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## Money as Constituent of Value

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### 1 Introduction

In the first volume of *Capital* Marx introduces ‘money’ in chapter 1 (section 3) and then reintroduces it in chapter 3. At first sight the second introduction seems merely a superfluous excursion at this point since in the remainder of the book Marx apparently does not ‘do’ anything with it. He returns to money only in *Capital II* (Part II) and then again in *Capital III* (Parts IV and V). This may be one reason why the chapter 3 introduction has for a long time been much neglected.

Over the last fifteen years commentators have tended to focus on the aspect of the ‘commodity money’ basis in Marx’s theory. This is of course relevant for the current Marxian theory of capitalism, but it is irrelevant for the historical assessment of an author writing in the second half of the nineteenth century.<sup>1</sup> Yet another issue is the methodological question of why Marx – given that commodity money basis – postpones a full account of credit money till later in the work. Here I ally myself with Campbell who argues that this issue should be assessed from within Marx’s method and systematic, especially the gradual movement from relatively simple to complex concepts and accounts.<sup>2</sup>

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<sup>1</sup> It is obvious that a Marxian theory of pure credit-money can be constructed. See Williams (2000), Realfonzo and Bellofiore (1996), Bellofiore and Realfonzo (1997), Bellofiore (2004; see also chapter 8 below); see also Reuten and Williams (1989: ch. 2 and ch. 8, §4). However, pure credit-money cannot be introduced early on in *Capital*: an implantation of the stuff of *Capital III*, Parts IV and V early on in *Capital I* would demolish the complete systematic structure of the work, and hence it would require a complete reconstruction (although there is also a class of reconstruction that does not affect the systematic structure of the work). Even if Marx had introduced money as finance early on in *Capital I* (say, after Part II) he still would have had to present a general account of money earlier, and it is this general account of Part I that I am concerned with in the rest of this chapter.

<sup>2</sup> Campbell (1997, 1998, 2002). See also Williams (2000).

In this chapter I provide a novel interpretation of the relation between the two introductions of money referred to (chapter 1 and chapter 3 of *Capital I*). In particular I will argue that chapter 3 sheds indispensable light on what happens in chapter 1; chapter 1 is a one-sided account that gets complemented in chapter 3. A neglect of the core aspect that I will emphasize about chapter 3 must have consequences for all further interpretations of the book; however, I cannot deal with that issue here.<sup>3</sup>

This chapter is historiographic and hence I abstain from presenting my own (value-form theoretical) views. Thus there is no question of agreement or disagreement with Marx involved other than internal critique.

I refer to the German *Das Kapital I* by (1867G) and to the English Fowkes translation by (1867F). Unspecified page references (e.g., 180) are always to the latter. Note that chapters 1–3 together constitute Part I of the book.

## 2 The monetary dimension

### 2.1 Form, prevalence, systemic existence

The standpoint of chapter 1 of *Capital I* is ‘the commodity’. The relatively brief chapter 2, on the process of exchange, introduces social actors of exchange and the action of society to turn a particular commodity into the general equivalent ‘money’ (180) within a society of generalized commodity production (187). Thus chapter 2 posits the *prevalence* (*Dasein*) of money in practice. Whereas chapter 1 already posits *the form* of money, money itself (i.e., its systemic existence) is derived in chapter 3. Notably it is systematically derived from exchange, just as the commodity and value were derived from exchange. Behind it is a notion of dissociate production, but this is implicit.<sup>4</sup> It is only later that the role of value – money’s role in production and the full circuit of capital – will become explicit (i.e. in all the rest of *Capital*). But in order to comprehend this role, chapter 3 is absolutely crucial.

### 2.2 Extroversion

Throughout chapter 3 Marx frequently uses the term *veräußern* for ‘to sell’, which literally means ‘to outer’ or ‘outering’. Nevertheless, the normal German term would be *verkaufen* (a term that he also uses; the difference is lost in the

<sup>3</sup> In previous work (esp. 1989, 1993 and 2000) I suggested that whereas Marx made a fundamental ‘break’ from classical political economy there are (inevitably) classical/Ricardian remnants in his work. (See Murray’s 2000a critique of my 1993 paper, my reply (2000) and Murray’s rejoinder in 2002.) A restudy of a number of German texts of *Capital* (together with insights from Hegel’s work) makes me conclude that there are far fewer such remnants than I thought before. See Reuten (2004) which, next to the current chapter, is a key to this.

