Marx’s Monetary Theory of Value - Postliterate - Medium

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A continuation of “Marx and the ‘Labor Theory of Value.’” → https://medium.com/@postliterate/on-marx-and-the-labor-theory-of-value-fad597ccb226

The basic thesis here is that Marx’s theory of value is a *monetary theory of value*, and moreover, that it is the only major theory of this kind. Whereas some Marxists portray money as simply a particularly common commodity, non-Marxists may portray it as the result of some conscious social contract, or as the result of governments needing to regulate the economy (as David Graeber forwarded in *Debt: The First 5000 Years* → https://libcom.org/article/debt-first-5000-years-david-graeber). A different interpretation of Marx’s theory (particularly in the spirit of the *Neue Marx-Lektüre*) seems to give a *proper* emphasis on money — in the uniformly dominating shape it takes today — as a uniquely capitalistic entity which developed out of the contradictions of exchange relations themselves.

In the previous essay, Marx’s theory of value was explained from the perspective of value as it appears and is reproduced in exchange, rather than essential internal qualities of products of labor. This article, following a similar argumentative structure to the last, will further develop on the nature of these appearances of value and how it leads to a monetary theory of value. It will also deal more closely with the nature of the commodity, as it (and not value alone) is the object of exchange.

Basic Product Exchange

Beginning from the perspective of an owner of a product of labor, said product at first appears as simply a use-value. No matter the product's origin, at first it is understood simply as a potential satisfier of a need or want of some kind.

However, when we find our needs unable to be satisfied by this product, but by another which we must exchange for, this use-value necessarily becomes abstracted. Assuming that we find a mutual partner in exchange who finds a use in our product, we then relate to our own product as only a tool of exchange for another. Our product thus appears as an exchange-value.

Use-values are qualitatively different. Many products may satisfy many *different* needs and wants, all to differing degrees as well, but in exchange, we are solely concerned with *quantitative* relations reflected in the exchange-value of a product. This quantitative relation may take the form of, "how much of *x* can I get for *y*?"

At the point of transaction, a basic, mutual, and equal exchange between two products appears as such (where *x* and *y* are differing quantities):

***x* of product A = *y* of product B**

The value of product A appears as a quantitative amount of product B. Value is represented in the *equivalent form of value* (*y* of product B) made commensurate to the *relative form of value* (*x* of product A).

This is the point at which value can truly appear, but this does not mean that only in exchange does value matter. Prior to exchange, value can be estimated, and the estimation of value plays a huge role in determining production. Marx writes in the *Grundrisse*: *"Thus production, distribution, exchange and consumption form a regular syllogism."* Marxists who have attempted to sever the process of production from exchange, for example, by claiming that value is created within the productive process (and therefore that no other economic sphere is relevant), appear equally as strange as ones who may assert that value only matters within in the realm of exchange.

The Commodity

Since the governing law of exchange is the exchange of *value*, there develops a contradiction between value and use-value. Exchanges are towards particular use-values, but only insofar as they can be exchanged for a product of equal value regardless of the latter's exchange-value — thus, an *"internal opposition between use-value and value."*

From the perspective of a commodity-owner, this product of equal value is effectively arbitrary so long as it can be made commensurate with the real product which is of want. This product of equal value will then move towards becoming a *general equivalent* if it is to maximize the possibility for exchange; as a general equivalent, it can be made commensurate to any product, with only the quantity changing. A general form of value may appear as such (where *x* of product A is the general equivalent):

***y* of product B ; *z* of product C ; *r* of product D = *x* of product A**

As a general equivalent, product A can relate to quantities of all other products at once; its value is thus fully developed, not solely able to be represented in one other product's value. It is only as this general equivalent that simple products finally become *commodities:*

> "The general form of value […] results from the joint action of the whole world of commodities, and from that alone. A commodity can acquire a general expression of its value only by all other commodities, simultaneously with it, expressing their values in the same equivalent; and every new commodity must follow suit. It thus becomes evident that since the existence of commodities as values is purely social, this

> social existence can be expressed by the totality of their social relations alone, and consequently that the form of their value must be a socially recognized form." *(Pt. 1, Ch. 1, Sec. 3c, 1)*

A commodity, then, is not simply an object which is exchanged. It describes the *totality* of social relations mediated by value in the specificity of its own value. Only by possessing the potential to express itself in all other commodities can its own value be fully considered. Moreover, this potential can only be realized insofar as exchange keeps up, reproducing value relations.

The Universal Equivalent

How can a commodity relate to all other commodities through value at once?

Through labyrinthine exchange relations, commodities may be abstracted from their use-values in order to become commensurate forms of value, the common substance in products of labor. However, through this abstraction of use-value to a general social equivalent (value) in order to generalize exchange, the emergence of value as an independent abstracted form becomes necessitated.

The contradiction between use-value and value culminates in the formation of a new category altogether: money. Money, designated as the most general equivalent (the *universal equivalent*) to which all commodities can relate to, thus appears as *value itself*. Possessing no use-value of its own, it is the real symbolic representation of value.

Money is demonstrated to be necessitated by relations of generalized exchange: in needing to find commensurability through value, abstraction of commodities from their use-values can be cut from the process, and the exchange process is expedited. Money is the necessary universal expression of value in a system of commodity production and exchange.

