Chapter Z

Money as Displaced Social Form: Why Value cannot be Independent of Price

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'Mediation must, of course, take place' (Marx 1939, 171)

Money may be a mirror in which the value of a commodity is reflected, but Marx's theory of money is a window on to what is most distinctive about his theory of value and his critique of political economy. Widespread misconception holds that Marx adopted the classical (Ricardian) labour theory of value and then drew radical consequences from it in his theory of exploitation: surplus value is expropriated surplus labour. But, for the classical theory, labour of whatever social sort was the source of value, and money was an afterthought, a 'ceremonial form' Ricardo called it, the answer to a merely technical problem. The radical Ricardian Thomas Hodgskin pushed this approach to the limit, expelling money from economic discourse:

> Money is, in fact, only the instrument for carrying on 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 (in Marx 1859: 51 n.).

This way of thinking about money--money is a clever invention to facilitate barter--stretches back to Aristotle, and it remains the commonplace view. According to Marx, this conception of money is deeply mistaken. Understanding why gives us a window on what's wrong with the classical labour theory of value and leads us to the most profound error of economics, its failure to make the specific social form and purpose of needs, wealth, and labour ingredients of its theory.[1]

According to Marx, value and money are inseparable yet not identical: without money there can be no value, yet money is not value. Marx's thesis of the inseparability of value and money overturns the classical theories of value and money and establishes new concepts governing the theory of price. These new concepts rule out the ordinary assumption of price theory, namely, that value is the independent variable that explains the behavior of price, which is conceived to be the dependent variable.

Marx gets to this idea of the inseparability of value and money because he addresses the question: *What is money*? Marx's perplexing answer to this question exceeds the discourse of economics: *Money is the necessarily displaced social form of wealth and labour in those societies where the capitalist mode of production dominates*. This concept of money is not available to economics because economics understands itself as a general science and consequently vacillates between excluding specific social forms of need, wealth, and labour altogether or including them under the false pretext that they are general. Marx's answer is not just substantively perplexing to economics; it is methodologically, even metaphysically, perplexing because it challenges the nominalistic empiricism underlying economics, a philosophy that has no truck with social forms much less with their power (formal causality). Marx's answer to the question: What is money? tells us why money and value are inseparable yet not identical. It gives us that window on the fundamental difference between Marx's theory of value and the classical one and on

[1] I use the term 'economics' to denote those inquiries into the provisioning process that do not make specific social forms ingredients of their theories.

what’s fundamentally wrong with economics. If money is the necessary manifestation of the specific social form of labour and wealth in a capitalist society, then to conceive of labour and its products in a capitalist society as independent of money is to imagine that labour and wealth can exist without any specific social form. Herein lies the root of the problem with conventional value and price theories: their assumption that value and price are independent and dependent variables, respectively, presumes that human needs, wealth, and labour can exist without determinate social form. They can’t.

Closely related to Marx’s fundamental critique of economics for failing to make specific social forms of production and wealth ingredients of any inquiry into material production, is his criticism of economics for failing to grasp the inseparability of production, consumption, distribution, and exchange.[2] The reason why the latter are inseparable is that the specific social forms of each sphere have implications for each of the others. Take conventional price theory. By treating value and price as independent and dependent variables, respectively, conventional price theory violates Marx’s doctrine of the inseparability of production and exchange. Conversely, Marx refers to money as a ‘production relation’, and he traces the roots of the doubling of wealth in capitalist societies into commodities and money to the peculiar asocial sociality of labour under capitalism.