<sup>4</sup> Chapter 2 – prior to the introduction of capital in chapter 4 – nevertheless posits an anticipation of dissociated production.

English translation). He also uses *entäußern* for the same, as well as other terms with the same root of *außer*, especially *Außdruck* (expression; compare the roots *außer*, outer, utter). This homology is also lost in the translation.

The term 'outer' makes one of course alert for an 'inner' or 'immanent'. Moreover, against the background of Marx's familiarity with Hegel's philosophy the terms are rather heavy; they point at 'moments' that can be distinguished but that inseparably belong together.

At the end of the first section of chapter 3 of *Das Kapital I* Marx writes (1867G: 118; italics added):

Die Preisform schließt die *Veräußerlichkeit* der Waren gegen Geld und die Notwendigkeit dieser *Veräußerung* ein.

Fowkes translates (198):

The price-form therefore [?] implies both the exchangeability of commodities for money and the necessity of exchanges.

Apart from the 'therefore' this translation is defensible, but it completely loses the connection pointed out above. A more literal translation would be:

The price-form implies/entails the 'extroversibility' of commodities for money as well as the necessity of this 'extroversion'.

But without explication this would not make sufficient sense in English.<sup>5</sup>

### 2.3 The introversive and the extroversive constituent of value

In Marx's view money is one *constituent* of value (he does not use exactly this formulation). The immanent or introversive constituent of value is undifferentiated 'abstract labour' (chapter 1), its extroversive (*außer*) constituent is money (chapter 3); but these two *inseparably* belong together. Money is the *necessary* form of expression of value (*Außdruck*). That is, *value has no existence without money*.<sup>6</sup> This is the end-result of Part I.

<sup>5</sup> Translation necessarily involves interpretation. Translators have to rely on the common interpretation of their days, and therefore a novel interpretation must have consequences for the translation.

<sup>6</sup> My thoughts are intuitive without expressing them. My face is that due to its expression; when my skin has been injured by fire, my face is still my face, and yet not. It seems to me that the *innere-äußere* opposition is in between:

internal-external (inadequate because of its 'exogenous' connotation)  
impressive-expressive  
introversive-extroversive  
implosive-explosive (if we could cut their connotations of destruction).

For Hegel especially, inward-outward would have to be added. Marx evades *innere* in the current context (he uses it in *Capital I*, Part VII), and adopts instead 'immanent' (*immanent*). Henceforth I adopt the terms of immanent/introversive and extroversive.

Another way of saying that value has no existence without money is to say that value is *without exception* of monetary dimension.<sup>7</sup> In fact this is already the outcome of chapter 1. Its section 3 presents the *formation* of the form of money, or one could say it posits the *form* of extroversion (*Veräußerlichung*) which is the starting point for chapter 3.<sup>8</sup>

Marx introduces the concept of 'value-form' in chapter 1. After that the term moves to the background in the sense that it is only sporadically used. The reason is that in chapter 3 the concept is concretized into its monetary expression. Key to this concretization is money's role as *measure* of value as well as the meaning of 'measure' (see section 3 below).

## 2.4 From a simple to an enriched notion of value

Section 1 of chapter 3 sets out the 'function' of money as 'measure of values'. This may give the (false) impression of there 'being' value entities independently of the 'measure', that is independently of money. If Marx had started here from scratch and considered the measurement of a use-value in terms of money, the problem would not have arisen. In fact he considers *commodities*.

If my interpretation as set out in section 2.3 is accepted we move from a simplified notion of value (chapter 1) to an enriched one (that of the full Part I), each indicated with one term 'value' (section 3.2 below). Evidently we cannot but start chapter 3 with the simple notion of value inherited from

<sup>7</sup> Value's monetary *dimension* does not imply that it only exists in monetary shape. Entities in capitalism (e.g., machines) may have a value of monetary dimension without being money. Equally things may be of monetary dimension (e.g., machines as functioning means of production) without having a price: things have a price only when they are offered for sale. Within the circuit of capital  $M-C_1 \dots P \dots C'_1-M'$  the  $C_1 \dots P \dots C'_1$  is ideally accounted for in the monetary dimension. This ideality may be exciting (as it should be) but it is not surprising. Every businessman, accountant or auditor knows that most of the balance sheet of an enterprise is made up in terms of an ideal monetary dimension (the balance sheet is a static version of the circuit of capital).

