstract the laws of the circulation of tokens from the phenomena of gold circulation!

Most English writers of that period confuse the circulation of bank-notes, which is determined by entirely different laws, with the circulation of value-tokens or of government bonds which are legal tender and, although they pretend to explain the phenomena of this forced currency by the laws of metallic currency, in reality they derive the laws of metallic currency from the phenomena of the former.

Die meisten englischen Schriftsteller der damaligen Zeit verwechseln die Banknotenzirkulation, die nach ganz andern Gesetzen bestimmt wird, mit der Zirkulation von Wertzeichen oder von Staatspapieren mit Zwangskurs und, während sie die Phänomene dieser Zwangszirkulation aus den Gesetzen der metallischen Zirkulation zu erklären vorgeben, abstrahieren sie in der Tat umgekehrt die Gesetze der letztern aus den Phänomenen der erstern.

⇑ This will become clearer ⇦ where Marx discusses Ricardo specifically.

We omit the numerous writers whose works appeared between 1800 and 1809 and turn at once to Ricardo, because he not only sum-

Wir überspringen alle die zahlreichen Schriftsteller während der Periode von 1800 bis 1809 und wenden uns sogleich zu Ricardo,
C

marises his predecessors and expresses their ideas with greater precision, but also because monetary theory in the form he has given it has dominated British banking law up to the present time. Like his predecessors, Ricardo confuses the circulation of bank-notes or of credit money with the circulation of simple tokens of value. The fact which dominates his thought is the depreciation of paper money and the rise in commodity-prices that occurred simultaneously. The printing presses in Threadneedle Street which issue paper notes played the same role for Ricardo as the American mines played for Hume; and in one passage Ricardo explicitly equates these two causes.


⇑ Hume’s theory was influenced by the changes in value due to American mines, and Ri-
cardo’s theory was influenced by the excessive printing of money at his time. Connection between Ricardo and the Bullionists: Bullionists accepted Ricardo’s quantity theory.

His first writings, which deal only with monetary matters, originated at a time when a most violent controversy raged between the Bank of England, which was backed by the Ministers and the war party, and its adversaries around whom were grouped the parliamentary opposition, the Whigs and the peace party. These writings appeared as the direct forerunners of the famous Report of the Bullion Committee of 1810, which adopted Ricardo’s ideas. The odd fact that Ricardo and his supporters, who maintained that money was merely a token of value, were called bullionists was due not only to the name of the Committee but also Seine ersten Schriften, die sich nur mit der Geldfrage beschäftigen, fallen in die Zeit der heftigsten Polemik zwischen der Bank von England, auf deren Seite die Minister und die Kriegspartei standen, und ihren Gegnern, um die sich die parlamentarische Opposition, die Whigs und die Friedenspartei gruppierten. Sie erschienen als direkte Vorläufer des berühmten Berichts des Bullionkomitees von 1810, worin Ricardos Ansichten akzeptiert sind. Die Sonderbarkeit, daß Ricardo und seine Anhänger, die das Geld für bloßes Wertzeichen erklären, Bullionists (Goldbarrenmänner) heißen, rührt her nicht allein vom Namen die-
to the content of Ricardo’s theory. Ricardo restated and further elaborated the same ideas in his work on political economy, but he has nowhere examined money as such in the way in which he has analysed exchange-value, profit, rent, etc.


401:1–402:1 To begin with, Ricardo determines the value of gold and silver, like the value of all other commodities, by the quantity of labor-time materialized in them. 133

144:1–145:2 Ricardo bestimmt zunächst den Wert des Goldes und Silbers wie den aller andern Waren, durch das Quantum der in ihnen vergegenständlichten Arbeitszeit. 133

The value of other commodities is measured in terms of the precious metals, which are commodities of a determinate value.¹³⁴

David Ricardo, *On the Principles of Political Economy and Taxation*, p. 77. “The same general rule which regulates the value of raw produce and manufactured commodities, is applicable also to the metals, their value depending ... on the total quantity of labor necessary to obtain the metal, and to bring it to market.”¹³⁴

Ricardo seems to start it right, quantity of means of circulation is determined by value of measuring units and sum of values of commodities, modified by economies in payments. Nice formulation about the connection between this theory and the substitution of paper money in circulation:

The quantity of means of circulation employed in a country is thus determined

Die Quantität der Zirkulationsmittel in einem Lande ist nun bestimmt durch den Wert

¹³³ David Ricardo, „On the principles of political economy etc.“, p. 77. „Der Wert der edeln Metalle hängt schließlich ab, wie der aller andern Waren, von der Totalquantität der Arbeit, nötig, um sie zu erhalten und auf den Markt zu bringen.“

¹³⁴ l.c. p. 77, 180, 181.
by the value of the standard of money on the one hand, and by the aggregate of the exchange-values of commodities on the other. This quantity is modified by the economy with which payments are effected. Since, therefore, the quantity in which money of a given value can be circulated is determined, and within the framework of circulation its value manifests itself only in its quantity, money within the sphere of circulation can be replaced by simple value-tokens, provided that these are issued in the amount determined by the value of money. Moreover

“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.”

135 Ricardo, op. cit., p. 421. “The quantity of money that can be employed in a country must depend on its value: if gold alone were employed for the circulation of commodities, a quantity would be required, one fifteenth only of what would be necessary, if silver were made use of for the same purpose.” See also Ricardo, *Proposals for an Economical and Secure Currency*, London, 1816, p. 8, where he writes: “The quantity of metal for which paper money is the substitute, if paper money be partly or wholly used, must depend on three things: first, on its value;—secondly, on the amount or value of the payments to be made;—and, thirdly, on the degree of economy practised in effecting those payments.”

136 Ricardo, *Principles of Political Economy*, 
So far it is correct and very different from Hume. Difference between Ricardo and Hume: Ricardo says that gold has intrinsic value, Hume says that it does not. Ricardo’s long run theory is not a quantity theory.

So far, therefore, Ricardo has assumed that the value of money is given, and has determined the amount of means of circulation by the prices of commodities: for him money as a token of value is a token which stands for a determinate quantity of gold and is not a valueless symbol representing commodities, as it was for Hume.

Now Marx identifies the point where Ricardo’s theory becomes false. Ricardo introduces his error when looking at the international sphere, but Marx transposes the argument into the domestic sphere. Marx argues as follows:

Ricardo develops the laws of the depreciation of tokens of value, if there are too many or too few in circulation, then they are depreciated or appreciated.
402:2/o When Ricardo suddenly interrupts the smooth progress of his exposition and adopts the opposite view, he does so in order to deal with the international movement of precious metals and thus complicates the problem by introducing extraneous aspects. Following his own train of thought, let us first of all leave aside all artificial and incidental aspects and accordingly locate the gold and silver mines within the countries in which the precious metals circulate as money. The only proposition which follows from Ricardo’s analysis up to now is that if the value of gold is given, the amount of money in circulation is determined by the prices of commodities. The volume of gold circulating in a coun-

145:3/o Wo Ricardo plötzlich abbricht vom ebenen Gang seiner Darstellung und in die umgekehrte Ansicht umschlägt, wendet er sich sofort zur internationalen Zirkulation der edeln Metalle und verwirrt so das Problem durch das Hereinbringen fremder Gesichtspunkte. Indem wir seinen innern Gedankensprecher verfolgen, schieben wir zunächst alle künstlichen Inzidenzpunkte beiseite und verlegen daher die Gold- und Silberminen in das Innere der Länder, wo die edeln Metalle als Geld zirkulieren. Der einzige Satz, der aus Ricardos bisheriger Entwicklung folgt, ist, daß bei gegebenem Wert des Goldes die Quantität des zirkulierenden Geldes sich durch die Warenpreise bestimmt findet. In einem gegebenen Moment
try therefore is simply determined by the exchange-value of the commodities in circulation at the given time. Now supposing that the aggregate amount of these exchange-values decreases, because either a smaller amount of commodities is produced at the old exchange-values, or the same amount of commodities is produced but the commodities represent less exchange-value as a result of an increase in the productivity of labor. Or let us assume by contrast that the aggregate exchange-value has increased, because a larger volume of commodities has been produced while production costs’s remain constant, or because either the same or a smaller volume of commodities has a larger value as a result of a decline in the

