

## **Money Has No Price: Marx's Theory of Money And The Transformation Problem**

Fred Moseley  
Mount Holyoke College, USA

According to the standard interpretation of the “transformation problem” in Marx’s theory (i.e. the Bortkiewicz-Sweezy interpretation), the money commodity (e.g. gold) is treated as essentially the same as all other commodities. In the first place, it is assumed that the money-commodity has a value-price (price proportional to labor-time) and also has a price of production, which could be different from its value-price, just like all other commodities. Secondly, it is assumed that the rate of profit is equalized in the gold industry, just like in all other industries. Finally, as a result of the equalization of the profit rate in the gold industry, the prices of production of other commodities (with a higher composition of capital) are increased, so that the total price of production of commodities is greater than the total value-price of commodities (assuming that the composition of capital in the gold industry is below the average composition of capital).

This paper argues that this standard interpretation of the transformation is wrong on all three of these important points, that have to do with the money commodity (and also wrong in other fundamental respects as well). I argue that the money commodity has neither a value-price nor a price of production, so that a transformation of the former into the latter is impossible. Further, I argue that the rate of profit is not equalized in the gold industry, because of the special characteristics and functions of the money commodity. Finally, I argue that, since the rate of profit is not equalized in the gold industry, the prices of production of other commodities cannot possibly be affected by a non-existent equalization. Hence, Marx’s conclusion that the total price of production of commodities is *always equal* to the total value-price of commodities (and that total profit is always equal to total surplus-value) remains valid, no matter what the composition of capital in the gold industry.