<sup>8</sup> See also Arthur's excellent study (2004: 36–8). He writes: 'to be a commodity involves *all* the determinations of Chapter 1, including those of Section 3 on its *form*, in which it is shown that an adequate expression of the value of commodities requires the existence of money'. See also his chapter 7 in this volume. The notion that value has no existence without money is also key to Murray (this volume) although he arrives at this from an angle different from the one proposed in the current paper. Elson (1979) is an inspiration for the research reported in the current chapter. 'Marx's examples', she wrote, 'are always couched in money terms, *never* in terms of hours' (139). In fact the same applies to Marx's equations (Reuten 2004). Elson notes that 'values cannot be calculated or observed independently of prices' but she also thought that 'in *Capital* Marx does not highlight the conceptual distinction which he makes between an "immanent" or "intrinsic" measure, and an "external" measure, which is the mode of appearance of the "immanent" measure' (136). In fact the German text is rather explicit. With her 'Marx does not highlight the conceptual distinction which he makes', she showed great intuition.

the previous chapters. Therefore, there might at first sight appear to be two lines of reasoning in chapter 3: labour-time and money. Near to the opening of chapter 3 Marx writes (188): 'Money as a measure of value is the necessary form of appearance of the measure of value which is immanent in commodities, namely labour-time.' The first line of reasoning is an obvious reference back to the chapter 1, simple-abstract 'immanent' or introversive notion of value with its immanent measure, namely labour-time. The other line posits that money is 'the necessary form of appearance' of that immanency. The commodity, and hence value, has *no existence* without money: 'products of labour ... taking the form of commodities implies their differentiation into commodities and the money commodity' (188n).

The monistic focus on the introversive notion of value in much of the Marxian economics after Marx is certainly also due to Marx's presentation of the matter, especially his particular way of moving from simplified determinations to complex ones.<sup>9</sup> However, because of the inseparability of the introversive and the extroversive constituents of value, monistic phrases such as 'labour-values', or conversely, 'value-prices' do not fit Marx's theory and hence are never used in *Capital*.

### 3 Very abstract labour

#### 3.1 False analogies – abstract labour and abstract timber – and the disappearance of the simplified notion of abstract labour

The (false) impression of there being value entities independently of the 'money measure' is reinforced by (false) analogies with other types of measurement. When we measure the length of a table with a metre stick, the table's length exists independently of the stick.<sup>10</sup> The analogy is false because the table is fully constituted as material/substance (introversive) *and* form (extroversive). There is no obvious unique way to measure the length of the *material* of the table (i.e., the length of the timber and nails, say). Surely we can in principle measure the length of two odd pieces of freshly cut timber – in this sense we have measurables – but we cannot add those up in a unique sensible way because of their unequal shapes.

To redress the analogy: there is no obvious unique way to measure the 'introversive substance' of value. You cannot add up nails and timber to measure the length of a table, or at least these would be awkwardly related. The same goes for concrete labour in connection to value.

In chapter 1, therefore, Marx takes recourse to the notion of 'abstract labour' as a simplified constituent of value (it would be misleading to call

<sup>9</sup> Without helping us by saying what he is doing.

<sup>10</sup> Its length *in metres* does *not* exist independently of the stick (or rather the metric system), but that is not my point here.

this even an abstract substitute measure).<sup>11</sup> It is most telling that after this chapter the term 'abstract labour' disappears, with four exceptions. In face of the Marxian discourse of the last twenty years this cannot be stressed enough.<sup>12</sup>

When in chapter 1 Marx presents the commodity, he *posits* their being and prevalence (*Dasein*). In fact their existence is only *grounded* when he gets to their production in Parts III to V (though even this grounding is still a simplified one). In a different jargon: their production is presupposed (the presupposition being grounded later). Similarly, when presenting the commodity in chapter 1 Marx presupposes the money measure that is only grounded (still simple) in chapter 3. Abstract labour foreshadows the money measure.

Column 2 of Figure 5.1 provides a schematic outline of the determinations of value. Column 1 sets out a hypothetical analogy with another realm. Several entries in the Figure 5.1 will be expanded upon later.