also ist die Masse des in einem Lande zirkulierenden Goldes einfach bestimmt durch den Tauschwert der zirkulierenden Waren. Gesetzt nun, die Summe dieser Tauschwerte nehme ab, entweder weil weniger Waren zu den alten Tauschwerten produziert werden, oder weil infolge vermehrter Produktivkraft der Arbeit dieselbe Warenmasse verminderter Tauschwert erhält. Oder unterstellen wir umgekehrt die Summe der Tauschwerte vermehre sich, weil sich die Masse der Waren bei gleichbleibenden Produktionskosten vermehrt, oder weil der Wert, sei es der selben, sei es einer kleinern Warenmasse, infolge vermindrerter Produktivkraft der Arbeit wächst. Was wird in beiden Fällen aus der gegebenen Quantität des zirkulierenden
productivity of labor. What happens to the existing quantity of metal in circulation in these two cases? If gold is money only because it circulates as a medium of circulation, if it is forced to stay in the sphere of circulation, like paper money with forced currency issued by the State (and Ricardo implies this), then the quantity of money in circulation will, in the first case, be excessive in relation to the exchange-value of the metal, and it will stand below its normal level in the second case. Although endowed with a specific value, gold thus becomes a token which, in the first case, represents a metal with a lower exchange-value than its own, and in the second case represents a metal which has a higher value. Gold as a Metalls? Wenn das Gold nur Geld ist, weil es als Zirkulationsmittel umläuft, wenn es gezwungen ist, in der Zirkulation zu verharren, wie vom Staat ausgegebenes Papiergeld mit Zwangskurs (und dies liegt Ricardo im Sinn), dann wird die Quantität des zirkulierenden Geldes im ersten Fall überschwellen im Verhältnis zum Tauschwert des Metalls; im zweiten würde sie unter ihrem normalen Niveau stehen. Obgleich also mit eignem Wert begabt, wird das Gold im ersten Fall zu einem Zeichen von Metall von niedrigerem Tauschwert als seinem eignen, im letzten zum Zeichen eines Metalls von höherem Wert. Im ersten Fall wird es als Wertzeichen unter, im zweiten über seinem wirkliehen Wert stehn (wieder eine Abstrakti-
token of value will fall below its real value in the first case, and rise above it in the second case (once more a deduction made from paper money with forced currency). The effect would be the same as if, in the first case, all commodities were evaluated in metal of lower value than gold, and in the second case as if they were evaluated in metal of a higher value. Commodity-prices would therefore rise in the first case, and fall in the second. The movement of commodity-prices, their rise or fall, in either case would be due to the relative expansion or contraction in the amount of gold in circulation occasioning a rise above or a fall below the level corresponding to its own value, i.e., the normal quantity determined by the relation vom Papiergeld mit Zwangskurs). Im ersten Fall wäre es dasselbe, als wenn die Waren in Metall von niedrigerem Wert, im zweiten, als wenn sie in Metall von höherem Wert als Gold geschätzt würden. Im ersten Fall würden die Warenpreise daher steigen, im zweiten würden sie sinken. In beiden Fällen wäre die Bewegung der Warenpreise, ihr Steigen oder Fallen, Wirkung der relativen Expansion oder Kontraktion der Masse des zirkulierenden Goldes über oder unter das seinem eignen Wert entsprechende Niveau, d.h. die normale Quantität, die durch das Verhältnis zwischen seinem eignen Wert und dem Wert der zu zirkulierenden Waren bestimmt ist.
tion between its own value and the value of the commodities which are to be circulated.

So far it was correct, but this now is no longer correct. Ricardo says the same thing would happen if gold had been circulating. Ricardo argues that gold in this case would also become a sign of more or less value than its itself possesses. Considering this to be so, it would follow that

Entsprechend der Ricardoschen Theorie von den Tauschwerten überhaupt, würde das Steigen des Goldes über seinen Tauschwert, d.h. den durch die in ihm enthaltene Arbeitszeit bestimmten Wert, eine Vermehrung der Produktion des Goldes veranlassen, bis seine vermehrte Zufuhr es wieder auf seine richtige Wertgröße herabgesetzt hätte. Umgekehrt ... Durch diese umgekehrten Bewegungen würde ... sich ausgleichen, das richtige Niveau der zirkulierenden Goldmasse sich herstellen und die Höhe der Warenpreise wieder dem Maß der Werte entsprechen.

Of course, this mechanism to remove the value discrepancies would be plausible if Ricardo’s hypothesis of the over- or undervaluation of gold were right. But Marx is of the point of view that this over- or undervaluation cannot happen in the first place!
Continuing the main argument of Ricardo, that gold fluctuates in value according to its quantity, from this follows that also tokens which represent gold fluctuate in value.

403:1 The same process would take place if the aggregate price of the commodities in circulation remained constant, but the amount of gold in circulation either fell below or rose above the proper level; the former might occur if gold coin worn out in circulation were not replaced by sufficient new output from the mines, the latter if the new supply from the mines surpassed the requirements of circulation. In both cases it is assumed that the production cost of gold, or its value, remains unchanged.

403:2/o To recapitulate: if the exchange-values of the commodities are given, the


146:2/oo Um zu resümieren: Das zirkulierende Geld steht auf dem normalen Ni-
money in circulation is at its proper level when its quantity is determined by its own metallic value. It exceeds this level, gold falls below its own metallic value and the prices of commodities rise, whenever the aggregate exchange-value of commodities decreases or the supply of gold from the mines increases. The quantity of money sinks below its appropriate level, gold rises above its own metallic value and commodity-prices fall, whenever the aggregate exchange-value of commodities increases or the supply of gold from the mines is insufficient to replace worn-out gold. In these two cases the gold in circulation is a token of value representing either a larger or a smaller value than it actually possesses. It can be-
come an appreciated or depreciated token of itself. When commodities are generally evaluated in conformity with the new value of money, and commodity-prices in general have risen or fallen accordingly, the amount of gold in circulation will once more be commensurate with the needs of circulation (a result which Ricardo emphasises with special satisfaction), but it will be at variance with the production costs of precious metals, and hence with the relations of precious metals as commodities to other commodities. According to Ricardo’s general theory of exchange-value, the rise of gold above its exchange-value, in other words above the value which is determined by the labor-time it contains, would lead to an en-

enthält. Es kann zu einem apprezierten und deprezierten Zeichen seiner selbst werden. Sobald die Waren sich allgemein in diesem neuen Wert des Geldes geschätzt hätten und die allgemeinen Warenpreise entsprechend gestiegen oder gefallen wären, würde die Quantität des zirkulierenden Goldes den Bedürfnissen der Zirkulation wieder entsprechen (eine Konsequenz, die Ricardo mit besonderem Vergnügen hervorhebt), aber den Produktionskosten der edlen Metalle und daher ihrem Verhältnis als Ware zu den übrigen Waren widersprechen. Entsprechend der Ricardoschen Theorie von den Tauschwerten überhaupt, würde das Steigen des Goldes über seinen Tauschwert, d.h. den durch die in ihm enthaltene Arbeitszeit be-
larged output of gold until the increased supply reduced it again to its proper value. Conversely, a fall of gold below its value would lead to a decline in the output of gold until its value rose again to its proper level. These opposite movements would resolve the contradiction between the metallic value of gold and its value as a medium of circulation; the amount of gold in circulation would reach its proper level and commodity-prices would once more be in accordance with the standard of value. These fluctuations in the value of gold would in equal measure affect gold bullion, since according to the assumption all gold that is not used as luxury articles is in circulation. Seeing that even gold in the form of coin or bull-

lion can become a value-token representing a larger or smaller value than its own, it is obvious that any convertible bank-notes that are in circulation must share the same fate. Although bank-notes are convertible and their real value accordingly corresponds to their nominal value, “the aggregate currency consisting of metal and of convertible notes” may appreciate or depreciate if, for reasons described earlier, the total quantity either rises above or falls below the level which is determined by the exchange-value of the commodities in circulation and the metallic value of gold. According to this point of view, inconvertible paper money has only one advantage over convertible paper money, i.e., it can be depreciated in two ways. Renform ergreifen, da nach der Voraussetzung alles Gold, das nicht als Luxusartikel verbraucht wird, zirkuliert. Da das Gold selbst, sei es als Münze, sei es als Barre, Wertzeichen von größerem oder geringerem Metallwert als seinem eignen werden kann, so versteht es sich, daß etwa zirkulierende konvertible Banknoten dasselbe Schicksal teilen. Obgleich die Banknoten konvertibel sind, also ihr Realwert ihrem Nominalwert entspricht, kann die Gesamtmasse des zirkulierenden Geldes, Gold und Noten (the aggregate currency consisting of metal and of convertible notes) appreziert oder depreziert werden, je nachdem ihre Gesamtquantität, über oder unter das Niveau
ways. It may fall below the value of the metal which it professes to represent, because too much of it has been issued, or it may fall because the metal it represents has fallen below its own value. This depreciation, not of notes in relation to gold, but of gold and notes taken together, i.e., of the aggregate means of circulation of a country, is one of Ricardo’s main discoveries, which Lord Overstone and Co. pressed into their service and turned into a fundamental principle of Sir Robert Peel’s bank legislation of 1844 and 1845.
Now the criticism why Ricardo’s theory is wrong: Ricardo makes the assumption that all money circulates and abstracts from the other functions of money.