Marx’s theory of money is simultaneously a critique of ideology. Conceiving of money as necessarily displaced social form not only points to *where* classical political economy went wrong, it suggests *why* it went wrong. After all, money doesn’t exactly

[2] On this topic see particularly *The Poverty of Philosophy*, 78; the Introduction to the *Grundrisse*; and *Capital III*, Chapter 51 ‘Relations of Distribution and Relations of Production’.

have ‘social form of labour’ written all over it; neither does the value of commodities shout out ‘social form’. On the contrary, Marx calls money a ‘riddle’ and the commodity a ‘hieroglyphic’. Precisely because, in the capitalist mode of production, the peculiar social form of labour and its products necessarily gets displaced as the value property of commodities and as money, where they are unrecognizable as social forms, labour and wealth appear to be altogether without specific social form and purpose. ‘Labour which manifests itself in exchange-value appears to be the labour of an isolated individual. It becomes social labour by assuming the form of its direct opposite, of abstract universal labour’ (Marx 1859: 34). Appearing not to be social at all, labour and wealth are not even candidates for having definite social form and purpose. As a consequence, the capitalist mode of production naturally gives rise to the illusion that, being no particular social form of production, it is ‘production in general’ incarnate. This is what I call ‘the illusion of the economic’.[3]

Marx’s theory of money, of course, is a window not just on the distinctiveness of his value theory and critique of economics but on the distinctive, monetary, nature of the capitalist mode of production. Marx identifies two fundamental traits of the capitalist mode of production; both require money. (1) ‘It produces its products as commodities. The fact that it produces commodities does not in itself distinguish it from other modes of production; but that the dominant and determining character of its product is that it is a commodity certainly does so’ (Marx 1894: 1019). (2) ‘The production of surplus-value [is] the direct object and decisive motive of production’ (Marx 1894: 1020). Thinking of money as an instrument to facilitate the exchange of wealth badly misconstrues money’s

[3] See Murray 2002.

significance for the capitalist economy. Money can't be merely an instrument in the capitalist mode of production, because money is necessary for the production of commodities and because the purpose of capitalist production, the endless accumulation of surplus value, cannot be defined or pursued independently of money. To posit money as an instrument is falsely to suppose that there could be a capitalist mode of production independent of money, to whose aid money could come.

1 Situating Marx's theory of money and his critique of economics

Marx's historical materialism involves a phenomenology of the human situation according to which concrete, useful labour, that is, the transformation of given and previously worked-up materials in order to create new use values intended to meet human needs, is a universal and fundamental feature of the human situation.[4] Marx argues further that *there is no production in general*—and this is true in two respects, *technically* and *socially*.[5] (1) Production is always technically specific; it is always the production of this or that, cloth or clothes, in this or that way, weaving or sewing. We use 'widget' as a placeholder for any product, but there are no widget factories. (2) 'All production is appropriation of nature on the part of an individual within and through a specific form of society' (Marx 1939: 87). Human production always involves social relations and social purposes, but social forms and social purposes are always *this or* that. *There is no sociality in general* and *there are no social purposes in general*.

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[4] By a phenomenology of the human situation I mean an experience-based inquiry into the inseparable features of human existence.

[5] Marx 1939: 85. That there is no production in general does not mean that nothing can be said in general about production.

In this phenomenology of labour, lies the basis of Marx's critique of economics. Its most telling point is that *labour and wealth are inseparable from their specific social form and purpose*. Economics is bogus because it separates wealth and labour from their specific social forms. Economics trades in bad abstractions. Economics is in the grip of 'the illusion of the economic', the idea that there is 'production in general', production with no particular social form or purpose.

2 The polarity of the commodity and money forms

Marx drew the disturbing conclusion that human relations in the sphere of commodity circulation match the Hegelian logic of essence. According to Hegel's essence logic, the essence must appear as something other than itself. According to Marx, value must appear as something other than itself, as money. Ordinarily we assume that essence is independent of appearance. Hegel argues that the ordinary assumption is mistaken.[6] Being *inseparable*—essence *must* appear--essence and appearance do not face one another as independent to dependent variable. Likewise, Marx shows that value is not independent of price. Hegel judges the logic of essence critically, 'The sphere of Essence thus turns out to be a still imperfect combination of immediacy and mediation' (Hegel 1830: #114, 165). That sums up Marx's judgment of the sphere of commodity circulation. This essence logic, expressed in the polarity of the value-form, which shows itself in the

[6] 'In reference also to other subjects besides God the category of Essence is often liable to an abstract use, by which, in the study of anything, its Essence is held to be something unaffected by, and subsisting in independence of, its definite phenomenal embodiment' (Hegel 1830: #112, 164). See also #114.

polarity of the commodity and money forms, dominates Part I of *Capital I*, ‘Commodities and Money’.