<sup>11</sup> I still think that it is to the point to conceive of 'abstract labour' as a foreshadow of *money* (as I did in previous work). But this notion has proved confusing in debates with those labour-embodied proponents who think in terms of 'abstract labour embodied' and from which I distance myself (see Reuten 1993). In previous work I adopted for abstract labour the composite *mL* (where *m* is the monetary expression of labour; and *L* in fact added-up concrete labour). As an interpretation of Marx this is wrong. (At least it is wrong to use Marx's term abstract labour for *mL*; *mL* is value-added which is a more concrete notion.) After the initiating chapter 1 this notion (and the term) 'abstract labour' is superseded and should not be used any more.

In my view many if not most of the problems for the interpretation of chapter 1 have to do with the difference between abstract and concrete labour. *Capital* was not written (Marx thought) for philosophically educated readers. The meaning of 'abstract labour' is not easy. In the course of explaining it Marx, I think, felt constrained to take recourse to all kinds of non-rigorous approximations, analogies and examples. However, these are overcome section-wise. Once the later section is comprehended it makes no sense to phrase that non-rigorous. (Didactics may require to explain the mathematical notion of fraction by example of a cake. It is expected that when we get to fractional exponential growth, the thinking in terms of cakes is past.)

<sup>12</sup> To my knowledge 'abstract labour' is further used: once in chapter 2, twice in chapter 3 (1867F: 209, 240) and once in chapter 8 (1867F: 308) (German edition chapter 6), all in Volume I. There are no occurrences in Volumes II or III. There is also an occurrence in the *Results* (1867F: 992–3).

Relatedly the term labour as 'substance' disappears after chapter 3, though with a few exceptions that are references back to the Volume I, chapter 1 notion. There are two exceptions for Volume I: 18 (672), 23 (715); one exception for Volume II: 19 (462); four exceptions for Volume III: 8 (248), 48 (961, 964, 968) (references are by chapter and page number of the English texts in the Fowkes/Fernbach translation).

The term 'homogeneous labour' equally disappears after chapter 3 (without exception to my knowledge).

Figure 5.1 A hypothetical analogy for the measurement of material ‘tables’ and of social ideal ‘value’<sup>†</sup>

TIMBER AND TABLES	LABOUR AND VALUE
We begin by a <i>simplifying</i> abstraction and reduce (e.g.) ‘ <b>tables</b> ’ to a material substance that they have in common, <b>timber</b> ; we consider this as a ‘moment’ of tables.	We begin by a <i>simplifying</i> abstraction and reduce ‘ <b>value</b> ’ to a social substance that entities of value have in common, <b>labour</b> ; we consider this as a ‘moment’ of value.
‘ <b>Timber</b> ’: substance of <i>tables</i> . <i>Introversive moment</i> for the constitution of tables.	‘ <b>Labour</b> ’: substance of <i>value</i> . <i>Introversive moment</i> for the constitution of value.
Tables are not timber as such. (Further: considering timber under the aspect of length does not imply that ‘length of timber’ is the measure for tables.)	Value is not labour as such. (Further: considering labour under the aspect of time (labour time) does not imply that ‘labour time’ is the measure of value.)
The length of timber is a quality necessary for the being of tables – at least provisionally.*)	The time of labour is a quality necessary for the being of value – at least provisionally.*)
‘ <b>Tables</b> ’ (at the level of abstraction reached so far): tables are constituted by an <i>introversive moment</i> of substance (timber) and an <i>extroversive moment</i> of form (actually: the creative material act of making).	‘ <b>Value</b> ’ (at the level of abstraction reached so far): value is constituted by an <i>introversive moment</i> of substance (labour) and an <i>extroversive moment</i> of form (actually: <i>ideal commensuration by money</i> ).
All tables have timber in common, at least provisionally (i.e. at the current level of abstraction*); but they are <i>not</i> fully constituted by timber.	All value has labour in common, at least provisionally, (i.e. at the current level of abstraction*); but it is <i>not</i> fully constituted by labour.
‘Tables’ are material realities. (In principle tables can be trans-historical material realities.)	‘Value’ is an ideal reality. (Moreover it is a social-historical ideal reality.)
* Provisionally: we can have plastic tables.	*Provisionally: the form allows for an extroversive hypostasization – value without labour substance (see section 4.4 below).
Once we have reached beyond the early simplification it makes no sense to measure conceptually enriched tables by measuring length of timber: <i>length of tables</i> $\neq$ <i>length of timber</i>	Once we have reached beyond the early simplification it makes no sense to measure conceptually enriched value by measuring time of labour: <i>quantity of value</i> $\neq$ <i>time of labour</i> (value $\neq$ abstract labour-time)