What should have been demonstrated was that the price of commodities or the value of gold depends on the amount of gold in circulation. The proof consists in postulating what has to be proved, i.e., that any quantity of the precious metal serving as money, regardless of its relation to its intrinsic value, must become a medium of circulation, or coin, and thus a token of value for the commodities in circulation regardless of the total amount of their value. In other words, this proof rests on disregard-
ing all functions performed by money except its function as a medium of circulation. When driven into a corner, as for instance in his controversy with Bosanquet, Ricardo—entirely dominated by the phenomenon of value-tokens depreciating because of their quantity,—resorts to dogmatic assertion.  

David Ricardo, *Reply to Mr. Bosanquet’s Practical Observations*, p. 49. “That commodities would rise or fall in price, in proportion to the increase or diminution of money, I assume as a fact which is incontrovertible.”

Interesting correction: from Formbestimmtheit to Funktion!

405:1–407:1 Here Marx shows that Ricardo’s international theory is nothing but the same thing an a grander scale.
405:1 If Ricardo had presented his theory in abstract form, as we have done, without introducing concrete circumstances and incidental aspects which represent digressions from the main problem, its hollowness would have been quite obvious. But he gives the whole analysis an international veneer. It is easy to show, however, that the apparent magnitude of scale can in no way alter the insignificance of the basic ideas.

405:2–407:1 The first proposition, therefore, was: the quantity of specie in circulation is normal if it is determined by the aggregate value of commodities in circulation estimated in terms of the metallic value of specie. Adjusted for the international scene this reads: when circulation is in a normal

148:2 Hätte Ricardo nun diese Theorie in der Art, wie wir es getan, abstrakt aufgestellt, ohne Hereinbringen konkreter Verhältnisse und von der Frage selbst ablenkender Inzidenzpunkte, so trat ihre Hohlheit schlagend hervor. Er streicht aber die ganze Entwicklung international an. Es wird sich aber leicht nachweisen lassen, daß die scheinbare Größe des Maßstabs an der Kleinheit der Grundideen nichts ändert.

148:3–150:2 Der erste Satz war also: Die Quantität des zirkulierenden Metallgelds ist normal, wenn sie bestimmt ist durch die in seinem Metallwert geschätzte Wertsumme der zirkulierenden Waren. International ausgedrückt lautet dies: Im normalen Zustand der Zirkulation besitzt jedes Land ei-
state, the amount of money in each country is commensurate with its wealth and industry. The value of money in circulation corresponds to its real value, i.e., its costs of production: in other words, money has the same value in all countries.\textsuperscript{138} Money therefore would never be transferred (exported or imported) from one country to another.\textsuperscript{139} A state of equilibrium would thus prevail between the currencies (the total volume of money in circulation) of different countries. The appropriate level of national currency is now expressed in the form of international currency-equilibrium, and this means in fact simply that nationality does not affect the general economic law at all. We have now reached again the same crucial point as before seinem Reichtum und seiner Industrie entsprechende Masse Geld. Geld zirkulierte in einem seinem wirklichen Wert oder seinen Produktionskosten entsprechenden Wert; d.h. es hat in allen Ländern denselben Wert.\textsuperscript{138} Es würde daher nie Geld von einem Lande ins andere exportiert oder importiert werden.\textsuperscript{139} Es fände also ein Gleichgewicht zwischen den currencies (den Gesamtmassen des zirkulierenden Geldes) der verschiedenen Länder statt. Das richtige Niveau der nationalen currency ist nun ausgedrückt als internationales Gleichgewicht der currencies, und in der Tat nichts gesagt, als daß die Nationalität nichts ändert an dem allgemeinen ökonomischen Gesetz. Wir sind jetzt wieder bei demselben fata-
fore. In what way is the appropriate level upset, which now reads as follows: in what way is the international equilibrium of currencies upset, or why does money cease to have the same value in all countries, or finally why does it cease to have its specific value in each country? Just as previously the appropriate level was upset because the volume of gold in circulation increased or decreased while the aggregate value of commodities remained unchanged, or because the quantity of money in circulation remained constant while the exchange-value of commodities increased or decreased; so now the international level, which is determined by the value of the metal, is upset because the amount of gold is augmented in

len Punkt angelangt wie vorher. Wie wird das richtige Niveau gestört, was nun lautet, wie wird das internationale Gleichgewicht der currencies gestört, oder wie hört das Geld auf, denselben Wert in allen Ländern zu haben, oder endlich, wie hört es auf, in jedem Lande seinen eignen Wert zu haben? Wie vorhin das richtige Niveau gestört wurde, weil die Masse des zirkulierenden Goldes zu- oder abnahm, bei gleichbleiben- der Wertsumme der Waren, oder weil die Quantität des zirkulierenden Geldes dieselbe blieb, während die Tauschwerte der Wa- ren zu- oder abnahmen, so wird jetzt das internationale durch den Wert des Metalls selbst bestimmte Niveau gestört, weil die Masse des in einem Lande befindlichen Gol-
one country as a result of the discovery of new gold mines in that country[^140], or because the aggregate exchange-value of the commodities in circulation in a particular country increases or decreases. Just as previously the output of precious metals was diminished or enlarged in accordance with the need for reducing or expanding the currency, and in accordance with it to lower or raise commodity-prices, so now the same effect is achieved by export and import from one country to another. In a country where prices have risen and, owing to expanded circulation, the value of gold has fallen below its metallic value, gold would be depreciated in relation to other countries, and the prices of commodities would consequently...

[^140]: des wächst infolge neuer in ihm entdeckter Metallminen oder weil die Summe der Tauschwerte der zirkulierenden Waren in einem besonderen Lande zu- oder abgenommen hat. Wie vorhin die Produktion der edlen Metalle sich verminderte oder vermehrte, je nachdem es nötig war, die currency zu kontrahieren oder zu expandieren und die Warenpreise entsprechend zu senken oder zu erhöhen, ebenso wirken jetzt Export und Import aus einem Lande in das andre. In dem Land, worin die Preise gestiegen und der Wert des Goldes, infolge der aufgeschwollenen Zirkulation, unter seinen Metallwert gefallen wäre, wäre das Gold depreziert im Verhältnis zu den andern Ländern, und folglich wären die Preise der...
be higher than in other countries. Gold would, therefore, be exported and commodities imported. The opposite movement would take place in the reverse situation. Just as previously the output of gold continued until the proper ratio of values between gold and commodities was re-established, so now the import or export of gold, accompanied by a rise or fall in commodity prices, would continue until equilibrium of the international currencies had been re-established. Just as in the first example the output of gold expanded or diminished only because gold stood above or below its value, so now the international movement of gold is brought about by the same cause. Just as in the former example the quantity of metal Waren, verglichen mit den andern Ländern, erhöht. Gold würde also ausgeführt, Waren eingeführt werden. Wenn umgekehrt, umgekehrt. Wie vorhin die Produktion von Gold, würden jetzt Import oder Export von Gold und mit ihnen Steigen oder Fallen der Warenpreise fortdauern, bis, wie vorher das richtige Wertverhältnis zwischen Metall und Ware, nun das Gleichgewicht zwischen den internationalen currencies wiederhergestellt wäre. Wie im ersten Fall die Produktion des Goldes sich nur vermehrte oder verminderte, weil das Gold über oder unter seinem Werte stand, so würde die internationale Wanderung des Goldes nur aus diesem Grund stattfinden. Wie im ersten Fall jede Veränderung in seiner Produktion die Quan-
in circulation and thereby prices were affected by every change in gold output, so now they are affected similarly by international import and export of gold. When the relative value of gold and commodities, or the normal quantity of means of circulation, is established, no further production of gold takes place in the former case, and no more export or import of gold in the latter, except to replace worn-out coin and for the use of the luxury industry. It thus follows,

“that the temptation to export money in exchange for goods, or what is termed an unfavourable balance of trade, never arises but from a redundant currency.”141


138 Ricardo, „The high price of Bullion etc.“
“Money would have the same value in all countries” (p. 4). Ricardo has qualified this proposition in his *Principles of Political Economy*, but not so as to be of any importance in this context.

