

Lecture Notes 3 : Chapters 2-3

Chapter 2: Exchange

Marx against Proudhon:

(1) Under commodity production, the contradiction between private labour and social need is resolved by converting private, concrete, heterogeneous labour into social, abstract, homogeneous labour.

(2) The money-form is the necessary (form of) expression of such exchanges.

∴ (3) Abolishing the money-form requires abolishing the commodity-form.

Proudhon fails to discern the truth of (1) and (2) and thus puts forward his quixotic 'money-dethroning' schemes in defiance of (3).

Prelude to the money fetish:

what appears to happen is not that that a particular commodity becomes money because all other commodities express their values in it, but on the contrary, that other other commodities universally express their values in a particular commodity because it is money. (187)

Chapter 3: Money

Metamorphoses of the commodity

$$\begin{array}{c}
 \text{purchase} \\
 \underbrace{\hspace{2cm}} \\
 C - M - C \\
 \underbrace{\hspace{2cm}} \\
 \text{sale (salto mortale)}
 \end{array}$$

One's exchange-value is another's use-value:

The social division of labour makes the nature of his labour as one-sided as his needs are many-sided. This is precisely the reason why the product of his labour serves him solely as exchange-value. But it cannot acquire universal social validity as an equivalent form except by being converted into money. That money, however, is in someone else's pocket. To allow it to be drawn out, the commodity produced by its owner's labour must above all be a use-value for the owner of the money. (201)

The possibility of crises

[1] No one can sell unless someone else purchases. But no one directly needs to purchase because he has just sold. Circulation bursts through all the temporal, spatial and personal barriers imposed by the direct exchange of products, and [2] it does this by splitting up the direct identity present in this case the exchange of one's product and [3] the acquisition of someone else's into the two antithetical segments of purchase and sale. (209)

[1] amounts to the possibility of *hoarding*, [2] highlights the fact that hoarding is impossible under barter: the appearance of exchange-value gives rise to separation in a pre-existing unity, [3] says that this separation is expressed in the two metamorphoses of the commodity:

A: oranges – €1 –
 B: pears – €1 –
 C: apples – €1 –

Blocking this circuit (e.g. by breaking one of the exchange-nodes through hoarding) generates the possibility of crisis. This expresses the 'antithesis, immanent in the commodity, between use value and value, between private labour which must simultaneously manifest itself as directly social labour...' (209)

Money fetishism

Further sense in which relations between things get personified, and relations between persons get reified: say I have €5 worth of coins in my pocket. I give you this amount of coins and get a €5 bill in return. The thing in my pocket has changed: I no longer hold coins. But my powers, as a holder of money, have not changed: I can still buy commodities worth €5, and only €5. Money is social power objectified, and 'transubstantiated', in things:

Money is itself a commodity, an external object capable of becoming the private property of any individual. Thus the social power becomes the private power of private persons. Ancient society therefore denounced as tending to destroy the economic and moral order. Modern society, which already in its infancy has pulled Pluto by the hair of his head from the bowels of the earth, greets gold as its Holy Grail as the glittering incarnation of its innermost principle of life. (230)

Debt

Money is treated as a means of payment, and debt as a set of 'retarded first metamorphoses': M – C realized before C – M realized.

Debt is means to stave off the devaluation of commodities. But not for long:

money suddenly and immediately changes over from its merely nominal shape, money of account, into hard cash. Profane commodities can no longer replace it. (236)

This is the 'money famine', and 'monetary crisis', a necessary concomitant of 'industrial and commercial crisis'.

Suggested Reading

Harvey, D. *A Companion to Marx's Capital*, ch. 1
 Weeks, J. *Capital and Exploitation*, ch. 4

Further Reading

Cohen, G. A. (2011), 'Freedom and Money', in *On the Currency of Egalitarian Justice*.