Note: <sup>†</sup>I do not want to suggest that Column 1 sets out the appropriate way for knowing what tables are, and how they should be measured; the message is that inasmuch as it makes no sense to measure the length of fully constituted tables by the timber, it makes no sense to measure value by labour time.

### 3.2 Immanent substance and immanent measure: abstract labour and method

We saw that money is the necessary expression of value: only with money do we arrive at the extroversive form of immanent substance: that is, the determinate 'being' of commodities. There cannot be a privileging of the one over the other (analogously: when we consider a specific table there is no point in privileging the 'introversive' timber and nails over the 'extroversive' creative act of formation of that table or vice versa; the one without the other is not-table). In other words, 'value' and the 'commodity' are not fully constituted in chapter 1: they are merely as an initiating simplification.

Marx's method is one of conceptual *progression* from simple to complex determinations. In the case at hand chapter 1 establishes introversive notions of the commodity; at that level of the presentation the commodity has no determinate existence, but rather 'prevalence' (*Dasein*). The commodity of simple circulation is fully posited only with its extroversive notions in chapter 3 (completing Part I).

Marx's immanent measure of value in chapter 1 – time of 'abstract labour' – is *very* abstract. It does not provide a measure of value in the sense that we (nowadays) usually use the term measure. Many commentators have brushed away this problem by identifying value and 'abstract-labour time'!<sup>13</sup> 'Abstract labour' cannot be measured (in terms of time) with more sense than timber as abstracted from, for example, anything but its length. But for the latter this does not provide the full constitution of a table (merely substance); for the former this does not constitute value (merely substance).

I use the term 'very abstract labour' because in the literature on Marx, or developments from his work, the term 'abstract labour' has become somewhat worn out: it seems often identified with a *quantitative part of concrete (!) labour*: (1) producing at average conditions of production (hence, it is said, 'necessary'); (2) for the product of which there is demand (hence, it is said, 'necessary'); (3) that contributes to production in a particular sense, or 'productive' labour (hence, it is said, 'necessary'). These issues can be announced; however, there is no way of *knowing* them or measuring them prior to the market. Thus abstract labour has no determinate existence. Abstract labour has a dimension of time but, paradoxically, it cannot be measured unless we *assume* that abstract labour equals concrete labour (thus abstract from abstract labour).

Rather, value is fully constituted only when we have money; money in the market measures 'abstract labour' and so determines 'abstract labour' so to speak; however (!), at this point the term 'abstract labour' is superfluous: we have value. (Of course, it may be added, 'value' itself is an abstraction in practice.)

<sup>13</sup> See also Reuten (1999).

The notion of very abstract labour implies that chapter 1 does not present a 'labour theory of value' (a term not used by Marx) in any quantifiable sense. From this again derives the conclusion that abstract labour, a fortiori, cannot be quantitatively implanted into lower levels of abstraction (and – to repeat – Marx does not do this).

The warning regarding the chapter 1 notions of value and labour also applies to 'money' within chapter 3. It seems that for Marx a thing's 'being' the measure of value (section 1) and its being the means of circulation (section 2), constitutes it as being money. The heading of section 3 is 'Money'. It means that only in that section money becomes constituted (though simple). This gives rise to a considerable language problem (as always in systematic dialectics) of how to talk about the entity prior to it (i.e., without running into artificial language). In the first two sections of chapter 3 Marx often uses the term 'gold', but frequently also 'money' even if money has not yet been fully constituted.

Of course this problem applies to 'capital' in all of *Capital*. Each time (section, chapter, part, volume) we are further introduced into it. It is misleading to think of any early presentation as 'truth'; it is also misleading to cite it in that way. Until the completion it is always partial ('the whole is the truth', wrote Hegel).