> “Instinctively they [commodity-owners] conform to the laws imposed by the nature of commodities. They cannot bring their commodities into relation as values, and therefore as commodities, except by comparing them with some one other commodity as the universal equivalent… But a particular commodity cannot become the universal equivalent except by a social act. The social action therefore of all other commodities, sets apart the particular commodity in which they all represent their values. Thereby the bodily form of this commodity becomes the form of the socially recognized universal equivalent. To be the universal equivalent, becomes, by this social process, the specific function of the commodity thus excluded by the rest. Thus it becomes — money.” *(Sec. 1, Ch. 2)*

An important note to be made about money in particular is that it is a *logical absurdity*. In behaving as the general apparent form of value for all commodities, money is an abstract commodity-form treated in the same way as commodities themselves with their sensuous qualities. Money has no use-value of its own and is only a generality of value, not a specificity of utility — yet it appears as comparable to the world of commodities. Marx writes in the German first edition of Capital:

> “It is as if alongside and external to lions, tigers, rabbits, and all other actual animals, which form when grouped together the various kinds, species, subspecies, families etc. of the animal kingdom, there existed also in addition *the animal*, the individual incarnation of the entire animal kingdom.” *(The Commodity)*

Michael Heinrich adds (in *Introduction to the Three Volumes of Capital*):

> “That ‘the animal’ walks about among the various concrete animals is not only factually impossible, it is also logical nonsense: the abstract category is placed at the same level as the individuals from which the

> abstract category is derived. But money is the real existence of this absurdity.” *(pg. 78)*

A Logical-Historical Critique?

In light of a long history of misinterpretation — beginning with Engels and taken up by Mandel, Sweezy, Lange, and others — it must be made clear that in the instances where Marx’s theory speaks of an “emergence” of money or capital out of exchange relations, it does not refer to a *historical development* per se. In Chapter 2 and in Chs. 26–33 (pertaining to *“So-Called Primitive Accumulation”)*, Marx does attempt to trace such a historical development of the categories which pertain to capitalism. However, the overwhelming majority of Capital does not do this, and attempting to explain the structure of Marx’s general theory in terms of historical development is a misunderstanding.

From the first sentence of Capital, Marx makes it clear he is speaking about capitalist society — not anything before or after, and not any specific form of capitalist society. Marx also writes in the preface to the German first edition:

> “[I]t is not a question of the higher or lower degree of development of the social antagonisms that result from the natural laws of capitalist production. It is a question of these laws themselves, of these tendencies working with iron necessity towards inevitable results.”

This is important to grasp as it makes clear that all of the categories Marx discusses — from value to the commodity to capital and wage-labor — are only fully formed and able to be discussed when they appear in the *whole* of capitalist relations. This is particularly true with the abstract category of *value*, which is neither one particular aspect of capitalist society from which all else is derived, nor something that can be discussed outside of the *totality* of capitalist relations.

The structure of Marx's critique is also not linear because it is not historical. Rather, it progresses by describing each category of capitalist relations and how they dialectically imply and reproduce each other. In many cases, Marx moves from the abstract to the concrete in order to elucidate a given category, but it is always clear that each category can only be constituted in the *totality* of capitalist society. In other words, value cannot be fully understood until one reaches the *end* of Capital.

A Monetary Theory of Value

In seeing the total development of value as only possible through money, and in seeing money as necessitated by value, Marx's theory presents itself as the only major uniquely monetary theory of value.

The theories of value which preceded Marx, most commonly the "labor theory of value," saw money as nothing more than a useful medium of exchange, a tool for already existing exchange relations. These relations, precipitated by our subjective value judgements of products, could occur in the same way (but merely slower) without money.

This is similarly true for the newer "utility theory of value," whereby money is simply assumed as an easy, medium expression of subjective value judgements of products. Unlike the labor theory of value, the utility theory of value does not see value judgements as hinging on the quantity of labor-power expended in the production of the product, but as hinging on the amount of personal utility that can be derived from the product. Yet, this latter theory still implies that such value judgments could occur in the absence of money, as subjective value could simply be expressed in products of our own and exchanged for others.

Marx's theory is unique in seeing value — as it appears in exchange — as only having matured in the emergence of money. Only in the existence of a universal equivalent which can represent value itself, can value in commodities truly be expressed as a totality of social relations.

Here again, as shown also in the previous article, Marx is challenging the categorical presuppositions of the field of political economy. Political economy, in assuming value to be merely subjective, implies that money also takes on a subjective and almost incidental form; otherwise it is assumed to be the result of a lucid, conscious social contract agreed upon by members of a society (possibly through the state.) In any case, it is never assumed to be a historically specific material development — instead, political economy assumes it to be the result of some idealism, either of subjective individual actions or of some conscious intervention. Never are the unique (and historically specific) categories of the system themselves observed to be the creator — instead, some transhistorical "individual" who either exchanges as she supposedly always has, or who intervenes and constructs the world consciously. In either case, the system itself appears as invisible, the individual as the transhistorical agent of the development of capital.

For Marx, it is important to stress the *form-determinants of the commodity* before the *activities of commodity-owners* themselves. The latter, in forming their consciousnesses around the conditions of their time, derive their actions from the former. This is why Marx speaks of economic class relations as *"personifications of economic categories"* before he considers individual subjectivity within this socially conditioned framework, among other things.

This aspect of Marx's theory is important as it allows us to challenge the current way in which actions are socially determined, giving us the tools to both see through and challenge the categorical presuppositions of our time. It allows us to challenge that which presents itself as natural, inevitable, or transhistorical, by revealing it to be socially contingent and historically specific — most importantly, by revealing it to be *alterable*.