Capital begins by exposing the root of the polarity, the double character of the commodity: it has use-value and exchange-value. The commodity’s double character holds circulation’s ‘still imperfect combination of immediacy and mediation’.[7] Marx investigates the commodity form in a double movement of thought, going first from exchange-value to value, then reversing to go from value to exchange-value.[8] The arc of the investigation leads from the commodity form to its polar form, the money form.[9] The analysis of the value-form concludes that only in the money form does exchange-value achieve a form adequate for the circulation of commodities. But Marx should not be understood as somehow arguing from barter to money.[10] Marx is careful to write the simple value-form as ‘x commodity A = y commodity B’ (139) and to contrast it with the equation for ‘direct exchange’ (barter), ‘x use-value A = y use-value B’ (181). Use-values exchanged in barter are not commodities. Why not? They do not have *an* exchange-value, as commodities must. Martha Campbell points out, ‘Although Marx never regards exchange value as anything but money price, he does not specify that it is until he shows what money price involves’ (Campbell 1997: 100). In beginning *Capital* with the assumption that wealth takes the commodity form, Marx assumes a system of money and prices. Marx pulls a rabbit out of a cage--not out of a hat, by some ‘Hegelian’ wizardry.

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[7] See Marx 1859: 48 and Marx 1867: 180.

[8] Marx points out that no one else thought to attempt this reverse movement (Marx 1867: 139).

[9] See Marx 1867: 139.

[10] See Campbell 1997. Her criticism of Levine and Ong applies to Murray 1988.

Chapter 2, ‘The Process of Exchange’, confirms the conclusion reached conceptually in the first chapter: commodities and money are polar forms. The owners of commodities

> can only bring their commodities into relation as values, and therefore as commodities, by bringing them into an opposing relation with some one other commodity, which serves as the universal equivalent. We have already reached that result by our analysis of the commodity (Marx 1867: 180).

Commodities, value, and money prove mutually inextricable.

Chapter 3, ‘Money or the Circulation of Commodities’, examines different forms and functions of money: measure of value, standard of price, means of circulation, and ‘money as money’ (hoards, means of payment, world money). All these forms match forms of Hegelian essence logic; the polarity of commodities and money persists throughout. This is true even of the final form, ‘money as money’, in which money seems to throw off polarity to soar into orbit in godly freedom from the world of commodities.[11] Hegel calls this final shape of essence logic, ‘actuality’.[12] The truth that ‘money as money’ still belongs to the essence logic and bears a polar dependence on the world of commodities comes out in the realization that its bold claim simply to be value bursts on contact. ‘If I want to hold on to it [money], then it evaporates in my hand into a mere ghost of wealth’ (Marx 1858: 920). Money as money is a mere *caput mortuum*, an empty thing-in-itself (Marx 1858: 937).

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[11] See Hegel 1830: #112, 162.

[12] Chris Arthur links money with actuality (Arthur 2002: 109). I thank him for a helpful exchange on this matter.

To conclude this section we rapidly consider implications of the polarity of the commodity and money forms:

1. *Use-values directly exchanged (barter) are not commodities*.

2. *Value cannot appear—except as something other than itself*. This is so not only because ‘congealed homogeneous labour’ is imperceptible but also because value cannot exist independently of money and commodity circulation. *Value cannot be measured directly*.

3. *Money (price) is the necessary form of appearance of value*.

4. As polar forms, the *commodity form and the money form presuppose one another and exclude one another*. (Here is the Hegelian essence logic *in nuce*, essence and appearance require one another but cannot be collapsed into one another.)

5. *Money is the incarnation of value, but money is not value.* In holding that money is value, rather than the expression of value, Samuel Bailey denied the polarity of the value form.[13]

6. Money is not value, but it is the only observable measure of value, so *value can have no observable invariable measure*.

7. Since neither money nor commodities are independent of one another, *neither money nor commodities are mere things*.[14] A coin remains a thing when it stops being money.