## 4 Money's measuring: ideal transsubstantiation

### 4.1 Idealities

In this section I expand on the core of chapter 3: 'money's measuring'. I begin with a fairly long quotation from early on in the chapter, which I take to be programmatic. It shows, first, that the *value* of an entity is a purely ideal form of its existence (this denies ontologically real 'embodiment'); second, the measurement in terms of money (gold) is an *ideal* act: it is performed through an *imaginary* equalization with money (gold); third, as a result the second performance can be established by imaginary money. I amplify on the first two issues in section 4.2 and on the third in section 4.3.

The price or *money-form* of commodities is, *like their form of value generally* [wie ihre Wertform überhaupt] quite distinct from their palpable and real bodily form; it is therefore a purely *ideal* or notional form [nur ideelle oder vorgestellte Form – 'vorgestellte', i.e., 'imagined']. Although invisible, the value of iron, linen and corn exists in these very articles [*Dingen*]: it is signified [vorgestellt, i.e., 'imagined'] through their equality with gold, even though this relation with gold exists only in their heads, so to speak [*ihre Gleichheit mit Gold, eine Beziehung zum Gold, die sozusagen nur in ihren Köpfen spukt*, i.e., their equality with gold, a relation to gold, even though this only haunts their heads, so to speak]. The guardian of the commodities must therefore lend them his tongue, or hang a ticket on them,

in order to communicate their prices to the outside world. Since the expression of the value of commodities in gold is a purely ideal act [*ideell-ist*], we may use purely imaginary [*nur vorgestelltes*] or ideal gold to perform this operation ... In its function as measure of value, money therefore serves only in an imaginary or ideal capacity [*als nur vorgestelltes oder ideelles Geld*, i.e., as merely imaginary or ideal money].

(1867F: 189–90; 1867G: 110–11; emphasis added)<sup>14</sup>

#### 4.2 Marx's notion of 'measurement': *verwandlen* and standardized measurement

When Marx refers to money's measurement he refers to an abstract genus. This is a problem for us. In everyday language and practice money is so much an ('imagined') concrete entity that we tend to immediately give it the content of *our* particular money: the North Americans think of their dollars, many Europeans of euros, and so on. 'Money', however, is the abstract general of these. This is a main difficulty of chapter 3. If this is not grasped then Marx's distinction between measure of value and standard of price becomes a superficial one.<sup>15</sup> Marx points this out, but not clearly enough. It is important to stress this because it underlines the conceptual progress made in chapter 3.

Usually when we think of a measure we think of a standard. However, when Marx says 'money measures value' he means that it establishes the *commensuration* (i.e., homogenization).<sup>16</sup> That is to say, the value-form determination is concretized as *money measure*. On the other hand, the 'taking measure' (and ticketing) of the value of a commodity is established in terms of a standard of price. The distinction between this 'measurement in general' and the specific 'taking measure' by way of a particular standard is most important. (Marx's terminology might seem idiosyncratic in current language. However, in Hegel's Logic (both its versions) we have a similar usage of the term 'measure'. In hindsight this also sheds light on Marx's usage of 'immanent measure' for the chapter 1 moment of value.)

<sup>14</sup> Fowkes misses the qualification of 'equality' into 'relation'. His suppression of the 'haunting' (*spukt*) is an obvious intervention in the text. It is also not clear why Fowkes is not consistent about 'imaginary'/'imagined' where Marx is consistent about it (*vorgestellt*).

<sup>15</sup> The 'standard of price' may be some (nominal) quantum of gold when a commodity money regime prevails, or a specific nominal accounting unit (dollar, euro) when a regime of pure credit-money prevails (as after the Bretton Woods demise of the mid-1970s). Standards of price are linked in their exchange rates.

<sup>16</sup> A homogenization that is foreshadowed in the term 'abstract labour'. But this is *not* a homogenization: it is a (very) abstract notion.

As the measure of value it [money] serves to convert [*verwandeln*, transform] the values of all the manifold commodities into prices, into imaginary *quantities of gold* [that is, money in general]; as the standard of price it [money] ... measures, on the contrary, *quantities of gold by a unit* quantity of gold [*Goldquantum*].

(1867F: 192; 1867G: 113; emphasis added)<sup>17</sup>

The second phrase, about the standard, specifies a unit (quantum) for the measurement of the quantity in the first phrase. For the *second phrase* we can use the analogy of (say) length measurement: as a standard of length a particular rod (named metre or yard) measures 'entities of length' by a unit of length (one metre or one yard). As the standard of price, some particular money (named dollar or euro) measures quantities of money (a pile of notes or coins) by a unit of price (one dollar or one euro).