139 l.c. p. 3–4.
140 l.c. p. 4.
141 Ricardo, op. cit., pp. 11, 12.

The import or export of gold is invariably brought about by the metal being underrated or overrated owing to an expansion of the currency above its proper level or its contraction below that level.142 It follows further: since the output of gold is expanded or diminished in our first case, and gold is imported or exported in our second case,

142 Es ergäbe sich ferner: da im ersten Fall die Produktion des Goldes nur vermehrt oder vermindert, im zweiten Fal-
only because its quantity has risen above its proper level or fallen below it, because it is rated above its metallic value or below it, and consequently commodity-prices are too high or too low, every one of these movements acts as its own corrective, for, by augmenting or curtailing the amount of money in circulation, prices are reduced again to their correct level, which is determined by the value of gold and the value of commodities in the first case, and by the international level of currencies in the second. To put it in other words, money circulates in different countries only because it circulates as coin in each country. Money is simply specie, and the amount of gold present in a country must enter the sphere of circulation;
as a token representing itself it can thus rise above or fall below its value. By the circuitous route of these international intricacies we have managed to return to the simple thesis which forms the point of departure.

142 “The exportation of the coin is caused by its cheapness, and is not the effect, but the cause of an unfavourable balance” (op. cit., p. 14).

143 l.c. p. 17.

407:2–409:2 Real phenomena and Ricardo’s false interpretations.

\(\downarrow\) Bad harvests: according to Ricardo, this is a decrease in the total sum of commodities in the market, therefore gold falls in value domestically, is exported. However the fact was that when there was a bad harvest the quantity of means of circulation was not too high but...
was insufficient!

407:2/o A few examples will show how arbitrarily actual phenomena are arranged by Ricardo to suit his abstract theory. He asserts, for instance, that in periods of crop failure, which occurred frequently in England between 1800 and 1820, gold is exported, not because corn is needed and gold constitutes money, i.e., it is always an efficacious means of purchase and means of payment on the world market, but because the value of gold has fallen in relation to other commodities and hence the currency of the country suffering from crop failure is deprecated in relation to the other national currencies. That is to say, because the bad harvest reduces the volume of commodities in

151:1 Wie Ricardo die wirklichen Phänomene im Sinne seiner abstrakten Theorie gewaltsam zurechtkonstruiert werden einige Beispiele zeigen. Er behauptet z.B., in Zeiten von Mißernten, häufig in England während der Perioden von 1800 bis 1820, werde Gold exportiert, nicht weil Korn bedurft und Gold Geld ist, also auf dem Weltmarkt stets wirksames Kaufmittel und Zahlungsmittel, sondern weil das Gold in seinem Wert depreziert sei gegen die andern Waren und folglich die currency des Landes, worin die Mißernte stattfindet, depreziert sei im Verhältnis zu den andern nationalen currencies. Weil nämlich der Mißwuchs die Masse der zirkulierenden Waren vermindert habe, sei
circulation, the existing quantity of money in circulation exceeds its normal level and all commodity-prices consequently rise.\(^{144}\)

As opposed to this paradoxical explanation, statistics show that in the case of crop failures in England from 1793 up to the present, the existing amount of means of circulation was not excessive but on the contrary it was insufficient, and therefore more money than previously circulated and was bound to circulate.\(^{145}\)

\(^{144}\) Ricardo, op. cit., pp. 74, 75. “England, in consequence of a bad harvest, would come under the case of a country having been deprived of a part of its commodities, and, therefore, requiring a diminished amount of circulating medium. The currency which was before equal to her pay-

\(^{144}\) Ricardo, l.c. p. 74, 75. „Infolge einer schlechten Ernte würde England in die Lage eines Landes kommen, das eines Teils seiner Waren beraubt worden ist, und deshalb eines verringerten Betrags des zirkulierenden Mediums bedarf. Die Zirkulationsmittel, die vorher den
ments would now become superabundant and relatively cheap, in proportion . . . of her diminished production; the exportation of this sum, therefore, would restore the value of her currency to the value of the currencies of other countries.”

His confusion of money and commodities and of money and specie appears in a quite ridiculous form in the following passage. “If we can suppose that after an unfavourable harvest, when England has occasion for an unusual importation of corn, another nation is possessed of a superabundance of that article, but has no wants for any commodity whatever, it would unquestionably follow that such a nation would not export its corn in exchange for commodities: but neither would it export corn for money, as that is a commodity which no nation-never wants absolutely, but relatively” (l.c., p. 75). In his epic poem Pushkin relates that the father of his hero Zahlungen gleich waren, würden jetzt überflüssig und verhältnismäßig billig werden seiner verrin-gerten Produktion gegenüber. Die Ausfuhr die-ser Summe würde deshalb den Wert des Zirkula-tionsmittels dem Wert der Zirkulationsmittel an-derer Länder gegenüber wiederherstellen.“ Sei-ne Konfusion zwischen Geld und Ware, und zwi-schen Geld und Münze zeigt sich lächerlich in folgendem Satz: „Wenn wir annehmen können, daß nach einer ungünstigen Ernte, wenn Eng-land Gelegenheit für eine ungewöhnliche Ein-fuhr von Korn hat, ein andres Land einen Über-fluß jener Artikel besitzt, aber kein Bedürfnis für irgendwelche Waren, so würde unzweifel-haft folgen, daß solch ein Land sein Korn nicht ausführen würde im Tausch gegen Waren: aber es würde Korn auch nicht gegen Geld ausführen, da dies eine Ware ist, die kein Land jemals abso-lut benötigt, sondern relativ.“ (l.c. p. 75.) Pusch-
fails to grasp that commodities are money. But that the Russians long ago grasped that money is a commodity is demonstrated not only by the English corn imports from 1838 to 1842, but also by the whole history of their trade.


Napoleon’s Continental System and Blockade Decrees:

408:1–409:3 At the time of Napoleon’s Continental System and the English Blockade Decrees, Ricardo likewise asserted that the British exported gold instead of commodities to the Continent, because their money was depreciated in relation to that

151:2–153:2 Ebenso behauptete Ricardo zur Zeit der napoleonischen Kontinentalsperrre und der englischen Blockade-Dekrete, daß die Engländer Gold statt Ware nach dem Kontinent exportierten, weil ihr Geld depreziert sei im Verhältnis zu dem
of continental countries, the prices of their commodities were therefore higher and the export of gold rather than commodities was thus a more profitable commercial transaction. According to him commodities were dear and money cheap on the English market, whereas on the Continent commodities were cheap and money dear.

An English writer states however: “The fact . . . I mean the ruinously low prices of our manufactures and of our colonial productions under the operation, against England, of the Continental System during the last six years of the war . . . The prices of sugar and coffee, for instance, on the Continent, computed in gold, were four or five times higher than their prices in England, com-


puted in bank-notes. I am speaking . . . of the times in which the French chemists discovered sugar in beet-root, and a substitute for coffee in chicory; and when the English grazier tried experiments upon fattening oxen with treacle and molasses—of the times when we took possession of the island of Heligoland, in order to form there a depot of goods to facilitate, if possible, the smuggling of them into the North of Europe; and when the lighter descriptions of British manufactures found their way into Germany through Turkey . . . Almost all the merchandise of the world accumulated in our warehouses, where they became impounded, except when some small quantity was released by a French Licence, for which the mer-