[13] Compare Campbell 1997: 97.

[14] ‘Money is not a thing, it is a social relation’ (Marx 1847: 81).

8. *Value and price are not independent variables*; so, *there can be no price theory of the conventional sort*, which purports to explain the dependent variable, price, on the basis of the independent variable, value.

9. Since value cannot be measured directly, *Marx's equation that price equals value multiplied by some constant cannot be established in a directly empirical manner*. With no direct way of observing the value of commodities, the constant that relates value and price cannot be ascertained.[15]

10. Because of the peculiar social form of value-producing labour, value is inseparable from money. Nothing of the kind is found in Ricardian theory. *Marx's truly social theory of value and money is incompatible with the asocial Ricardian theory of value and money*.

3 Money, the roundabout mediator

Money is the consequence of a specific social form of labour. Money necessarily mediates private production and social need. Marx discusses the social form of labour that requires money first as commodity-producing labour and later as surplus-value-producing labour. Because it doesn't get the topic of the specific social form and purpose

[15] This did not trouble Marx, as he believed that he had shown why value could only be congealed homogeneous human labour of a specific social sort: 'Since the exchange-value of commodities is indeed nothing but a mutual relation between various kinds of labour of individuals regarded as equal and universal labour, i.e., nothing but a material expression of a specific social form of labour, it is a tautology to say that labour is the only source of exchange-value and accordingly of wealth in so far as this consists of exchange-value' (Marx 1847: 35). Marx's labour theory of value itself is *not* a tautology, but if it is true, exchange-value as the expression of value, can represent only labour.

of labour and wealth, economics fails to recognize the inseparability of the social sort of labour that produces commodities from money. By contrast, Marx's theory of commodities, exchange-value, value, money, and price is all about specific social forms, all about the modes of mediation of labour and wealth in capitalist societies.

At the heart of that complex theory lies Marx's observation that *commodity-producing labour is mediated in a roundabout fashion*.[16] Commodity-producing labour has an asocial sort of sociality; it's social, because it produces for others, but, as privately undertaken production, it is not directly social. Individuals produce commodities for their own purposes, but those particular purposes can be realized only if their products are socially validated as components of social wealth by being sold. Marx contrasts this asocial form of sociality, this roundabout type of mediation, with the directly universal, communist form of sociality,

> On the foundation of exchange-value, labour is first posited as universal through exchange. On this foundation [communist society, P.M.] labour would be posited as such before exchange, i.e., the exchange of products would not at all be the medium through which the participation of the individual in the general production would be mediated. Mediation must, of course, take place. In the first case, which starts out from the independent production of the individual—no matter how much these independent productions determine and modify each other *post festum* through their interrelations—mediation takes place through the

[16] In 'On the Jewish Question', Marx extended the Feuerbachian critique of religion as roundabout mediation to the modern state: 'Religion is precisely the recognition of man by detour through an intermediary. The state is the intermediary between man and his freedom' (Marx 1843: 44-5).

> exchange of commodities, exchange-value, money, all of which are expressions of one and the same relationship. In the second case, the presupposition is itself mediated, i.e., communal production, the communality as a foundation of production, is presupposed. The labour of the individual is from the very beginning posited as social labour. The product does not first have to be converted into a particular form in order to receive a universal character for the individual (Marx 1939: 171-2).

Value is inseparable from the system of money and prices because of the specific social form of the labour that produces commodities: 'On the foundation of exchange-value, labour is first posited as universal through exchange'. Value-producing labour must be universal, but, on the basis of 'the independent production of the individual', this universality can be achieved only through exchange. The sale of commodities *belongs to* this particular social form of labour. Ricardian value theory and the Ricardian theory of money fail because they presume that value and money are separable.[17] In assuming that labour produces value *in production alone*, Ricardian value theory treats labour as if it had *no* specific social form; it conceives of production not as the production of commodities or as capitalist production but as 'production in general'. But labour is not actual apart from a specific social form.[18] *Ricardian value theory posits labour as existing without any determinate social form*. This is its deepest mistake, a

[17] See Marx 1968: 164. See also Campbell 1997: 116, n. 16.