For the *first phrase*, as already indicated (section 3.1), the analogy would be false. Prior to the measurement we have 'entities of length' (such as tables). For the commodities, prior to the measurement, we merely have the 'introversive substance', which is a *purely ideal or imagined* introversive substance (cf. the quote in section 4.1).<sup>18</sup>

The act of measurement by money (i.e., prior to the actual exchange) ideally 'transsubstantiates' commodities into form-determined entities and *hence* commensurate or homogeneous (cf. the quotation from 1867F: 192 given above). This is like a miracle. But just as most Catholics that go to church every week or perhaps every day may not be very attentive any more to the miraculousness of the (ideal) transformation of bread and wine into the body of Christ, we are, when we mundanely buy our daily bread, usually not very attentive to the miraculous ideal transubstantiation as performed by the lady in the baker's shop.

This transubstantiation in reference to the Catholic celebration is one connotation of the German term *Verwandlung* (and its verb *verwandeln*). Transformation and to transform is perhaps the preferable translation (unfortunately, it is not consistently adopted). Thus money's measurement performs the value-homogeneity of commodities. Or we could also say: money turns the hopelessly abstract immanent notion of 'abstract labour'

<sup>17</sup> My interpolations in square brackets derive directly from the (German) text; interpolations in curly brackets are interpretative.

Note again that Marx of course departs from the chapter 1 'immanent value' – a notion that is now, with the extroversion, transformed into a more concrete concept of value.

<sup>18</sup> I use this term 'substance' because Marx uses it. But even when prefixed by 'purely ideal' the term tends to give rise to notions of 'embodiment' (expanded upon in Reuten 1993).

into extroversive form, and therewith into a potential concretum (concretum, that is when the *salto mortale* is completed into the metamorphosis C–M). Without this ‘measurement *überhaupt*’, standards of price (or standards of value) make no sense.

This value is, in *both* its constituents (introversive and extroversive), imaginary or ideality. Although it is beyond the subject of this chapter I should add that ideality can have real effect. In this case this is – as far as I am concerned – the point. (See Murray 2000b and 2004 on subsumption.)

### 4.3 Imaginary measurement by imaginary money

I now turn to the third aspect of the ‘programmatic’ quotation (section 4.1 above). If we restrict the discussion (as I have done so far) to money as measure of value, Marx goes as far as one could go in the commodity-money based monetary regime of his day (though see section 5): that is, within the restriction – much emphasized by Campbell 1997 – of simple commodity circulation, namely, prior to the introduction of capital into the presentation, and hence prior to the introduction of money as finance. In hindsight it is easy (but a-historical) to criticize almost all of monetary theory prior to, say, 1973 for allotting a major role to metal in the top of the money pyramid.

If we compare the current ‘pure credit-money’ regime with a ‘pure commodity money’ regime the crucial step is not the demise of the Bretton Woods regime (the controlled international gold-dollar standard); the latter is the tail. Crucial is the (national) irredeemability of banknotes and the prevalence of ‘money of account’ at all: imaginary money (cf. Marx’s treatment of money of account in section 3 of chapter 3).<sup>19</sup> Thus the ideal or imaginary *Verwandlung* is accomplished by ideal or imaginary money (or – from a perspective of pure credit-money – by nominal money).

### 4.4 Extroversive hypostasization

One culmination of Marx’s treatment of money as measure is the ‘imaginary measurement by imaginary money’ mentioned above. A second one is the hypostasization of money as extroversive measure, whence entities (as including insensuous ones) can take the price-form without having value (196).

The possibility ... of a quantitative incongruity between price and magnitude of value ... is inherent in the price-form itself. This is not a defect, but, on the contrary, it makes this form the adequate one for a mode of production whose laws can only assert themselves as blindly operating averages between constant irregularities.

<sup>19</sup> In this context Marx’s ‘inverse quantity theory of money’ is important (the quantity of money is determined by the price level).