war die Zeit, wo die französischen Chemiker den Runkelrübenzucker entdeckten und Kaffee durch Zichorien ersetzen, während gleichzeitig englische Pächter im Mästen der Ochsen mit Sirup und Melassen Experimente machten, wo England Besitz von Heligoland nahm, um hier ein Warendepot zu bilden zur Erleichterung des Schmuggels nach dem Norden von Europa, und wo die leichteren Sorten britischer Fabrikate ihren Weg nach Deutschland durch die Türkei suchten . . . Fast alle Waren der Welt waren in unsren Warenhäusern akkumuliert und lagen daselbst festgebannt, außer wenn eine kleine Quantität erlöst wurde durch eine französische Lizenz, wofür die Hamburger und Amsterdamer Kaufleute Napoleon eine
chants at Hamburgh or Amsterdam had, perhaps, given Napoleon such a sum as forty or fifty thousand pounds. They must have been strange merchants . . . to have paid so large a sum for liberty to carry a cargo of goods from a dear market to a cheap one. What was the ostensible alternative the merchant had? . . . Either to buy coffee at 6d. a pound in bank-notes, and send it to a place where it would instantly sell at 3s. or 4s. a pound in gold, or to buy gold with banknotes at £5 an ounce, and send it to a place where it would be received at £3 17s. 10 1/2 d. an ounce . . . It is too absurd, of course, to say . . . that the gold was remitted instead of the coffee, as a preferable mercantile operation . . . There was not a country in the world in which so Summe von 40–50 Tausend Pfd.St. bezahlt hatten. Komische Kaufleute mußten es sein, die solche Summen zahlten für die Freiheit, eine Ladung Waren von einem teuren Markt nach einem wohlfeilen zu bringen. Was war die klare Alternative für einen Kaufmann? Entweder Kaffee zu kaufen für 6 Pence in Banknoten und ihn nach einem Platz zu senden, wo er das Pfund unmittelbar verkaufen konnte für 3 oder 4 sh. in Gold, oder Gold zu kaufen mit Banknoten zu 5 Pfd.St. eine Unze und es nach einem Platz zu senden, wo es zu 3 Pfd.St. 17 sh. 10 1/2 d. geschätzt wurde. Es ist also abgeschmackt zu sagen, daß man Gold statt Kaffee remittierte als vorzühbare merkantilische Operation . . . Es gab kein Land in der Welt, wo eine so große
large a quantity of desirable goods could be obtained, in return for an ounce of gold, as in England … Bonaparte … was constantly examining the English Price Current … So long as he saw that gold was dear and coffee was cheap in England, he was satisfied that his ‘Continental System’ worked well.”


Price fall in 1810.

In 1810—just at the time when Ricardo first advanced his currency theory, and the Bullion Committee embodied it in its parliamentary report—the prices of all British commodities slumped ruinously in comparison with their level in 1808 and 1809, whereas the relative value of gold rose.

Quantität wünschenswerter Waren damals erhalten werden konnte als in England. Bonaparte examinierte stets genau die englischen Preiskurante. Solange er fand, daß in England Gold teuer und Kaffee wohlfühl war, zeigte er sich mit dem Wirken seines Kontinentalsystems zufrieden.“


Gerade zur Zeit, wo Ricardo seine Geldtheorie zuerst aufstellte, und das Bullionkomitee sie seinem parlamentarischen Bericht einverleibte, im Jahre 1810, fand ein ruinierender Fall in den Preisen aller englischen Waren statt, verglichen mit 1808 und 1809, während das Gold verhältnismäßig im
Agricultural products were an exception because their import from abroad was impeded and the amount available within the country was greatly reduced by bad harvests.\textsuperscript{147} So completely did Ricardo misunderstand the function that precious metals perform as international means of payment that in his evidence before the Committee of the House of Lords (1819) he could declare:

> “that drains for exportation would cease altogether so soon as cash payments should be resumed, and the currency restored to its metallic level.”

\textsuperscript{147} \textit{Thomas Tooke}, „History of prices etc.“, London 1848, p. 110.

\(\downarrow\) Ricardo died just before the crisis of 1825, therefore during his lifetime conditions were very unfavorable for understanding what was going on.

Wert stieg. Agrikulturprodukte bildeten eine Ausnahme, weil ihre Einfuhr von außen auf Hindernisse stieß und ihre im Inland vorhandene Masse durch Mißernten dezimierte war.\textsuperscript{147} Ricardo verkannte so gänzlich die Rolle der edeln Metalle als internationaler Zahlungsmittel, daß er in seiner Aussage vor dem Komitee des Hauses der Lords (1819) erklären konnte:

> „Daß Goldabflüsse für Ausfuhr gänzlich aufhören würden, sobald die Barzahlungen wieder aufgenommen und der Geldumlauf auf sein metallisches Niveau zurückgeführt wäre.“

\textsuperscript{147} \textit{Thomas Tooke}, „History of prices etc.“, London 1848, p. 110.
His death occurred in time before the onset of the crisis of 1825 demonstrated the falsehood of his forecast. The time within which Ricardo’s literary activity falls was in general hardly favourable to the study of the function which precious metals perform as world money. Before the imposition of the Continental System Britain had almost continuously a favourable trade balance, and while the System was in force her transactions with the European continent were too insignificant to affect the English rate of exchange. The transfer of money had a predominantly political character, and Ricardo seems to have completely misunderstood the role which subsidies played in British gold export.148

Er starb rechtzeitig gerade vor dem Ausbruch der Krise von 1825, die seine Propheseiung Lügen strafte. Die Periode, worin Ricardos schriftstellerische Tätigkeit fällt, war überhaupt wenig geeignet, um die Funktion der edeln Metalle als Weltgeld zu beobachten. Vor der Einführung des Kontinentalsystems war die Handelsbilanz fast immer zugunsten Englands und während desselben waren die Transaktionen mit dem europäischen Kontinent zu unbedeutend, um den englischen Wechselkurs zu affizieren. Die Geldsendungen waren hauptsächlich politischer Natur, und Ricardo scheint die Rolle, die die Subsidiengelder im englischen Goldexport spielten, gänzlich verkannt zu haben.148
2.9. [James Mill]

Among the contemporaries of Ricardo, James Mill was the most important of the adherents of his principles of political economy. He attempted to expound Ricardo’s monetary theory on the basis of simple metallic currency, omitting the irrelevant international complications, which conceal the inadequacy of Ricardo’s conception, and all controversial references to the operation of the Bank of England. His main propositions are as follows.\(^\text{149}\)


410:1/o “By value of money, is here to be understood the proportion in which it exchanges for other commodities, or the quantity of it which exchanges for a certain quantity of other things . . . It is the total quantity of the money in any country, which determines what portion of that quantity shall exchange for a certain portion of the goods or commodities of that country. If we suppose that all the goods of the country are on one side, all the money on the other, and that they are exchanged at once against one another, . . . it is evident that the value of money would depend wholly upon the quantity of it. It will appear that the case is precisely the same in the actual state of the facts. The whole of the goods of a

153:4/o „Der Wert des Geldes ist gleich der Proportion, worin man es austauscht gegen andere Artikel, oder der Quantität Geld, die man im Austausch für eine bestimmte Quantität anderer Sachen gibt. Dies Verhältnis ist bestimmt durch die Totalquantität des in einem Lande befindlichen Geldes. Unterstellt man auf der einen Seite alle Waren eines Landes, und auf der andern all sein Geld, so ist es evident, daß beim Austausch der beiden Seiten der Wert des Geldes, d.h. die Quantität von Waren, für die es ausgetauscht wird, ganz von seiner eignen Quantität abhängt. Der Fall ist ganz derselbe im wirklichen Verlaufe der Dinge. Die Totalmasse der Waren eines Landes tauscht sich nicht auf einmal ge-
country are not exchanged at once against the whole of the money; the goods are exchanged in portions, often in very small portions, and at different times, during the course of the whole year. The same piece of money which is paid in one exchange today, may be paid in another exchange to-morrow. Some of the pieces will be employed in a great many exchanges, some in very few, and some, which happen to be hoarded, in none at all. There will, amid all these varieties, be a certain average number of exchanges, the same which, if all the pieces had performed an equal number, would have been performed by each; that average we may suppose to be any number we please; say, for example, ten. If each of the pieces of the money in the country perform ten purchases, that is exactly the same thing as if all pieces were multiplied by ten,
and performed only one purchase each. The value of all the goods in the country is equal to ten times the value of all the money... If the quantity of money instead of performing ten exchanges in the year, were ten times as great, and performed only one exchange in the year, it is evident that whatever addition were made to the whole quantity, would produce a proportional diminution of value, in each of the minor quantities taken separately. As the quantity of goods, against which the money is all exchanged at once, is supposed to be the same, the value of all the money is no more, after the quantity is augmented, than before it was augmented. If it is supposed to be augmented one-tenth, the value of every part, that of an ounce for example, must be diminished one-tenth... in whatever degree, therefore, the quantity of money is increased or dimin-