[18] Hence Marx specifies that value is only 'latent' in the sphere of production; it becomes actual by passing the test of circulation (Marx 1859: 45). What Marx calls 'individual values' are latent; they have not proven themselves as 'social values' (Marx 1894: 283).

phenomenological error. Because Ricardian theory is lost in ‘the illusion of the economic’, it can’t understand money.

4 Demand, value, price

A common view holds that Marx thoughtlessly allots no role to demand. After all, doesn’t Marx have a labour value theory of price? And doesn’t that mean that price is determined by labour? Isn’t the price of a commodity determined by the magnitude of the labour embodied in it? But the amount of labour that goes into a commodity is determined in production. What has that got to do with demand?

This popular conception mistakes Marx’s theory of value for the classical or Ricardian one. Ricardian theory does neglect demand. However, a conceptual gulf separates Marx’s theory of value from the Ricardian one. Where the Ricardian theory identifies unspecified ‘labour’ as the source (and true measure) of value, for Marx, value results from the specific social form of labour that produces wealth in the commodity form: ‘The labour which posits exchange-value is a specific social form of labour’ (Marx 1859: 36). That specific social form of labour, the kind that produces commodities, is possible only if demand plays a role in the constitution of value.

Demand is not just another word for desire; desire is common to all humans. Demand is a specific social form of desire found only in capitalist societies. Demand aggregates *individually determined desires* for goods and services. But these are not universal; neither is their aggregation.[19] Demand results from the atomization of society

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[19] See Marx 1894: 295.

produced along with wealth in the commodity form.[20] Demand presupposes money and prices. Only when backed by money does desire count toward demand (Marx 1894: 282). A vagrant's longing for housing creates zero demand. Take away money and demand vanishes. Demand can't do even without the concept of money. For demand stretches desire across a monetary grid: to determine the demand for a commodity we need to know what individuals are willing to purchase at various prices. Take away prices and, again, demand vanishes. Finally, commodities are sold not only to consumers but also to capitalist producers. Their level of demand is inseparable from the rate of profit.

When Marx introduces value, he distinguishes between its *substance* and its *magnitude*. He identifies its substance as a 'phantom-like objectivity' and 'congealed quantities of homogeneous labour', labour of a specific social sort, commodity-producing labour.[21] Marx calls commodity-values 'crystals of this social substance' (Marx 1867: 128). Labour produces value only if it is socially validated *as* abstract labour, and if it is 'socially necessary'. We learn that such validation occurs only in commodity circulation and that there is no way to tell whether labour is 'socially necessary' apart from the circulation of commodities. Because there can be no value without money and prices, and because the price system presupposes demand, value and demand are inseparable. Demand 'determines' value even before we get to the issue of the magnitude of value inasmuch as, without demand, there would be no substance of value to measure.

To understand how demand affects the *magnitude* of value and price, we need to know how it figures into the concept of 'socially necessary' labour. For, 'what

[20] See Campbell 1997: 100.

[21] In assuming wealth in the commodity form, Marx assumes labour in the commodity-producing form.

exclusively determines the magnitude of the value of any article is therefore the amount of labour socially necessary' (Marx 1867: 129). Marx's statement on 'socially necessary' labour, however, includes no mention of demand, 'Socially necessary labour-time is the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society' (Marx 1867: 129). Nevertheless, demand constrains 'socially necessary' labour, a point that Marx signals cryptically at the end of the first section of Chapter 1, 'If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value' (Marx 1867: 131). He addresses the matter more expansively at the beginning of Chapter 2. He observes that all commodities

> must stand the test as use-values before they can be realized as values. For the labour expended on them only counts in so far as it is expended in a form which is useful for others. However, only the act of exchange can prove whether that labour is useful for others, and its product consequently capable of satisfying the needs of others (Marx 1867: 179-80).[22]

Labour for whose product there is no demand is not 'socially necessary' and therefore produces no value.