However, the possibility of incongruity may go further than these irregularities. Marieken, Faust or a modern business manager can sell their souls. With the money they can buy indulgences or 'goodwill': 'Things which in and for themselves are not commodities, things such as conscience, honour, etc., can formally speaking, have a price without having a value' (197). Whereas in their simplicity the introversive determinations of chapter 1 are necessary – as Marx frequently repeats – the extroversive determinations are equally necessary. However, because it is inherent to the latter that these do not stick to the former, the extroversive measure hypostases.

The upshot is of course a shift in the connection between the chapter 1 'simple value' and the chapter 3 price constituting 'value'. Whilst money necessarily measures value, it can also measure nullities.

## 5 An introversive regress: bullion

The weakness of Marx's presentation dated 1867 is not at all, in my view, that he starts his account of money as measure with commodity money: the development of money of account from it is fine. The weakness is rather that when he gets to the final subsection of the chapter, 'World Money', he makes the impression of presenting the empirical prevalence of 'world money' in the shape of gold/silver (especially for settling international payments) as an argument for his starting point in commodity money. And instead of *theorizing* that prevalence, he just describes it: money 'falls back into its original form as precious metal in the shape of bullion' (240). What is more, he explicitly presents a regression to chapter 1: 'In the world market... money functions to its full extent as the commodity whose natural form is also the directly [*unmittelbar*, i.e., *immediate*] social form of realization [*Verwirklichungsform*, i.e., form of *actualization*] of human labour in the abstract' (1867F: 240–1; 1867G: 156). Quite aside from my methodological critique above, this quotation provides a textual confirmation of the main thesis of this chapter about the relation between chapters 1 and 3, including the *ex ante* immeasurability of abstract labour (in the usual sense of measurement). By itself abstract labour is not actual. Note first that we have here one of the two occurrences of 'abstract labour' in this chapter (and in *all* of the 2,000 pages to come there is just one recurrence). Note also that the two corrections in the translation above are crucial. 'Immediateness' refers to an abstract, yet underdeveloped or defective account. 'Realization' in this context is most confusing, as in some Marxian accounts the term refers to 'sale'. Instead Marx says, bullion is *being* the immediate form of human labour in the abstract. Directly following the text just quoted Marx writes: 'Its mode of existence [*seine Daseinsweise*] becomes adequate to its concept.' Mere *Dasein* is another reference to defectiveness. Thus bullion *is* the immediate form of abstract labour. I add: bullion itself.

Thus the chapter 1 'abstract labour' is *only mediately measurable* as we necessarily require money: money measures abstract labour. The one exception to this necessary mediation (in 1867) is the labour producing the commodity

'bullion'; because bullion as world money functions as general means of payment and general means of purchase, we have an immediate social form of actualization of abstract labour. (Today, of course, there is no exception.)

## 6 Summary and conclusions

Value constitutes the historically specific *social form* of production in capitalist societies. Part I of *Capital I* introduces the concept of value by way of an analysis and synthesis of simple commodity circulation: that is, commodity circulation in abstraction from capital, the production of capital and the development of the circuit of capital (the subject – briefly – of the remainder of the work).

Although this social form has real (ontological) effect in shaping the material production in capitalist societies, it is an *ideal* form in the sense that it is insensuously permuted to entities and processes. It has sensuous existence only in money and artefacts of accounting, themselves physically separate from those entities and processes, although utterly meaningless without the latter.

In the interpretation of Part I of *Capital I* set out here, the *ideal immanent (or introversive) substance of the value* of commodities is 'abstract labour' (*sic*). Its qualitative measure (i.e., the immanent measure of value) is 'time' of abstract labour. This is what I called the simple-abstract notion of value (of chapter 1). It is defective and it has no real ideal existence (no ideal existence in practice).

This simple notion is complemented in chapter 3 by the *ideal extroversive form of the value* of commodities: money. It is only henceforth that 'value' has been fully constituted. Money establishes the actual homogeneity of commodities, and is the only one actual ideal measure of value (adopting a particular standard).

The introversive substance and the extroversive form of value are *inseparable*. Value cannot be concretely measured without money; any effort to do so comes down to a Ricardian 'timber-nail tale' of measurement. However, we have seen that this inseparability is not symmetrical: money can measure, and purchase, nullities.

Once we are past chapter 3, any talk in terms of abstract-labour(-time) is a regression to a simplification (i.e., simple or underdetermined value). Marx, though, does not make this mistake.

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