Geldstücke verzehnfacht, und jedes nur zu einem einzigen Einkauf gedient hätte. In diesem Fall ist der Wert aller Waren gleich 10mal dem Wert des Geldes usw. Wenn umgekehrt, statt daß jedes Geldstück im Jahre zu 10 Einkäufern diente, die Totalmasse des Geldes verzehnfacht wäre und jedes Geldstück nur einen Austausch vollzöge, so ist klar, daß jede Vermehrung dieser Masse eine verhältnismäßige Verminderung im Werte jedes der Goldstücke für sich genommen verursachen würde. Da man unterstellt, daß die Masse aller Waren, wogegen sich das Geld austauschen kann, dieselbe bleibt, so ist der Wert der Gesamtmasse des Geldes nicht größer geworden nach Vermehrung seiner Quantität, als er vorher war. Unterstellt man Vermehrung um ein Zehnteil, so muß der Wert jedes aliquoten Teils der Gesamtmasse, z.B. einer Unze, sich um ein Zehn-
ished, other things remaining the same, in that same proportion, the value of the whole, and of every part, is reciprocally diminished or increased. This, it is evident, is a proposition universally true. Whenever the value of money has either risen or fallen (the quantity of goods against which it is exchanged and the rapidity of circulation remaining the same), the change must be owing to a corresponding diminution or increase of the quantity; and can be owing to, nothing else. If the quantity of goods diminish, while the quantity of money remains the same, it is the same thing as if the quantity of money had been increased;” and vice versa. “Similar changes are produced by any alteration in the rapidity of circulation … An increase in the number of these purchases has the same effect as an increase in the quantity of money; a diminu-
tion the reverse ... If there is any portion of the annual produce which is not exchanged at all, as what is consumed by the producer; or which is not exchanged for money; that is not taken into the account, because what is not exchanged for money is in the same state with respect to the money, as if it did not exist ... Whenever the coining of money ... is free, its quantity is regulated by the value of the metal ... Gold and silver are in reality commodities ... It is cost of production ... which determines the value of these, as of other ordinary productions. 150

411:1/o Mill’s whole wisdom is reduced to a series of assumptions which are both arbitrary and trite. He wishes to prove that “it is the total quantity of the money in any country” which determines the price of commodities or the value of money.

In order to refute this, Marx first enumerates all the conditions under which the overall quantity of the money existing in a country is proportional to the prices of the commodities: If one assumes that the quantity and the exchange-value of the commodities in circulation remain constant, likewise the velocity

150 l.c. p. 128–136 passim.

154:1/155 Der ganze Scharfsinn Mills löst sich in eine Reihe ebenso willkürlicher als abgeschmackter Unterstellungen auf. Er will beweisen, daß der Preis der Waren oder der Wert des Geldes bestimmt ist „durch die Totalquantität des in einem Lande existierenden Geldes“. 
of circulation and the value of precious metals, which is determined by the cost of production, and if simultaneously one assumes that nevertheless the quantity of specie in circulation increases or decreases in relation to the volume of money existing in a country, then it is indeed “evident” that one has assumed what one has pretended to prove. Mill, moreover, commits the same error as Hume, namely placing not commodities with a determinate exchange-value, but use-values into circulation; his proposition is therefore wrong, even if one accepts all his “assumptions.” The velocity of circulation may remain unchanged, similarly the value of precious metals and the quantity of commodities in circulation, yet they may nev-
ertheless require sometimes a larger sometimes a smaller amount of money for their circulation as a result of changes in their exchange-value. Mill notices that a part of the money existing in a country circulates while another part stagnates. By means of a very odd rule of averages he *assumes* that all the money present in a country is actually in circulation, although in reality it does not seem to be so. If one assumes that in a given country 10 million silver thalers circulate twice in the course of a year, then, if each thaler were used in only one purchase, 20 million could be in circulation. And if the total quantity of all forms of silver in the country amounted to 100 million, it may be supposed that the 100

million could be in circulation if each coin performed one purchase in five years. One could as well assume that all the money existing in the world circulated in Hampstead, but that each portion of it performed one circuit in 3,000,000 years instead of, say, three circuits in one year. The one assumption is just as relevant as the other to the determination of the relation between the aggregate of commodity-prices and the amount of currency. Mill is aware of the crucial importance of establishing a direct connection between the commodities and the whole stock of money—not just the amount of money in circulation—in a particular country at a given time. He admits that the whole of the goods of a country are “not exchanged at
once” against the whole of the money, but says that separate portions of the goods are exchanged for various portions of money at different times throughout the year. In order to remove this incongruity he assumes that it does not exist. Incidentally, this entire conception of a direct confrontation between commodities and money and of their direct exchange is abstracted from the movement of simple purchases and sales or from the function of money as means of purchase. Already when money acts as means of payment, the simultaneous appearance of commodities and money ceases. existierenden Geldes. Er gibt zu, daß die Totalmasse der Waren eines Landes sich „nicht auf einmal“ gegen die Totalmasse des Geldes austauscht, sondern verschiedene Portionen Waren zu verschiedenen Epochen des Jahres gegen verschiedene Portionen Geld. Um dies Mißverhältnis zu beseitigen, unterstellt er, daß es nicht existiere. Übrigens ist diese ganze Vorstellung von dem unmittelbaren Gegenübertreten von Waren und Geld und ihrem unmittelbaren Austausch abstrahiert aus der Bewegung der einfachen Käufe und Verkäufe oder der Funktion des Geldes als Kaufmittel. Schon in der Bewegung des Geldes als Zahlungsmittel verschwindet diese gleichzeitige Erscheinung von Ware und Geld.
2.10. [The Currency School]

Effects of periodic crises on money theory. Although all contradictions of capitalism come to an eclat in these crises, their origin and remedy was sought in the most superficial and abstract sphere of this process, in the sphere of money circulation. The dogma was: Ricardo had discovered the laws of purely metallic circulation, and one merely had to subject credit and bank note circulation to these laws.

The commercial crises of the nineteenth century, and in particular the great crises of 1825 and 1836, did not lead to any further development of Ricardo’s currency theory, but rather to new practical applications of it. It was no longer a matter of single economic phenomena—such as the depreciation of precious metals in the sixteenth and seventeenth centuries confronting Hume, or the depreciation of paper currency during the eighteenth century and the beginning of
the nineteenth confronting Ricardo—but of big storms on the world market, in which the antagonism of all elements in the bourgeois process of production explodes; the origin of these storms and the means of defence against them were sought within the sphere of currency, the most superficial and abstract sphere of this process. The theoretical assumption which actually serves the school of economic weather experts as their point of departure is the dogma that Ricardo had discovered the laws governing purely metallic currency. It was thus left to them to subsume the circulation of credit money or bank-notes under these laws.

Phenomenon to be explained is: after a gradual rise in prices, prices suddenly fall. In other words, after a gradual fall in the value of money, value of money suddenly rises.
According to Ricardo, this is due to the quantity of money: after a gradual increase, its quantity suddenly decreases.

412:2/oo The most common and conspicuous phenomenon accompanying commercial crises is a sudden fall in the general level of commodity-prices occurring after a prolonged general rise of prices. A general fall of commodity-prices may be expressed as a rise in the value of money relative to all other commodities, and, on the other hand, a general rise of prices may be defined as a fall in the relative value of money. Either of these statements describes the phenomenon but does not explain it. Whether the task set is to explain the periodic rise in the general level of prices alternating with a general fall, or the same task is said to be
to explain the alternating fall and rise in the relative value of money compared with that of commodities—the different terminology has just as little effect on the task itself as a translation of the terms from German into English would have. Ricardo’s monetary theory proved to be singularly apposite since it gave to a tautology the semblance of a causal relation. What is the cause of the general fall in commodity-prices which occurs periodically? It is the periodically occurring rise in the relative value of money. What on the other hand is the cause of the recurrent general rise in commodity-prices? It is the recurrent fall in the relative value of money. It would be just as correct to say that the recurrent rise and fall of prices muliere: zu erklären das periodische Fallen und Steigen des relativen Werts des Geldes, verglichen mit den Waren, die verschiedene Phraseologie läßt die Aufgabe ebenso unverändert, wie es ihre Übersetzung aus der deutschen in die englische Sprache tun würde. Ricardos Geldtheorie kam daher ungemein gelegen, da sie einer Tautologie den Schein eines Kausalverhältnisses gibt. Woher das periodische allgemeine Fallen der Warenpreise? Vom periodischen Steigen des relativen Werts des Geldes. Woher umgekehrt das allgemeine, periodische Steigen der Warenpreise? Von einem periodischen Fall im relativen Wert des Geldes. Es könnte ebenso richtig gesagt werden, daß das periodische Steigen und Fallen der Preise
is brought about by their recurrent rise and fall. The proposition advanced presupposes that the intrinsic value of money, i.e., its value as determined by the production costs of the precious metals, remains unchanged. If the tautology is meant to be more than a tautology, then it is based on a misapprehension of the most elementary notions. We know that if the exchange-value of $A$ expressed in terms of $B$ falls, it may be due either to a fall in the value of $A$ or to a rise in the value of $B$; similarly if, on the contrary, the exchange-value of $A$ expressed in terms of $B$ rises. Once the transformation of the tautology into a causal relationship is taken for granted, everything else follows easily. The rise in commodity-prices is due
to a fall in the value of money, the fall in the value of money, however, as we know from Ricardo, is due to excessive currency, that is to say, to the fact that the amount of money in circulation rises above the level determined by its own intrinsic value and the intrinsic value of commodities. Similarly in the opposite fall of commodity-prices is due to the value of money rising above its intrinsic value as a result of an insufficient amount of currency. Prices therefore rise and fall periodically, because periodically there is too much or too little money in circulation. If it is proved, for instance, that the rise of prices coincided with a decreased amount of money in circulation, and the fall of prices with an increased
amount, then it is nevertheless possible to assert that, in consequence of some reduction or increase—which can in no way be ascertained statistically—of commodities in circulation, the amount of money in circulation has relatively, though not absolutely, increased or decreased.