Demand constrains value but not in the same way as do the production factors that determine whether or not labour is 'socially necessary'.[23] The average level of technical development, skill, and intensity gives a positive quantitative determination of 'socially necessary' labour. Demand affects the quantity of 'socially necessary' labour only when

[22] Compare Marx 1859: 45-6.

[23] Marx calls attention to the difference, see Marx 1894, 283.

it does not balance supply. Insofar as demand matches supply, it stops influencing the *magnitude* of value and price (Marx 1894: 290-1). (Even then, demand makes the determination of the magnitudes of value and price possible.) For expository purposes, Marx generally assumes that demand and supply balance. That puts demand on mute. Though he assumes that demand and supply balance, Marx holds that, in reality, they don't (Marx 1894: 291). Imbalance is to be expected in a system of roundabout mediation. Marx's theory of prices holds that, as supply and demand vacillate, prices will fluctuate around 'labour values'; the law of value, which states that price is determined by the quantity of 'socially necessary' labour, pushes itself through only as the law of fluctuation of prices (Marx 1867: 196). Marx argues that, due to competition, average prices over the long-run will iron out the ups and downs of supply and demand, so that demand drops out as a factor in the quantitative determination of value and average price over the long run. These two considerations help explain why the place of demand in Marx's value theory is inconspicuous and not well understood.

Marx discusses demand at some length in Chapter 10 of *Capital III*. He tells why,

> To say that a commodity as use-value is simply to assert that it satisfies some kind of a social need. As long as we were dealing only with an individual commodity, we could take the need for this specific commodity as already given, without having to go in any further detail into the quantitative extent of the need which had to be satisfied. The quantity was already implied by its price. But this quantity is a factor of fundamental importance as soon as we have on the one hand the product of a whole branch of production and on the other the social need. It now

> becomes necessary to consider the volume of the social need, i.e. its quantity (Marx 1894: 286).

In changing levels of abstraction from the individual commodity as an aliquot part of the total social capital to the total social capital divided into branches of production and industrial capitals having differing organic composition of capital, he introduces the concepts of *market value* and *market price*.

> Market value is to be viewed on the one hand as the average value of the commodities produced in a particular sphere, and on the other hand as the individual value of commodities produced under average conditions in the sphere in question, and forming the great mass of its commodities (Marx 1894, 279).

The relation between market value and market price is, in the main, the now familiar one between value and price, 'if supply and demand regulate market price, or rather the departures of market price from market value, the market value in turn regulates the relation between supply and demand, or the centre around which fluctuations of demand and supply make the market price oscillate' (Marx 1894, 282).[24] Once again, demand drops out as a determinant of average prices over the long run.

Two complicating factors remain. (1) In extreme cases demand affects the magnitude of market value, 'Only in extraordinary situations do commodities produced under the worst conditions, or alternatively the most advantageous ones, govern the market value, which forms in turn the centre around which market prices fluctuate' (Marx 1894: 279).[25] (2) Demand appears to affect the average rate of profit and thereby prices of

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[24] See also Marx 1894: 290-1.

[25] See also Marx 1894: 280 and 286.

production. When a commodity ‘is produced on a scale that exceeds the social need at the time, a part of the society’s labour-time is wasted, and the mass of commodities in question then represents on the market a much smaller quantity of social labour than it actually contains’ (Marx 1894: 289). It seems to follow that the better that producers track demand, the less squandering of value occurs, resulting in fewer deductions from the total amount of surplus-value and a higher average rate of profit and higher prices of production. Here we seem to have two ways in which demand can determine the magnitude of market values and prices.