This is of course sarcastic, describing how the theory tries to salvage itself in the face of contrary facts. Under metallic circulation Ricardo had theorized that deviations between quantity of gold and value of gold would be equaled out by imports or exports of gold. If there is bank note circulation, therefore, this should be the principle of issuance of bank notes. This is what the Bank Act of 1844 did (and this law remained valid until World War I, despite Marx’s criticism).

We have seen that, according to Ricardo, even when a purely metallic currency is employed, these variations in the level of prices lation zusammenfiel, so kann trotzdem behauptet werden, infolge irgendeiner, wenn auch statistisch durchaus unnachweisbaren Verminderung oder Vermehrung der zirkulierenden Warenmasse sei die Quantität des zirkulierenden Geldes, obgleich nicht absolut, doch relativ vermehrt oder vermindert worden.

Wir sahen nun, daß nach Ricardo diese allgemeinen Schwankungen der Preise auch bei einer rein metallischen Zirkulation statt-
must take place, but, because they occur alternately, they neutralise one another. For example, an insufficient amount of currency brings about a fall in commodity-prices, the fall of commodity-prices stimulates an export of commodities to other countries, but this export leads to an influx of money into the country, the influx of money causes again a rise in commodity-prices. When there is an excessive amount of currency the reverse occurs: commodities are imported and money exported. Since notwithstanding these general price movements, which arise from the very nature of Ricardo’s metallic currency, their severe and vehement form, the form of crisis, belongs to periods with developed credit systems, it is clear that the

finden müssen, sich aber durch ihre Abwechslung ausgleichen, indem z.B. untervolle Zirkulation Fallen der Warenpreise, das Fallen der Warenpreise Ausfuhr der Waren ins Ausland, diese Ausfuhr aber Einfluß von Geld ins Inland, dieser Einfluß von Geld aber wieder Steigen der Warenpreise hervorruft. Umgekehrt bei einer übervollen Zirkulation, wo Waren importiert und Geld exportiert werden. Da nun trotz dieser aus der Natur der Ricardoschen Metallzirkulation selbst entspringenden allgemeinen Preisschwankungen ihre heftige und gewaltsame Form, ihre Krisenform, den Perioden entwickelten Kreditwesens angehört, so wird es sonnenklar, daß die Ausgabe von Banknoten nicht exakt nach den Gesetzen der me-
issue of bank-notes is not exactly governed by the laws of metallic currency. The remedy applicable to metallic currency is the import and export of precious metals, which are immediately thrown into circulation as coin, their inflow or outflow thus causing commodity-prices to fall or to rise. The banks must now artificially exert the same influence on commodity-prices by imitating the laws of metallic currency. If gold is flowing in from abroad, it is a proof that there is an insufficient amount of currency, that the value of money is too high and commodity-prices too low, and bank-notes must therefore be thrown into circulation in accordance with the newly imported gold. On the other hand, bank-notes must
be taken out of circulation in accordance with an outflow of gold from the country. In other words the issue of bank-notes must be regulated according to the import and export of the precious metals or according to the rate of exchange. Ricardo’s wrong assumption that gold is simply specie and that consequently the whole of the imported gold is used to augment the money in circulation thus causing prices to rise, and that the whole of the gold exported represents a decrease in the amount of specie and thus causes prices to fall—this theoretical assumption is now turned into a practical experiment by making the amount of specie in circulation correspond always to the quantity of gold in the country. Lord Overstone hältnis wie Gold aus dem Land ausströmmt. In andern Worten, die Ausgabe der Banknoten muß reguliert werden nach dem Import und Export der edeln Metalle oder nach dem Wechselkurs. Ricardos falsche Voraussetzung, daß Gold nur Münze ist, daher alles importierte Gold das umlaufende Geld vermehrt, und darum die Preise steigen macht, alles exportierte Gold die Münze vermindert und darum die Preise fallen macht, diese theoretische Voraussetzung wird hier zum praktischen Experiment, so viel Münze zirkulieren zu machen, als jedesmal Gold vorhanden ist. Lord Overstone (Bankier Jones Loyd), Oberst Torrens, Norman, Clay, Arbuthnot und eine Unzahl anderer Schriftsteller, in England bekannt unter dem Na-
men der Schule des „currency principle“ haben diese Doktrin nicht nur gepredigt, sondern vermittelst Sir Robert Peels Bankakte von 1844 und 1845 zur Grundlage der bestehenden englischen und schottischen Bankgesetzgebung gemacht. Ihr schmähliches Fiasko, theoretisch wie praktisch, nach Experimenten auf der größten nationalen Stufenleiter, kann erst in der Lehre vom Kredit dargestellt werden.\textsuperscript{151} Soviel aber sieht man, wie Ricardos Theorie, die das Geld in seiner flüssigen Form als Zirkulationsmittel isoliert, damit endet, der Zu- und Abnahme der edeln Metalle eine absolute Einwirkung auf die bürgerliche Ökonomie zuzuschreiben, wie sie der Aberglaube des Monetarsystems nie geträumt hatte. So wurde Ricardo,

(Jones Loyd, the banker), Colonel Torrens, Norman, Clay, Arbuthnot and numerous other writers known in England as the “currency school” have not only preached this doctrine, but have made it the basis of the present English and Scottish banking legislation by means of Sir Robert Peel’s Bank Acts of 1844 and 1845. The analysis of the ignominious fiasco they suffered both in theory and practice, after experiments on the largest national scale, can only be made in the section dealing with the theory of credit.\textsuperscript{151} It is obvious however that Ricardo’s theory, which regards currency, the fluid form of money, in isolation, ends by attributing to increases and decreases in the amount of precious metals an absolute
influence on bourgeois economy such as was never imagined even in the superstitious concepts of the Monetary System. Ricardo, who declared that paper money is the most perfect form of money, was thus to become the prophet of the bullionists.

Investigation into the operation of the Bank Acts of 1844 and 1845 was conducted by a Committee of the House of Commons a few months before the onset of the general commercial crisis of 1857. In his evidence to the Committee, Lord Overstone, the theoretical father of these Acts, gave vent to the following piece of boasting: “By strict and prompt adherence to the principles of the Act of 1844, everything has passed off with regularity and ease; the monetary system is safe and unshaken, the prosperity of the country is undisputed, the public confidence
in the wisdom of the Act of 1844 is daily gaining strength; and if the Committee wish for further practical illustration of the soundness of the principles on which it rests, or of the beneficial results which it has assured, the true and sufficient answer to the Committee is, look around you; look at the present state of trade of the country, look at the contentment of the people; look at the wealth and prosperity which pervades every class of the community; and then, having done so, the Committee may be fairly called upon to decide whether they will interfere with the continuance of an Act under which these results have been developed.” Thus did Overetone blow his own trumpet on July 14, 1857, and on November 12 of the same year the miraculous Act of 1844 had to be suspended by the Cabinet on its own responsibility.

2.11. [Banking School: Tooke, Wilson, Fullarton]

While the currency school developed Hume’s theory to its extreme conclusions, Steuart’s concrete understanding of value was developed by Thomas Tooke, who conscientiously investigated the history of commodity prices. In his first edition, Tooke still had not freed himself of Ricardo’s errors, and unsuccessfully tried to reconcile the facts with this theory. His pamphlet “On the Currency” can even be considered the first consistent formulation of the currency school. However continued research convinced him that there is no direct link between prices and quantity. Expansion and contraction of means of circulation is always the effect, never the cause of price changes.

After Hume’s theory, or the abstract opposition to the Monetary System, had been developed to its extreme conclusions, Steuart’s concrete interpretation of money was finally restored to its legitimate position by Thomas Tooke. Tooke derives his principles not from some theory or other but from a scrupulous analysis of the
history of commodity-prices from 1793 to 1856. In the first edition of his *History of Prices*, which was published in 1823, Tooke is still completely engrossed in the Ricardian theory and vainly tries to reconcile the facts with this theory. His pamphlet *On the Currency*, which was published after the crisis of 1825, could even be regarded as the first consistent exposition of the views which Overstone was to set forth later.

But continued investigation of the history of prices compelled Tooke to recognise that the direct correlation between prices and the quantity of currency presupposed by this theory is purely imaginary, that increases or


Fortgesetzte Forschungen in der Geschichte der Warenpreise zwangen ihn jedoch zur Einsicht, daß jener direkte Zusammenhang zwischen Preisen und Quantität der Umlaufsmittel, wie ihn die Theorie voraussetzt,
decreases in the amount of currency when the value of precious metals remains constant are always the consequence, never the cause, of price variations, that altogether the circulation of money is merely a secondary movement and that, in addition to serving as medium of circulation, money performs various other functions in the real process of production.

This last sentence indicates that circulation is secondary anyway.

That Tooke was quite unaware of Steuart’s work is apparent from his *History of Prices from 1839–1847*, London, 1848, where he summarizes the history of theories of money.

Besides Tooke, Marx discusses now also Wilson and Fullarton:

His detailed research does not belong to the
sphere of simple metallic currency and at this stage it is accordingly not yet possible to examine it or the works of Wilson and Fullarton, who belong to the same school of thought. None of these writers take a one-sided view of money but deal with its various aspects, though only from a mechanical angle without paying any attention to the organic relation of these aspects either with one another or with the system of economic categories as a whole.

Here Marx explains the strengths and weaknesses of their theories. The strength is that they do not only look at one function of money (as the currency school does with the function as means of circulation), but their weakness is that they do not investigate the living connection of the moments among each other. Hence, they fall into the error of confusing

Geld im Unterschied von Zirkulationsmit-
money as distinct from currency with capital or even with commodities; although on the other hand, they are occasionally constrained to assert that there is a distinction between these two categories and money. When, for example, gold is sent abroad, then indeed capital is sent abroad, but this is also the case when iron, cotton, corn, in short when any commodity, is exported. Both are capital and the difference between them does not consist therefore in the fact that one is capital, but that one is money and the other commodity. The role of gold as international means of exchange is thus due not to the distinctive form it has as capital, but to the specific function it performs as money. Similarly when gold or bank-notes werfen sie daher fälschlich mit Kapital zusammen oder gar mit Ware, obgleich sie andererseits wieder gezwungen sind, seinen Unterschied von beiden gelegentlich geltend zu machen. Wenn Gold z.B. ins Ausland geschickt wird, so wird in der Tat Kapital ins Ausland geschickt, aber dasselbe findet statt, wenn Eisen, Baumwolle, Getreide, kurz jede Ware exportiert wird. Beide sind Kapital und unterscheiden sich daher nicht als Kapitel, sondern als Geld und Ware. Die Rolle des Goldes als internationales Tauschmittel entspringt also nicht aus seiner Formbestimmtheit als Kapital, sondern aus seiner spezifischen Funktion als Geld. Ebenso wenn Gold oder an seiner Stelle Banknoten als Zahlungsmittel im in-
which take its place act as means of payment in domestic trade they are at the same time capital. But it would be impossible to use capital in the shape of commodities instead, as crises very strikingly demonstrate, for instance. It is again the difference between commodities and gold used as money and not its function as capital which turns gold into a means of payment. Even when capital is directly exported as capital, e.g., in order to lend a definite amount on interest abroad, it depends on market conditions whether this is exported in the shape of commodities or of gold; and if it is exported as gold this is done because of the specific function which the precious metals perform as money in contradistinction to commodi-

nern Handel funktionieren, sind sie zugleich Kapital. Aber Kapital in der Form von Ware, wie die Krisen z.B. sehr handgreiflich zeigen, könnte nicht an ihre Stelle treten. Es ist also wieder der Unterschied des Goldes als Geld von der Ware, nicht sein Dasein als Kapital, wodurch es zum Zahlungsmittel wird. Selbst wo Kapital direkt als Kapital exportiert wird, um eine bestimmte Wertsumme, z.B. auf Zinsen im Ausland zu verleihen, hängt es von Konjunkturen ab, ob es in der Form von Ware oder von Gold exportiert wird, und wird es in der letztern Form exportiert, so geschieht es wegen der spezifischen Formbestimmtheit der edeln Metalle als Geld gegenüber der Ware.
ties.

Tooke’s principal work—apart from the *History of Prices*, which was published in six volumes by his collaborator Newmarch—is *An Inquiry into the Currency Principle, the Connection of Currency with Prices ...* 2nd Ed., London, 1844. Wilson’s publication has already been cited. Finally John Fullarton should still be mentioned here, *On the regulation of currencies*, 2nd edition, London 1845.

“We ought to ... distinguish ... between gold considered as merchandise, i.e., as capital, and gold considered as currency.” (Thomas Tooke, *An Inquiry into the Currency Principle*, p. 10). “Gold and silver ... may be counted upon to realise on their arrival nearly the exact sum required to be provided ... Gold and silver possess an infinite advantage over all other description of


„Es ist zu unterscheiden zwischen Geld als Ware, das heißt Kapital, und Geld als Zirkulationssmittel.“ (Tooke, „An Inquiry into the currency principle etc.“, p. 10.) „Man kann sich darauf verlassen, daß Gold und Silber bei ihrer Zufuhr fast genau die benötigte Summe realisieren ... Gold und Silber besitzen einen unendlichen Vorteil vor allen anderen Arten von
merchandise ... from the circumstance of ... being universally in use as money ... It is not in tea, coffee, sugar, or Indigo that debts, whether foreign or domestic, are usually contracted to be paid, but in coin; and the remittance, therefore, either in the identical coin designated, or in bullion which can be promptly turned into that coin through the Mint or market of the country to which it is sent, must always afford to the remitter the most certain, immediate, and accurate means of effecting this object, without risk of disappointment from the failure of demand or fluctuation of price” (John Fullarton, op. cit. pp 132, 133). “Any other article” (apart from gold and silver) “might in quantity or kind be beyond the usual demand in the country to which it is sent.” (Tooke, An Inquiry ... [p.10]).

Waren ... durch den Umstand, daß sie allgemein als Geld im Gebrauch sind ... Nicht in Tee, Kaffee Zucker oder Indigo sind Schulden, ausländische oder einheimische, gewöhnlich vertragsgemäß zu zahlen, sondern in Münzen; und die Geldsendung, entweder in eben der bezeichneten Münze oder in Barren, die sofort in jede Münze verwandelt werden können, durch die Münzstätte oder den Markt des Landes, in das sie geschickt werden, muß dem Absender stets die sichersten, unmittelbarsten und genauesten Mittel bieten, um diesen Zweck zu erreichen ohne Gefahr eines Fehlschlags wegen Mangels an Nachfrage oder Schwanken des Preises.“ (Fullarton, l.c. p. 132, 133.) „Jeder andre Artikel“ (außer Gold und Silber) „kann in Menge oder Art außerhalb der gewöhnlichen Nachfrage des Landes stehn, in das er gesandt wird.“ (Tooke, „An Inquiry etc.“ [p. 10].)
Now follows a general assessment what they did wrong when studying money:

Generally speaking these writers do not first of all examine money in its abstract form in which it develops within the framework of simple commodity circulation and grows out of the relations of commodities in circulation. As a consequence they continually vacillate between the abstract forms which money assumes, as opposed to commodities, and those forms of money which conceal concrete factors, such as capital, revenue, and so forth.  

The conversion of money into capital will be examined in chapter Three, which deals with capital and concludes the first section of this work.

155 The conversion of money into capital will be examined in chapter Three, which deals with capital and concludes the first section of this work.

155 Überhaupt betrachten jene Schriftsteller das Geld nicht zuerst in der abstrakten Gestalt, wie es innerhalb der einfachen Warenzirkulation entwickelt wird und aus der Beziehung der prozessierenden Waren selbst hervorwächst. Sie schwanken daher beständig hin und her zwischen den abstrakten Formbestimmtheiten, die Geld im Gegensatz zur Ware erhält, und den Bestimmtheiten desselben, worin sich konkretere Verhältnisse, wie Kapital, revenue u. dergl. verstecken.

Bibliography


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