5 Money as displaced social form and the ‘illusion of the economic’

Marx’s theory of money not only explains *that* economics falls into ‘the illusion of the economic’, it goes a long way toward explaining *why*. Marx says that the money form is ‘blinding’ (Marx 1867, 139). What does it blind us to? Most of all, it blinds us to the polarity of the value-form, which tells us that neither commodities nor money are mere things; they are things caught up in a peculiar network of social relations, social mediations, that they make possible. Marx stresses the point that, in capitalist society, social relations appear displaced onto the relations between things: ‘it is a characteristic feature of labour which posits exchange-value that it causes the social relations of individuals to appear in the perverted form of a social relation between things’ (Marx 1859: 34). The point of Marx’s theory of value and money is that we do relate to one another through our commodities and money. Nonetheless, it is *we* who associate in and through these things. Because value, which is something purely social, appears, first, to be a natural property of a commodity (the fetishism of the commodity) and, still more perversely, to be a thing, money (the money fetish), social relations seem to be absent. The specific social form of labour and wealth in capitalism necessarily gets displaced onto money, a thing that doesn't look like a social form at all! This sets the stage for the 'illusion of the economic' because it makes capitalist society, its labour and its wealth, appear to have no particular social form or purpose at all. 'It is however precisely this finished form of the world of commodities—the money form—which conceals the social character of private labour and the social relations between the individual workers, by making those relations appear as relations between material objects, instead of revealing them plainly' (Marx 1867: 168-9). Not only does that generate 'the illusion of the economic', the belief that 'production in general' is actual, it naturally leads to the idea that capitalist production *is* 'production in general'.

Marx brings these ideas out in his discussion of the money fetish in the closing paragraph of Chapter 2. I quote it in full for it synthesizes so many of the ideas that we have been examining:

> We have already seen, from the simplest expression of value, *x* commodity A = *y* commodity B, that the thing in which the magnitude of the value of another thing is represented appears to have the equivalent form independently of this relation, as a social property inherent in its nature. We followed the process by which this false semblance became firmly established, a process which was completed when the universal equivalent form became identified with the natural form of a particular commodity, and thus crystallized into the money-form. What appears to happen is not that a particular commodity becomes money because all other commodities express their values in it, but, on the contrary, that all other

> commodities universally express their values in a particular commodity because it is money. The movement through which this process has been mediated vanishes in its own result, leaving no trace behind. Without any initiative on their part, the commodities find their own value-configuration ready to hand, in the form of a physical commodity existing outside but also alongside them. This physical object, gold or silver in its crude state, becomes, immediately on its emergence from the bowels of the earth, the direct incarnation of all human labour. Hence the magic of money. Men are henceforth related to each other in their social process of production in a purely atomistic way. Their own relations of production therefore assume a material shape which is independent of their control and their conscious individual action. This situation is manifested first by the fact that the products of men's labour universally take on the form of commodities. The riddle of the money fetish is therefore the riddle of the commodity fetish, now become visible and dazzling to our eyes (Marx 1867: 187).

In money the social mediation of private labours vanishes into a thing, resulting in an atomistic condition of asocial sociality where capitalist social relations do not appear to be social relations. As he argued beginning with the first page of the *Grundrisse*, that helps explain the appeal of state of nature thinking.

Just as the mediating role of money makes capitalist social relations appear to be no social relations at all; the wealth produced on a capitalist basis appears to have no specific social form or purpose.

> Commodities first enter into the process of exchange ungilded and unsweetened, retaining their original home-grown shape. Exchange, however, produces a

> differentiation of the commodity into two elements, commodity and money, an external opposition which expresses the opposition between use-value and value which is inherent in it (Marx 1867: 199).

So, in this polar form, the commodity appears as ‘pure use-value’, that is, use-value stripped of any social form and purpose. Consequently the commodity looks like ‘natural wealth’ or ‘wealth in general’, thus creating ‘the illusion of the economic’. Commodity exchange works like a centrifuge, separating out the social aspect of the commodity as money, leaving the commodity to appear as purely private, mere use value.

Because the social form of wealth in the commodity form is displaced onto money, commodities themselves appear to be socially non-specific, to be *wealth in general*. Likewise, commodity-producing labour appears to be *labour in general*. The asocial, or indirect, sociality of commodity-producing labour appears as an absence of sociality rather than an unusual form of it. It’s as if one failed to recognize indifference as one particular state of mind alongside love and hatred. Marx’s theory of money, then, plays a pivotal role in his explanation of why capitalism exudes ‘the illusion of the economic’. As the circulation process ‘sweats out’ money, the ‘illusion of the economic’ beads up.

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